



R.M.S. *Republic*

## Cargo: United States Government Monies

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A more detailed dispatch came through about 5:30 o'clock [p.m., January 24, 1909], by way of Newport, and read:

...

An unconfirmed report has it a large sum of money was on board the Republic for the Italian earthquake sufferers, which may be one of [sic, the] reasons the captain of Republic remained on his ship.

*New York American, January 25, 1909, 2:7*

[Discussing several wrecks that are prospects for salvage with a described "new" technology,] Near Nantucket Light Ship lies the ill-fated liner Republic, made famous particularly because she was the first vessel from which passengers were rescued by means of the wireless. She is in 245 feet of water and has aboard a rich cargo.

*Work on Bottom of Ocean  
IT CAN BE REACHED BY A DIVER WEARING NEW ALUMINUM SUIT.  
Washington Post, August 23, 1914, 3:4*

In February 1919, principals of Twentieth Century Deep Sea Salvage Syndicate held discussions with the Commodore Commandant of the Coast Guard, Ellsworth Price Bertholf, and another Coast Guard official, a Captain McAllister. Commodore Bertholf was a celebrated personality of the period, a Congressional Gold Medal Recipient, and the Coast Guard's first Commandant. The letter states ...

"Regarding the little sessions we had with you and Captain McAllister in the course of which reference was made to the White Star Liner containing \$3,000,000 in American Eagles, ..."

Deep Sea Salvage Syndicate, letter dated February 8, 1919  
NARA, RG 26, General Correspondence  
File 651 ("RE," includes Republic).

Three million dollars in gold coins lies in the rotting hulk of the White Star liner *Republic*, lost off Nantucket in January, 1909. The Republic, damaged in a collision, was being towed toward New York by the Coast Guard cutter Gresham, when she sank in 240 feet of water. A salvage attempt in 1919 was unsuccessful.

*Diving Bell Gropes for Lost Gold,  
By Robert Talley  
The Washington Post, June 24, 1934, Pg. M5*

## PREFACE

President Theodore Roosevelt sent the U.S. Navy's Atlantic Battleship Fleet on a circumnavigation of the globe. The fleet set sail from Hampton Roads, Virginia on December 16<sup>th</sup>, 1907 and returned there on February 22<sup>nd</sup>, 1909. This was the first time that such an endeavor had ever been undertaken by any nation. The fleet consisted of 16 battleships, various escorts and supporting vessels, and over 14,000 sailors. The ships that participated in this historic journey have become known today, collectively, as the Great White Fleet.

The Great White Fleet's trip required intensive advanced planning. As the journey was a peacetime cruise, the primary concern was to ensure that the fleet had adequate provisions to sustain its 14,000 men, namely food and money. Under Navy regulations, there was a Navy-wide payday once a month, on the 25<sup>th</sup>, and this schedule was adhered to throughout the entire cruise. Money to pay the men was arranged at various ports over a month in advance, and typically made available 3 weeks in advance of a payday.

In order to provision the fleet for the fleet's final leg of its journey from Gibraltar (Negro Bay) to Hampton Roads, the USS *Celtic*, one of the Navy's fleet supply vessels, had been scheduled to depart from New York and meet the fleet in the Mediterranean. The *Celtic* had been used as a money supply ship for the Atlantic battleship fleet before the world cruise, and continued to be used as a money carrier for the fleet after the cruise's conclusion. Discussions for having the *Celtic* carry approximately \$500,000 from New York to the fleet while around the Mediterranean abroad had occurred as early as October 1908.

The *Celtic* arrived in New York on November 3<sup>rd</sup>, began loading cargo on November 23<sup>rd</sup>, and continued loading throughout December. To meet the fleet at Gibraltar as planned, the *Celtic* would not have to leave New York until mid-January. On New Year's Day, 1909, the *New York Times* reported, "The total value of the supplies on the *Celtic* were valued yesterday as high as \$1,000,000 but that is probably excessive."

Before the *Celtic* left to meet the fleet, however, significant events intervened. On December 28<sup>th</sup> one of the worst earthquakes in European history struck southern Italy and Sicily with devastating effects. More than 100,000 people were killed, and hundreds of thousands more made homeless. President Roosevelt took urgent action and had the *Celtic* steam for the area almost immediately in order to deliver her large food cargo that had been intended for the Great White Fleet. Over the next two days, some modifications were made to the *Celtic*'s cargo, which included adding surplus clothing, tents, and some

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medical supplies. The *Celtic* then departed New York for Naples, Italy on December 31<sup>st</sup>, 1908. The total amount of the cargo she delivered amounted to only \$200,000. Where did the \$800,000 balance of *Celtic*'s cargo, which the New York Times had originally reported, go?

The Great White Fleet, meanwhile, still needed its supplies. As the supply ships had been dispatched to earthquake relief, the Navy looked to commercial liners to transport the cargo across the Atlantic. The RMS *Carmania* was first considered, but “for some reason” the RMS *Republic* was ultimately selected as the transport vessel. The Great White Fleet was due to arrive in Gibraltar on January 31<sup>st</sup>; the *Republic* would arrive there two days later on February 2<sup>nd</sup>, about three weeks before the Navy’s scheduled payday on the 25<sup>th</sup>.

RMS *Republic* departed New York during the afternoon on January 22<sup>nd</sup>, 1909. The next morning, she was in a collision in dense fog with the SS *Florida*, an incoming Italian liner filled with earthquake survivors. Passengers were all transferred off the *Republic*, which was badly damaged but thought to be in no immediate danger of sinking. On January 24<sup>th</sup>, a full day and a half after the initial collision, the *Republic* sank while being towed back to the coast. She went down about 50 miles south of Nantucket, Massachusetts and 170 miles from New York. All cargo and passenger belongings were lost.

The day after the sinking, on January 25<sup>th</sup>, New York newspapers reported: “An unconfirmed report has it a large sum of money was on board the *Republic*.” One of the passengers on *Republic*’s final voyage, famous Olympian and author James Connelly, would also reveal in a book, written 35 years after the sinking, that *Republic* was carrying a large payroll bound for the Great White Fleet.

This report examines, in depth, available Navy records in order to verify the loss of the money shipment that was bound for the Great White Fleet at Gibraltar in January 1909. We focus on the words and actions of the Navy’s Atlantic Fleet Paymaster, Samuel McGowan, who was the man responsible for arranging, requisitioning, signing for, and then distributing money to the entire Fleet throughout its world cruise. By analyzing ledgers, cablegrams, audited statements, McGowan’s *Operations* report, and other personal correspondence, we’ve determined that these reports of a lost payroll are legitimate, and that an \$800,000 shipment of coin was lost, too, when the RMS *Republic* foundered.

## Executive Summary

### RMS *Republic*, Cargo: United States Government Monies

There were many reports that the RMS *Republic*, when she foundered at sea January 24, 1909, carried a valuable cargo with her to the bottom of the ocean. These can be divided into three distinct groups: 1) a US Navy monies cargo bound for the Atlantic Battleship Fleet (also known as the Great White Fleet) then at Gibraltar; 2) an Italian Relief shipment to aid the survivors of a December, 1908, Messina-centered, Italy, earthquake destined for the earthquake-relief staging area, Naples, Italy; and 3) a shipment of gold for Russia, for transshipment by the Russian Baltic Fleet then also at Gibraltar.<sup>1</sup> This paper focuses solely on the US Government Monies. Information regarding the other cargoes can be found within the book *The Tsar's Treasure*.

It is without question that the *Republic* sank with a US Navy cargo bound for the Atlantic Battleship Fleet for delivery at Gibraltar. The newspapers reported *before* the *Republic* sailed that she had been loaded with between 410 and 650 tons of Navy "ships' stores."<sup>2</sup> But, in addition to the food stores which the US Government had acknowledged, we substantiate that *Republic* also carried US Navy monies comprised of \$300,000 for reimbursement and \$500,000 for the Fleet's monthly operation expenditures, for a total US Navy monies shipment of \$800,000 1909 face-value in coin.

No internal government document appears in the public domain that states clearly that RMS *Republic* carried any of these rumored cargos. Both the Navy monies cargo and Russian gold shipment were highly classified, as was the custom of any governmental shipment of gold during the era. This lack of transparency to the public was complimented by the sanitization of government records following the loss by the Roosevelt regime. The lengthy research trail has yielded suppressed inquiries, records conspicuous by their absence, and deliberate vagueness in public statements and reports by government officials. These results are precisely what one should expect if, indeed, such cargos exist.<sup>3</sup> The fact that the U.S. government filed a claim in our admiralty action, stating that it owned the gold on RMS *Republic*, also supports our conclusion.<sup>4</sup>

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<sup>1</sup> See: The Rumor, [http://www.rms-republic.com/story\\_rumor.html](http://www.rms-republic.com/story_rumor.html)

<sup>2</sup> See: [http://www.rms-republic.com/story\\_earth02.html](http://www.rms-republic.com/story_earth02.html) and [http://www.rms-republic.com/story\\_earth03.html](http://www.rms-republic.com/story_earth03.html)

<sup>3</sup> See, generally: <http://www.rms-republic.com/concealment.html> et seq.

<sup>4</sup> The U.S. government's claim has been dismissed with prejudice. MVSHQ, Inc. now holds outright legal title to the the wreck of RMS *Republic* and all her contents, and all future claims have been barred by the court.

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The popular President and Navy proponent Theodore Roosevelt likely played an active role in concealing the loss of the ship's cargos in order to preserve the political triumph of his Navy's 18-month circumnavigation of the globe, to improve the stability of a tattered Russian Government, and to maintain his presidential legacy in the last few weeks of his office.

In discussing Theodore Roosevelt's diplomatic style, in his Pulitzer Prize winning book *Theodore Rex*, author Edmund Morris writes,

"There is not a cloud on the horizon at present ... not the slightest chance of trouble with a foreign power."

With these bland words, Theodore Roosevelt revealed – or, rather, further concealed- an unguessed aspect of his character; namely, that of the covert diplomat practicing Louis XV's *secret du roi*. Foreign policy was, he acknowledged, "the subject on which I feel deepest." The very depth of his feeling convinced him that negotiations, in times of crisis, should be private and verbal, hence undocumented. ...

The full extent of the [1902 Venezuelan] crisis would have to be inferred circumstantially, from an extraordinary void in the archives of three nations- deletion after deletion hinting at some vanished enormity, a painted-out battle of Titans visible in *pentimento* through layers of pale wash.<sup>5</sup>

Such is the case with *Republic*. In the following report, we examine records from a forensic financial perspective, an analysis of audited US Navy Paymaster records. It is the first such study undertaken in this regard and utilizes records not previously examined for this purpose. The report is heavy with very specific detail. It is best read with a basic understanding of US Navy paymaster operation and procedure (discussed in the Appendix) as well as familiarity with the gold standard and international foreign exchange. The *Republic* maintains her cargos not only because the great technical difficulty in her salvage but also because of the difficulty in establishing an understanding of all the pertinent facts related to her gold shipments, an arduous endeavor for an arcane knowledge. We have obtained that knowledge and our report establishes:

US Fleet Paymaster Samuel McGowan's December 31, 1908 requisition for his February, 1909, monies - the \$800,000 identified as being shipped on *Republic* - was issued and removed from the public domain. Its existence is acknowledged in his own report. This document, no doubt, would have described the location where the money was to be received, the proposed money distribution and rationale for the requisition.

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<sup>5</sup> Edmund Morris, *Theodore Rex*, Random House, 2001, 177. See also 210, "So were loyal archivists. On both sides of the Atlantic defoliation of records began ..."

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McGowan would have also signed for the receipt of his requisitioned monies, upon their receipt, something that we know he did not do.

We substantiate that McGowan had requisitioned \$800,000 for delivery to the Navy fleet then at Gibraltar, for the following reasons (explained in detail, *infra*.):

1. A provisions list was compiled by the Fleet paymaster. Provisions were to be delivered to the Fleet at the following ports: Manila; Colombo; Port Said; Negro Bay (Gibraltar); and Hampton Roads. Money disbursements also accompanied provisions, and money was received at each of these ports EXCEPT Gibraltar;
2. A December 31, 1908 requisition – per US Navy regulations - would have been for February, 1909, monies, delivered during the first week of the month;
3. In compliance with US Navy regulations (see Appendix), monthly monies were always received by the fleet paymaster at the beginning of each month, particularly when the Fleet was assembled at a suitable port; *Republic* was scheduled to arrive at Gibraltar, February 2, 1909, where the Fleet was assembling for their departure from Gibraltar to Hampton Roads in order to conclude their triumphant round-the-world cruise;
4. Navy Paymaster accounts from which they withdrew their cash requirements were held at the Sub Treasury in New York City;
5. The USS *Celtic* was originally scheduled to provide food and operational monies to the combined Atlantic Fleet, departing from New York and to arrive at Gibraltar in early February, 1909. When *Celtic* was reassigned to earthquake relief, the monies which she was to deliver, along with additional food provisions, were placed aboard RMS *Republic*;
6. A payment of \$800,000 “in cash” was available to the US Navy on January 18, 1909; the *Republic* departed New York with US Navy stores for the Fleet on January 22, 1909;
7. The \$300,000 was reimbursement for Fleet supplies disbursed in its Italian relief effort;
8. The remainder of the \$800,000 shipment, \$500,000, was the amount that the Fleet routinely received in monthly monies at the beginning of each month for its monthly operational expenses and to make payroll on the 25<sup>th</sup> of the month. This was standard both during the cruise and continued after its conclusion;
9. If McGowan had received \$800,000 per his December 31, 1908 requisition at Gibraltar, he would have signed a receipt for it. The money would have flowed normally from the Navy’s New York Sub Treasury accounts to, possibly, an intermediate Navy disbursing officer at New York (similar to the procedure used by the Navy to furnish McGowan with monies at Manila), then shipped to Fleet Paymaster McGowan at Gibraltar. Upon receipt at Gibraltar, McGowan would have signed a receipt for the delivery,

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and then he would distribute the monies to the individual ships' paymasters. McGowan was also bonded to receive such a large amount of money. Brantz Mayer, who signed for, received and disbursed the second \$800,000 shipment at Hampton Roads, was not;

10. Several ships specifically requisitioned U.S. gold at Gibraltar indicating their expectation that gold would be available at that port; McGowan could have satisfied these U.S. gold requisitions when and where they were received, in the form they requested, U.S. gold, if he had received gold at Gibraltar; instead he satisfied those requisitions by issuing checks at Gibraltar drawn on his New York Sub Treasury account;

11. Receipt of U.S. monies at Gibraltar would have permitted shore leave at this very popular port; but there was no shore leave permitted. The fleet could have purged the \$26,000 in British currency that remained in the fleet upon its arrival in the United States, at Gibraltar, if shore leave had been permitted. Purging foreign monies from the Fleet when no longer needed, prior to departure from foreign ports, was common practice; they had to keep any monies which remained in their safes, all the way back to the US, because gold was not received at Gibraltar to pay the men;

12. The ships would have submitted their March money requisitions at Gibraltar, on or before February 2. Originally, upon returning to the U.S., Fleet Paymaster McGowan had planned to distribute checks at Hampton Roads, not gold. With a gold distribution at Gibraltar, gold would NOT have been required at Hampton Roads and the payment by checks – as had been planned - would have been sufficient for March disbursements;

13. A second \$800,000 shipment was delivered to the Fleet on February 23, 1909, at Hampton Roads, Virginia; Fleet monies would have been drawn on the New York Sub Treasury (for shipment from there), and not drawn from the US Treasurer at Washington, DC, as was done in this isolated instance for the monies delivered to the fleet at Hampton Roads;

14. US Navy Regulations (*see Appendix*) required the delivery of monies to paymasters at the beginning of each month. The Fleet Paymaster would not have planned to have money delivered to the Fleet any later than that required by regulations and particularly near a payday, when it would commonly take several days to disburse monies to the individual ships' paymasters; the payday per US Navy Regulations was designated the 25<sup>th</sup> of each month. The apparent haste and uncertainty by which the Navy acquired and distributed monies specifically marked "SPECIAL" (a term-of-art, only used "when the need was unforeseen," *see Appendix A*) at Hampton Roads suggests at least a lack of planning for the delivery and distribution of such critical monies, there, inconsistent with the overall fleet's precision advance-planning as well as prior monies received throughout the Fleet's entire round-the-world cruise; a delivery of US gold at Gibraltar would have permitted an orderly, unhurried distribution of monies and would have been in full compliance with US Navy Regulations;

15. The dispersal of the Fleet to their respective home ports after arrival at Hampton Roads had been delayed, officially "by a requirement to supply a

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landing force for President William H. Taft's inaugural parade on 4 March 1909.”<sup>6</sup> Certainly such a requirement, too, would have been planned in advance by the Navy and not determined at the last minute. This delay, however, permitted the time required for distribution of monies to the entire fleet;

16. The Fleet's monthly pattern of its receipt of monies at the beginning of each month, in accordance with Navy Regulations, and the \$500,000 monthly amount received, continued after the Fleet arrived back in the US, beginning with March, 1909 disbursements;

17. The disruption of the monthly money disbursement pattern becomes apparent only once US Navy policy and procedure is understood; this disruption occurred only in February 1909. Rather than receiving money at the beginning of February, 1909, the Fleet received its February money only upon its arrival back to the United States, on February 22, 1909;

18. The only event which would have caused the delayed delivery of monies to the Fleet would have been the loss of the original shipment of monies aboard RMS *Republic*. The RMS *Republic* was scheduled to arrive at Gibraltar on February 2, 1909. She foundered and took with her all US Navy cargoes aboard, both food and monies bound for the Atlantic Fleet then at Gibraltar, on January 24<sup>th</sup>, 1909.

Upon the fleet's return to Hampton Roads on February 22, 1909, as a part of his welcoming speech, Theodore Roosevelt said:

“You have falsified every prediction of the prophets of failure. In all your long cruise, not an accident **worthy** of mention has happened . . . . You left this coast in a high state of battle efficiency, and you return with your efficiency increased; better prepared than when you left not only in personnel, but also in material. . . .”

Why would the Roosevelt administration fail to disclose the loss of these monies? Could political benefit be gained by disclosure? There was certainly no personal dishonesty: the loss of monies occurred by pure accident, two ships colliding in a fog. The *Republic* sank in waters too deep for recovery and would remain technologically beyond reach for almost another 50 years – for the participants' foreseeable futures, and most likely beyond the lifetimes of all involved. To the participants, the money was gone forever. The President, too, considered the Fleet's around-the-world cruise the greatest political triumph of his seven year Presidency. Why mar this personal and American achievement in the very last days of his office? Simply stated, there was nothing to be gained by disclosing the facts to the public, and there was no obligation to do so (other than during a formal, public Inquiry into the loss of the ship, which, of course, *was never held*). However, there was a significant triumph that could be lost for Roosevelt and for

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<sup>6</sup> James Reckner, *Teddy Roosevelt's Great White Fleet*, Naval Institute Press, 1988,

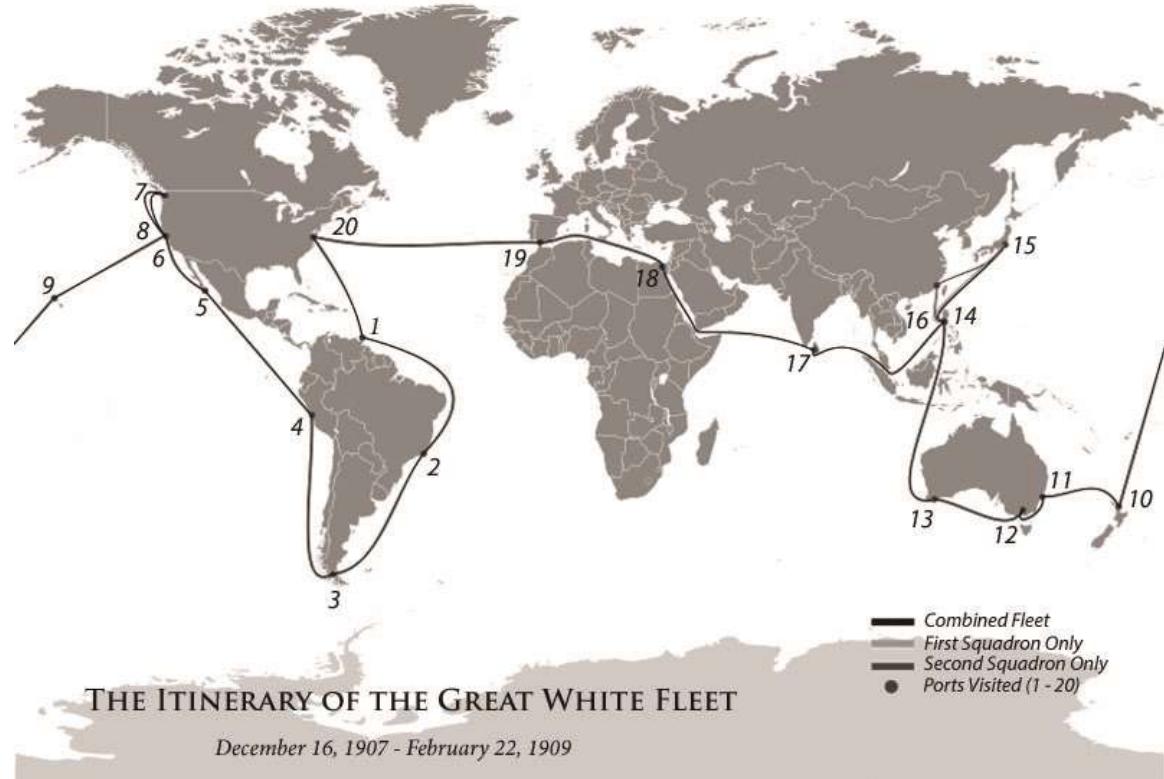
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America by acknowledging that the money went down with the ship. A loss of this magnitude would have tainted the Fleet's impressive 18-month journey as well as Roosevelt's popular 2-term presidency.

This non-disclosure would have been typical, too, of Roosevelt's diplomatic style.

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### The Itinerary of the Great White Fleet



## MONIES RECEIVED BY THE GREAT WHITE FLEET

No.	Port	Arrive	Depart	Funds Received	Source
1	Port of Spain, Trinidad	23-Dec 07	29-Dec 07	N/A*	
2	Rio de Janeiro, Brazil	12-Jan 08	21-Jan 08	"	
3	Punta Arenas, Chile	1-Feb 08	7-Feb 08	"	
4	Callao, Peru	20-Feb 08	29-Feb 08	"	
5	Magdalena Bay, Mexico	12-Mar 08	11-Apr 08	"	
6	San Francisco, California	6-May 08	18-May 08	"	
7	Puget Sound, Washington	23-May 08	16-June 08	"	
8	San Francisco, California	22-June 08	7-July 08	\$500,000	San Francisco Sub Treasury
9	Honolulu, Hawaii	16-July 08	22-July 08		
10	Auckland, New Zealand	9-Aug 08	15-Aug 08	£80,000	Bill of Exchange, on London
11	Sydney, Australia	20-Aug 08	28-Aug 08	£70,000	Bill of Exchange, on London
12	Melbourne, Australia	29-Aug 08	5-Sept 08		
13	Albany, Australia	11-Sept 08	18-Sept 08		
14	Manila, Philippines	2-Oct 08	9-Oct 08	\$350,000	Navy Pay Office, Manila
15	Yokohama, Japan	18-Oct 08	25-Oct 08		
16	Manila, Philippines	31-Oct 08	1-Dec 08	\$400,000	Navy Pay Office, Manila
17	Colombo, Ceylon	13-Dec 08	20-Dec 08	£75,000	Bill of Exchange, on London
18	Port Said, Egypt	4/7-Jan 09	5/10-Jan 09	£58,500	Bill of Exchange, on London
19	Gibraltar	31-Jan 09	6-Feb 09	**	**
20	Hampton Roads, Virginia	22-Feb 09		\$800,000***	Treasury Dept., Washington, D.C.

\* This report focuses on the money requisitions of the second and final legs of the fleet's circumnavigation, under the control of Fleet Paymaster Samuel McGowan.

\*\* In the following report, we present facts that lead us to believe the Republic was carrying both Navy supplies AND a money shipment to meet the fleet at Gibraltar.

\*\*\* This was the only money requisition marked "SPECIAL," only to be marked as such when the need was "unforeseen."

## Cargo: United States Government Monies

November 28, 2016  
By Martin Bayerle  
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Three theories exist regarding possible valuable cargos which remained aboard *Republic* when she foundered at sea January 24, 1909: 1) monies for Italian Relief to succor survivors of the December 28, 1908, earthquakes in southern Italy; 2) a US Navy monies cargo in transit to the United States Atlantic Battleship Fleet then at Gibraltar; and 3) a very large shipment of gold destined for the Imperial Russian Government, the Tsar's Gold theory, for transshipment via Russia's Baltic Fleet, then also at Gibraltar. All three theories, the Navy "Payroll," the Italian Relief shipment, and Tsar's Gold theory, are all discussed within the book, *The Tsar's Treasure*.

This paper focuses **solely** on the cargo of U. S. Government monies shipped aboard *Republic*. We discovered that the Italian Relief and Navy Payroll theories are actually linked, and that \$800,000 (1909 face-value) in coin currency was lost aboard the RMS *Republic* when sank below the waves January 24, 1909.

One possible distribution of the \$800,000 would be, gold coin: \$160,000 twenties, \$320,000 tens, and \$240,000 fives; silver coin: \$64,000 ones, \$4,000 fifty-cent pieces, \$4,000 twenty-five-cent pieces, \$3,200 ten-cent-pieces, \$3,200 five-cent-pieces and \$1,600 one-cent-pieces - were lost aboard the RMS *Republic* when she foundered on January 24, 1909.<sup>7</sup>

This single shipment may have a value today of \$200 million or more depending on the mint, condition and successful marketing of the various coins once recovered.

### Reports of a Lost Valuable Cargo

Many published reports exist regarding RMS *Republic*'s cargo. A near comprehensive list of these can be found online at: [http://www.rms-republic.com/story\\_rumor.html](http://www.rms-republic.com/story_rumor.html) We now focus on the first two of the three theories, Italian Relief and US Navy monies.

One day after RMS *Republic* sank, the *New York Sun* reported:

Reports that **the Republic carried a large sum of money collected for the sufferers from the earthquake** at Messina were denied yesterday at the offices of the White Star Line. At least Manager Mitchell of the

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<sup>7</sup> See Sample Distributions, Exhibit 1.

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Mediterranean Service said that no **such** [emphasis supplied] money had been turned over to the steamship company for transportation.

*N. Y. Sun*, January 25, 1909, 2:2

Reports of the loss of US Navy monies aboard the RMS *Republic* also arose shortly after the ill-fated liner foundered. James Brendan Connolly, a prolific writer of sea stories, personal friend of Theodore Roosevelt, and passenger aboard the *Republic* during her final voyage revealed in his book *Sea-Borne, Thirty Years Avoyaging*:<sup>8</sup>

The White Star steamer BALTIC was given the right of way. She came almost alongside of us, and we thought she would be taking us off [the FLORIDA]; but not so. She hailed to say she would be back, then left us, and stood down to the REPUBLIC, which lay about half a mile from us and was still as high out of the water as in the early morning.

Passengers murmured: 'Why didn't she take us off?' I could guess why. **In those days our navy crews in foreign ports were paid off in gold. The REPUBLIC was reported to have taken on a quarter of a million dollars in gold for delivery to our fleet at Gibraltar.** That gold was to be first taken care of.<sup>9</sup>

The RMS *Republic* is known to have carried somewhere between 406 and 650 tons of United States Navy "provisions" consigned to the Atlantic Fleet's Supply Vessel USS *Culgoa*, then at Gibraltar.<sup>10</sup> We substantiate that \$800,000 1909 face-value in coin currency was a part of this cargo, all of which was shipped and lost aboard RMS *Republic*.

## President Theodore Roosevelt's Great White Fleet

In my own judgment the most important service that I rendered to peace was the voyage of the battle fleet round the world. I had become convinced that for many reasons it was essential that we should have it clearly understood, by our own people especially, but also by other peoples, that the Pacific was as much our home waters as the Atlantic, and that our fleet could and would at will pass from one to the other of the two great oceans. It seemed to me evident that such a voyage would greatly

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<sup>8</sup> Doubleday, N.Y., 1944, page 168. At this point in Connolly's narration, the *Republic*'s passengers had been transferred to the now questionably seaworthy SS Florida, the vessel that had collided with RMS *Republic*.

<sup>9</sup> The impossibility of the cargo's removal prior to the *Republic*'s loss, and subsequent to her loss, is discussed at length at: [http://www.rms-republic.com/past\\_salvage.html](http://www.rms-republic.com/past_salvage.html) et. seq..

<sup>10</sup> See: [http://www.rms-republic.com/story\\_coll07.html](http://www.rms-republic.com/story_coll07.html).

benefit the navy itself; would arouse popular interest in and enthusiasm for the navy; and would make foreign nations accept as a matter of course that our fleet should from time to time be gathered in the Pacific, just as from time to time it was gathered in the Atlantic, and that its presence in one ocean was no more to be accepted as a mark of hostility to any Asiatic power than its presence in the Atlantic was to be accepted as a mark of hostility to any European power. I determined on the move without consulting the Cabinet, precisely as I took Panama without consulting the Cabinet. A council of war never fights, and in a crisis the duty of a leader is to lead and not to take refuge behind the generally timid wisdom of a multitude of councilors. ...

My prime purpose was to impress the American people; and this purpose was fully achieved. The cruise did make a very deep impression abroad; boasting about what we have done does not impress foreign nations at all, except unfavorably, but positive achievement does; and the two American achievements that really impressed foreign peoples during the first dozen years of this century were the digging of the Panama Canal and the cruise of the battle fleet round the world. But the impression made on our own people was of far greater consequence. No single thing in the history of the new United States Navy has done as much to stimulate popular interest and belief in it as the world cruise.<sup>11</sup>

Sending a battleship fleet around the world, the first such endeavor in history by any nation, requires planning – particularly advance logistical planning. The Navy Department prepared its planning and fleet itinerary and made them available to the President in August 1907. At a meeting with Assistant Secretary of the Navy Newberry, Rear Admiral Brownson, Chief of the Bureau of Navigation, and Rear Admiral Robley D. Evans, Commander of the Atlantic Fleet, held at the President's Oyster Bay, New York home on August 23, 1907, Roosevelt approved the journey of sixteen battleships; they would depart Hampton Roads, Virginia, that December and be sent to San Francisco via the Strait of Magellan. The return plan would be decided later.<sup>12</sup>

The return schedule was set by June 20<sup>th</sup>, 1908. The fleet was to depart San Francisco July 7, 1908, cross the Pacific, and return to the Mediterranean through the Suez Canal (stopping at various ports along the way). To ensure an ample amount of provisions could be provided for the thousands of men of the fleet, an estimate was developed by Paymaster McGowan with demarcations: Manila to Colombo, Colombo to Port Said, Port Said to Negro Bay (Gibraltar), Negro Bay to Hampton Roads. Included

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<sup>11</sup> An Autobiography, Theodore Roosevelt, 26<sup>th</sup> President of the United States, Macmillan Company, 1914, p. 563, 5.

<sup>12</sup> New York Times, Aug. 24, 1907.

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was the category “Estimated quantities to be placed on *Celtic* fitting out at N. Y. to join Atlantic Fleet.”<sup>13</sup>

While the Atlantic Fleet was on its round-the-world cruise, the Navy organized the remaining fighting units within the Atlantic into the 3<sup>rd</sup> Atlantic Squadron. It was hoped that these ships, too, would join the main body of the Fleet somewhere in the Mediterranean and accompany them on their triumphant return to the US at Hampton Roads, Virginia on Washington’s birthday, February 22, 1909. The entire affair would be a grand celebration of Theodore Roosevelt’s 7-year Presidency which would end March 4, 1909, a few short days later. The 3<sup>rd</sup> Atlantic Squadron’s supply vessel USS *Celtic* was to provide provisions to the “combined” Fleet for their return to the US. *infra*.

The fleet received monies at each of the planned provision ports **EXCEPT** Negro Bay (Gibraltar). As for the planned disposition of supply ship *Celtic*, as of June 20<sup>th</sup>, 1908:

[The supply ship *Glacier*] will be joined, at probably Port Said—or other port to be later determined—by the CELTIC, which will be filled up with provisions before her departure from the Atlantic coast.<sup>14</sup>

In June, 1908, the tentative plan was for the *Celtic* was to leave from the Atlantic coast and meet the fleet “probably at Port Said.” On September 21, 1908, in regard to planning, McGowan wrote:

It is, of course, necessary on arrival at Manila to know exactly what we have to figure on, the whole supply-ship question **for five months to come, including the movements of the *Glacier*, *Culgoa*, and *Celtic*, being dependent upon.**<sup>15</sup>

By December, 1908, *Celtic*’s schedule had become more definite:

The services of the CELTIC are required on December 15, on which date it is requested that she may be loaded and in all respects ready for sea at the New York Navy Yard, ready to accompany the Third Squadron of the Atlantic Fleet **with an ultimate destination of Negro Bay**, there to meet

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<sup>13</sup> NARA, RG 143, File 104689.

<sup>14</sup> Loc. Cit.

<sup>15</sup> *Operations of Pay Department of the Atlantic Fleet on Cruise Around the World*, Report of Pay Inspector Samuel McGowan, U. S. N. Fleet Paymaster. Presented by Mr. Perkins for Mr. Tillman, June 23, 1910, Congressional Serial 5660, 61st Congress 2nd Session, Senate Document No. 646, Page 27. Exhibit 6.

and provision the U. S. Atlantic Fleet. All stores should therefore be on board prior to December 15. The CELTIC will be ordered to the New York Navy Yard after commissioning.<sup>16</sup>

The Bureau is informed that the services of the U.S.S. CELTIC will be required on the 15<sup>th</sup> December and that she will be loaded at the Navy Yard, New York. It is the Bureau's intention to place a sufficient quantity of fresh provisions aboard this vessel to meet the needs of the combined Atlantic Fleet from December 15<sup>th</sup> until its return to the United States, about February 22<sup>nd</sup>.<sup>17</sup>

The intention to use the *Celtic* to supply the fleet with provisions was well established. But what did these "provisions" include?

#### **Monies Operations of the Fleet Paymaster's Office – Atlantic Fleet, San Francisco (May 31, 1908) to Hampton Roads (February 22, 1909)**

At the turn of the twentieth century "every vessel of the Navy, with the exception of the small gun and torpedo boats, has its pay officer."<sup>18</sup> The ship's Paymaster was in charge of the payment of officers and men and their clothing and subsistence for his ship. The Fleet Paymaster collected the fleet's individual ship's data and was responsible for planning the logistical support of the fleet in order to timely meet and satisfy the fleet's needs in both money and material.<sup>19</sup>

Samuel McGowan became the United States Atlantic Fleet Paymaster on June 15, 1908. He assumed that position when the fleet was at San Francisco, replacing Pay Inspector Henry A. Dent.<sup>20</sup>

The question of subsistence for so large a number of men and under such untried conditions was, of course, first if not indeed greatest in importance of all the problems presented and lessons learned by the cruise of the fleet around the world. As the voluminous records already on file in the bureau [US Navy Bureau of Supplies and Accounts] abundantly attest, it was not so much a matter of

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<sup>16</sup> Memorandum for the Bureau of Supplies and Accounts, October 13, 1908, RG143, File 105616.

<sup>17</sup> October 16, 1908 Navy Department Bureau of Supplies and Accounts Letter to Commandant, Navy Yard, New York, RG143, File 105616.

<sup>18</sup> Paying Men in Service, NY Times, July 3, 1898.

<sup>19</sup> Bureau of Supplies and Accounts, October 7, 1907, RG143, Box 654, File 99000.

<sup>20</sup> Operations, op. cit., p. 5.

obtaining the necessary provisions but of properly caring for them and efficiently distributing them after they were obtained in bulk.<sup>21</sup>

A fleet has two methods of supply. The first is land-based stations; the second, supply vessels. Land-based supply depots are fixed. During war, they are subject to attack and blockade. Supply vessels, on the other hand, can be loaded from any available port and sent to any destination. Because they are mobile, they become a more difficult target. Supply ships carried everything necessary to sustain a fleet, including money. The USS *Celtic*, as mentioned *supra*, was a designated supply ship for the Great White Fleet during its world cruise. The *Celtic* was used previously to carry large sums of money for the Navy's Atlantic fleet.

**Every pay officer has an account with the United States Sub-Treasury in New York, against which he draws when in need of monies.** He is also furnished with blank bills of exchange on Seligman Brothers, the fiscal agents of the Government in London, for use on foreign cruises. In addition to these facilities for banking, **he always lays in a supply of cash at the beginning of every cruise**, proportioned to the amount likely to be needed before the next port at which exchange can be negotiated is reached. In the event of a pay officer wishing to draw money in any foreign port, he makes out a bill of exchange on the London bankers of the Government to the order of the commanding officer of the fleet, squadron, or ship, as the case may be, and negotiates this at the current rate of exchange. If the men on board want checks instead of cash, he gives them checks on the New York Sub-Treasury. Pay day comes once a month [on the 25<sup>th</sup>] on board ship, but while at sea few of the officers or men draw their stipends regularly. ...

When a naval pay officer cashes his London exchange at a foreign port he gets its equivalent in the money of the country. ...

**Recently \$175,000 was shipped to the Fleet Paymaster off Santiago by the collier *Celtic*, and the Newark, when she goes to join the fleet in southern waters, is expected to take a similar sum. Every vessel of the fleet has a sum of money on board varying according to circumstances, and the running up on occasions to a figure which would make a modern man-of-war as rich a prize as the Spanish galleons of old, with their cargoes of yellow gold from the Indies.** Shipments of cash will also be made to Admiral Dewey ...

...  
The navy makes it a point ... to pay its men in the coin of the country where they happen to be stationed, holding that in so doing it

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<sup>21</sup> Operations, op. cit., p. 20.

protects the men from being cheated by exchange brokers when they go to get their American coins changed, and saves them the trouble of making the exchange.<sup>22</sup>.

The USS *Celtic* was also used as the pay ship for the Atlantic Fleet in 1910, after the fleet had returned from its around-the-world cruise. This cargo of "grub" and gold is typical of a shipment to the Atlantic Fleet when stationed abroad:

### SHIP WITH GOLD CARGO

#### Steamer *Celtic* Carries Millions for Pay of Fleet

Boston, Dec 30 – If there are twentieth century Kidds or other buccaneers scouring the Spanish main with pirate dreadnaughts they will have a chance next week of tackling a treasure ship laden with gold and modern "pieces of eight" when the United States supply ship *Celtic* steams into the Caribbean Sea to pay off the fleet.

The *Celtic* is loading about a million and a half of gold Eagles and double eagles, in connection with beef, bacon and other "grub" which the tars of the Atlantic fleet will want when they arrive from European waters.

The *Celtic* will land her gold and stores at Guantanamo and it will be payday for the fleet as soon as the ships arrive.<sup>23</sup>

Paydays fell Navy-wide on the 25<sup>th</sup> of each month. (See Appendix A on details of US Navy money distribution and accounting.) Paymasters requisitioned monthly money at least one month in advance, which monies were to cover the next following month's expenditures, i.e. requisitions for monies needed for February, 1909, disbursements would be requested no later than the end of December 1908, and would be physically delivered by the beginning of February.<sup>24</sup>

The movements of a fleet require advance logistical preparation, and a fleet's movements, of necessity, may not parallel exactly a fixed monthly pattern of monies receipt. In brief, a fleet or any of its composite units may not be at a suitable port for a regular on-date monthly receipt of money, or, for that matter, while at sea - it may not be

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<sup>22</sup> Paying Men in Service, NY Times, July 3, 1898.

<sup>23</sup> Evening Star (Washington), December 30, 1910, 15:7, Omaha Daily Bee, December 31, 1910, 1:5, and others.

<sup>24</sup> See Appendix A for a thorough discussion.

at any port at all. The itinerary for the Fleet's receipt of money - from July 1908 to February 1909 - and Fleet Paymaster McGowan's comments are listed below:<sup>25</sup>

Paymaster Dent, McGowan's predecessor, had requested \$500,000 for the fleet's July, 1908, disbursements, receiving those monies in early July.<sup>26</sup>

**Monies Received for July 25th Payday**

Port	Arrived	Sailed	Monies Received	Source
San Francisco, CA	May 31 – July 1	July 7	\$500,000 July 1- 6 <sup>27</sup>	San Francisco Sub Treasury

...American gold was carried out of San Francisco in sufficient amount to make all disbursements to and including Honolulu. I suggested, and the commander in chief issued, an order discontinuing all payments in American money after the fleet should arrive in the first British port, and calling for requisitions from all vessels for British gold needed on arrival at Auckland [August 9]. A cablegram was sent to the consul-general at Sydney, New South Wales, Australia, requesting that arrangements be made for obtaining monies upon arrival. The reply came immediately that the consul-general had arranged with the Auckland branch of the Bank of New South Wales to supply whatever monies we should need at par. In accordance therewith, I negotiated a bill of exchange on London for £80,000 [\$4.8665 = 1 £, \$389,320].<sup>28</sup>

McGowan has now arranged for August monies, and further confirms that the monies received by the fleet upon departure from San Francisco were, for July disbursement.

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<sup>25</sup> Arrival and departure dates for the fleet are from *Information Relative to the Voyage of the United States Atlantic Fleet Around the World, December 16, 1907 to February 22, 1909, Itinerary*, U.S. Navy Department, Government Printing Office, Washington, D.C., 1910.

<sup>26</sup> Money Requisitions, Records of the Bureau of Supplies and Accounts, RG 143, General Correspondence, File Number 99000, Cablegrams June 20, 1908, "Probably 'Five,' and July 6, 1908. Exhibit 5.

<sup>27</sup> Records of the Accounting Officers, *op. cit.*, Samuel McGowan, Abstract of Expenditures, July 1, 1908 to September 30, 1908. Exhibit 7.

<sup>28</sup> *Operations, op. cit.*, Page 97.

**Monies Received for August 25th Payday**

Port	Arrived	Sailed	Monies Received	Source
Honolulu, Hawaii	July 16	July 22		
Auckland, New Zealand	August 9	August 15	£80,000	Bill of Exchange, on London

... As cash disbursements were very heavy in New Zealand and Australia, it became necessary to negotiate at Sydney a second bill of exchange on the same terms in the sum of £70,000 sterling.<sup>29</sup>

The Sydney money, therefore, is an extension of the “monthly” money for August disbursements that the fleet received immediately upon arrival, in early August, at Auckland – and now includes money sufficient for September disbursements.

**Monies Received for September 25th Payday**

Port	Arrived	Sailed	Monies Received	Source
Sydney, Australia	August 20	August 28	£70,000	Bill of Exchange, on London
Melbourne, Australia	August 29	September 5		
Albany, Australia	September 11	September 18		

On September 15<sup>th</sup>, 1908, Admiral Sperry sent a coded cablegram that stated:

have telegraphed cavite quote fleet paymaster requisitions on navpay manila 700,000 pesos October 1<sup>st</sup> 800,000 pesos November 1<sup>st</sup>.<sup>30</sup>

At the time, the Philippine peso was worth fifty cents. This cablegram clearly demonstrates the fleet’s monthly funding pattern.

<sup>29</sup> *Loc. Cit.*

<sup>30</sup> Money Requisitions, *op. cit.* Exhibit 5.

On September 16, 1908, in another coded cablegram, Admiral Sperry stated:

Refer to your letter of July, did not receive letter until September 15<sup>th</sup>; money cannot be obtained here; fleet has \$450,000 gold coin on hand. Likely to last until arrival at Suez. Anticipate no difficulty in obtaining after leaving Manila. **100,000 pounds Sterling** [approximately \$500,000] **estimated sufficient for Mediterranean Disbursement.** [Emphasis supplied, for later discussion.]<sup>31</sup>

Fleet Paymaster McGowan, in his Report, continues:

Immediately prior to departure from Albany, West Australia, a letter was received from the department directing that sufficient British gold be obtained to meet Mediterranean disbursements [The fleet was scheduled to arrive at Suez, the gateway to the Mediterranean, January 3, 1909. Therefore, at this point in time, the paymaster is seeking money sufficient for January, 1909 disbursements, with the fleet scheduled to depart Gibraltar February 6, 1909]. I made every possible effort to obtain £100,000 sterling [approximately \$500,000], but it was impossible to do so, even by exhausting the entire money supply at Albany (which is really scarcely more than a village) and the neighboring city of Perth. In fact it was out of the question to obtain anything like such an amount of gold from the entire State of West Australia; whereas any money that we could have gotten there would have cost more than I would have felt justified in paying under the instructions referred to. If this letter had been received while the fleet was in Sydney or Melbourne, any amount of gold could have been had at par, for there is a royal mint at Melbourne, and the Australian bankers seemed extremely anxious to do everything in their power to accommodate the American fleet.

Just before leaving Albany the commander in chief, at my suggestion, issued an order discontinuing on departure all payments in either British or American money and establishing, on arrival at Manila, Philippine currency as the only circulating medium throughout the fleet.<sup>32</sup>

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<sup>31</sup> *Ibid.*

<sup>32</sup> Operations, *op. cit.*, p. 97.

And ...

MEMORANDUM FOR THE CHIEF OF STAFF

You will no doubt recall the following cablegram sent from Albany, September 16, to the commandant at Cavite:

“Fleet paymaster requisitions on navy pay office, Manila, 700,000 pesos [\$350,000] October 1.”<sup>33</sup>

Monies for October disbursement are received early October.

**Monies Received for October 25th Payday**

Port	Arrived	Sailed	Monies Received	Source
Manila, P. I.	October 2	October 9	\$350,000 Oct. 5 <sup>34</sup>	Navy Pay Office, Manila

... when making payments in Japan, the supply of United States gold is to be exhausted before any British gold [remaining from the fleet's Australian visit, emphasis supplied] is expended; so that as far as practicable the entire amount remaining for use after final departure from Manila [the fleet departs Manila, visits Japan and returns to Manila, as indicated in the schedule that follows. The “final” departure from Manila was December 1.] will be in British gold.<sup>35</sup>

Here, McGowan requires the use of a different currency *for use after final departure*.

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<sup>33</sup> *Ibid.*, p. 101.

<sup>34</sup> Certificate of Settlement, Samuel McGowan, July 1, 1908 to December 31, 1908, No. 1111D. Exhibit 7.

<sup>35</sup> Operations, *op. cit.*, telegram “En route Albany to Manila, September 24, 1908,” p. 100.

**Monies Received for November 25th Payday**

Port	Arrived	Sailed	Monies Received	Source
Yokohama, Japan	October 18	October 25		
Manila, P. I.	October 31 <sup>36</sup>	December 1	\$400,000 Nov. 6 <sup>37</sup>	

McGowan has received his November monies, originally requisitioned on September 15 and requesting delivery on November 1, in early November.

The identification of McGowan's acquisition of monies sufficient for both December and January disbursement are slightly more problematical. He has remaining within the fleet in British currency acquired while in Australia, prior to the fleet's arrival at Manila, £47,930.0 [approximately \$233,000].<sup>38</sup> The fleet's average monthly expenditure is \$371,000 per month.<sup>39</sup> His intention is to not disburse these British monies at either Manila or Japan, but to retain them for initial disbursements within the Mediterranean. Based on the above narration: (1) remember that McGowan was seeking £100,000 pounds [approximately \$500,000] for Mediterranean (January) disbursements (see McGowan's commentary after Albany, Australia, *supra*); (2) he has about half of a monthly (December) disbursement in-hand; and (3) the fleet has to both coal and pay Suez Canal tolls in order to reach the Mediterranean. Therefore, he should be seeking approximately another £150,000 to cover both December and January disbursements, sufficient to see the fleet through its Mediterranean expenditures. The next port-of-call for the fleet, departing Manila, is Colombo, Ceylon, arriving there mid-month, on December 13, 1908.

When the commander in chief cabled from Albany to the department that no further gold was obtainable in Australia ..., the answer came back that the department could have **British gold shipped to Colombo** [emphasis supplied, but from the Navy's London fiscal agent,

<sup>36</sup> The First Squadron returned to Manila on October 31, 1908. The Second Squadron visited Amoy, China from October 9, and sailed from there to Manila on November 5, arriving at Manila on November 7.

<sup>37</sup> Certificate, *op. cit.* See also, McGowan's November 4, 1908, Memorandum for the Flag Secretary: "... my Manila balance on deposit being \$36,741.17, with another \$400,000 coming by deposit on my requisition on the navy pay office submitted today." Operations, *op. cit.*, p.102-3. And, McGowan's November 6, 1908 Memorandum for the Flag Secretary: "I have the \$400,000 Manila deposit." *Loc. Cit.*

<sup>38</sup> "At sea, en route to Manila, September 24, 1908, Gold in fleet September 22, 1908." Operations, *op. cit.*, p. 99.

<sup>39</sup> *Loc. Cit.*

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Seligman<sup>40</sup>] for three-fourths of 1 per cent. This rate was so far from what we had been getting in New Zealand and Australia that it was decided to take at Colombo only what appeared to be needed in that port, leaving the Mediterranean monies to be obtained farther on where better terms could be secured. I accordingly suggested that Cairo be queried as to monies for delivery at Suez [arrive January 3]; and later submitted this proposition:

MEMORANDUM FOR THE FLAG SECRETARY

Since suggesting to you last night that the consul-general at Cairo be cabled with reference to securing £100,000 sterling for delivery at Suez or Port Said [arrive January 4-7], **I learn that the supply ship *Celtic* is scheduled to meet the fleet at Port Said.**

In view of the fact, and in consideration of the further fact that there would probably have to be shipment of coin in any event, I desire now to further suggest that an additional cablegram be sent asking the Secretary of the Navy whether it would not be practicable to ship us £100,000 sterling to Port Said via the *Celtic* [Emphasis supplied.].

S. McGowan,  
Pay Inspector, U.S. Navy, Fleet Paymaster  
U.S.S. Connecticut (Flagship), Manila, P. I., October 8, 1908<sup>41</sup>

McGowan's commentary and accompanying cablegram provide some interesting information. As of October 8, he is seeking sources of money for January disbursements. The letter also reveals that the £100,000 (approximately \$500,000) that the fleet requires could be shipped to the fleet at Port Said, onboard the USS *Celtic*. Again, where is the USS *Celtic* at this point in time? Where would this money come from? New York.

### The 3<sup>rd</sup> Atlantic Squadron

In October of 1908, the USS *Celtic* "was placed in commission at the Navy Yard, Boston, for duty as a supply ship for the Atlantic Fleet. When commissioned and ready for sea, the vessel will proceed to the Navy Yard, New York, to fill with provisions."<sup>42</sup>

The original plan for USS *Celtic* to serve as a supply vessel for the Atlantic Fleet, accompanying the 3<sup>rd</sup> Atlantic Squadron to meet the fleet "probably at Port Said,"<sup>43</sup> had changed, however.

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<sup>40</sup> Records of the Secretary of the Navy, RG 80, General Correspondence, Seligman, File 4555. Exhibit 8.

<sup>41</sup> Operations, *op. cit.*, p. 102.

<sup>42</sup> New York Times, October 23, 1908, p. 16.

With the Atlantic Fleet on its world cruise, the Navy department had organized fighting units remaining in the Atlantic into a single command designated Third Squadron, Atlantic Fleet. Under Rear Admiral Conway H. Arnold, in the flagship *Maine*, this squadron had been formed around the new battleships *New Hampshire*, *Idaho*, and *Mississippi* after their commissioning. It also included two armored cruisers and three scout cruisers.<sup>44</sup> Admiral Arnold was notified of the 3<sup>rd</sup> Squadron's creation on September 28, 1908.<sup>45</sup>

As of October 16, 1908 (and probably long before the Squadron's creation), the Navy had intended the 3<sup>rd</sup> Atlantic Squadron to rendezvous with the Atlantic Fleet in the Mediterranean; the 3<sup>rd</sup> Squadron was scheduled to assemble at and depart from Hampton Roads on December 15, 1908. The USS *Celtic* was both the supply vessel for this squadron and under orders to provide additional supplies to the main body of Atlantic Fleet. She was to carry supplies sufficient for the period December 15 through February 22.<sup>46</sup>

We can now understand McGowan's thoughts on the possibility of acquiring £100,000 (about \$500,000) from the *Celtic* at Port Said, January 4 - 7. We know that the Third Squadron would have departed, as a standard operating procedure, with cash.

The vessels under command of Admiral Arnold will meet the sixteen battleships, now in the Indian Ocean, at Gibraltar early in February.

*New York Times*, December 21, 1908, p. 9.

The rendezvous was subsequently delayed. As of December 1<sup>st</sup> it was apparent that not all of the fleet could be assembled by December 15<sup>th</sup>. The *New Hampshire*, for example, would not be ready for sea until January 1<sup>st</sup>.<sup>47</sup> By December 17<sup>th</sup>, the 3<sup>rd</sup> Squadron would rendezvous with the fleet in the Atlantic, somewhere between the Straits of Gibraltar and prior to its arrival at Hampton Roads.<sup>48</sup> On February 17<sup>th</sup>, the 3<sup>rd</sup> Atlantic Squadron's *Maine*, *New Hampshire*, *Mississippi*, *Idaho* and *Salem* – leaving Guantanamo, Cuba – rendezvoused with the fleet in latitude 34 degrees 27' N., longitude 56 degrees 18' W. The 3<sup>rd</sup> Squadron's *North Carolina* and *Montana* rendezvoused with the fleet on February 20<sup>th</sup>, in latitude 35 degrees 10' N., longitude 73 degrees 50' W.

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<sup>43</sup> Supra.

<sup>44</sup> James R. Reckner, *Teddy Roosevelt's Great White Fleet*, p. 153.

<sup>45</sup> RG24, General Correspondence, File 6280-3.

<sup>46</sup> RG143, General Correspondence 1894-1912, File 105670.

<sup>47</sup> RG24, File 6280-10.

<sup>48</sup> RG24, File 6280-12.

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And, finally, the 3<sup>rd</sup> Squadron's *Birmingham* met the fleet on February 21<sup>st</sup>, in latitude 35 degrees 10' N., longitude 73 degrees 50' W. <sup>49</sup>

While at sea, the 3<sup>rd</sup> Squadron's *New Hampshire* submitted a money requisition to McGowan on February 18<sup>th</sup> for \$50,000 "in cash," apparently with the expectation that McGowan would be able to fulfill the requisition for the imminent payday. McGowan, however, had no cash, and didn't even have sufficient money in his New York Sub Treasury account at that time to satisfy the requisition. He reduced it to \$40,000, an amount his New York account could cover, and issued a check. Upon reaching Hampton Roads, the *New Hampshire* received another \$17,000 in gold, apparently to satisfy her immediate cash requirement. *infra*. The orders issued to the *Celtic* to satisfy the needs of the "combined" fleet explain the *New Hampshire*'s requisition on the fleet's paymaster McGowan.

At Hampton Roads, the 3<sup>rd</sup> Squadron's *Maine*, too, received cash monies. Although the *Maine* did not receive monies from McGowan, nor from the *Yankton*'s paymaster Brantz Mayer (who distributed there all of the \$800,000), the *Maine*'s paymaster, E. T. Hoopes, received monies in a circuitous manner, from the *Connecticut*'s paymaster B.H. Brooke. Of the \$60,000 in cash that the *Connecticut*'s paymaster received from the *Yankton*'s Paymaster Brantz Mayer at Hampton Roads, B.H. Brooke transferred \$30,000 to the *Maine*'s paymaster, E.T. Hoopes.<sup>50</sup>

These facts further exhibit that the battleships expected a shipment of money at Gibraltar, money that was originally scheduled to be delivered by the USS *Celtic*. Once the Third Squadron's voyage to the Mediterranean was cancelled and the *Celtic*'s cargo reassigned to earthquake relief, the only item which could not be acquired at Gibraltar or within the Mediterranean, was the Fleet's February 1909 monies – U. S. gold. The Navy would not have paid its own men in British gold before returning home, of course. The Navy's plan required a shipment of US gold monies to the Fleet at Gibraltar.

Evidently, McGowan is suggesting that, given the need, even £100,000 (\$500,000) of British gold currency could both be acquired and shipped to the fleet from New York. He stated, "there would probably have to be shipment of coin in any event" aboard *Celtic*.

We have learned from the Russian gold study,<sup>51</sup> when the costs of exchange exceed the costs of shipment, gold will be shipped. McGowan proves this point with his own conduct. When he needed British gold, he looked at one possibility: have it shipped

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<sup>49</sup> U. S. Navy, Voyage of Atlantic Fleet Around the World. p. 11.

<sup>50</sup> RG217, Hoopes, E. T.

<sup>51</sup> See, generally: [http://www.rms-republic.com/details\\_market.html](http://www.rms-republic.com/details_market.html) et. seq.

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from New York. The costs of exchange to acquire the gold locally, however, in this case, were evidently less than the acquisition of British gold from the United States.

McGowan continues ...

No action was deemed necessary thereon; but the consul-general at Cairo cabled that he could arrange for delivery at Port Said £100,000, the charge being 18s. 9d. per thousand.

The following recommendation was accordingly submitted:

MEMORANDUM FOR THE FLAG SECRETARY.

With reference to the money situation, I have been figuring considerably (and closely) of late; and I am convinced that it will be best to engage from the Chartered Bank of India or the Hongkong-Shanghai Bank (both of which promised to let me have bids by now) £75,000 [effectively the balance of monies required by the fleet for December disbursements] British gold for delivery in exchange for my bill of exchange in Colombo [remember, again, arrival December 13] and to arrange through the consul-general at Cairo for another £100,000 [money for January disbursements] (or so much thereof as may be needed) for delivery to the individual ships in exchange for their bills as they arrive.

My idea is that the entire transaction be handled from the flag office in both cases and all arrangements be perfected in advance; only, with reference to the Port Said money, separate bills will be far the handiest, and, in my opinion, the only officially authorized way to secure and distribute the money, in view of the fact that the ships will be coming through Port Said [after passing through the Suez Canal] one by one.

The Port Said rate quoted in the consul-general's cablegram is 0.093 per cent, or \$455.98 on £100,000 (\$486,650) – practically par. The Colombo rate must be less than 0.75 per cent, or \$2,737.41 on £75,000 (\$364,987.50), because the department, in its cablegram to Albany, quoted that figure for actual shipment by Seligman [from London(?)]; and, of course, if the Chartered Bank or the Hongkong Bank wants to do business, it must come under that figure.

I think it will. In any event, however, I am not prepared to recommend the taking of United States gold from here [the Philippines, for use in the Mediterranean], because it would most probably entail upon the officers and men a loss on exchange ashore considerable greater than that sustained by the Government in obtaining British money.

I shall get the two bids on Colombo in (from Manila branches) just as soon as I can – to-morrow, if possible; then I shall be in a position to

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make a specific recommendation, **in order that the entire money situation may be satisfactorily provided for, now while there is plenty of time** [Emphasis supplied.]

So as to be perfectly sure about the Port Said programme, I think it would be well to send a general signal, as soon as the second squadron is within wireless reach, asking whether the pay officer has authority to negotiate bills of exchange.

I need scarcely add that the local needs are all arranged for – my Manila balance on deposit being \$36,741.17, with another \$400,000 coming by deposit on my requisition on the navy pay office submitted to-day.

S. McGowan,  
Pay Inspector, U. S. Navy, Fleet  
Paymaster

U.S.S. Connecticut (Flagship)  
Cavite, P. I., November 6, 1908<sup>52</sup>

[After the receipt of bids,] The order was placed as follows:

[Wireless telegram, U.S.S. Connecticut sending.]

Manila, November 6, 1908 – 2.40 p. m.

*To the Hongkong and Shaghai Banking Corporation, Manila:*

Will require £75,000 gold coin at Colombo December 14 at rate three-quarters per cent premium in acceptance of your offer November 4. Reply requested. Letter follows.

SPERRY

The arrangements for Port Said delivery were completed as follows:

[Wireless telegram. U.S.S. Connecticut sending.]

*To United States Consul-General, Cairo, Egypt:*

Please arrange delivery Port Said British gold sovereigns on navy bills of exchange drawn by individual ships on or after January 6 at rate 18s. 9d. accordance your telegram October 18. Total not exceeding £100,000. Reply requested.

SPERRY

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<sup>52</sup> Operations, *op. cit.*, p. 102-3.

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[Telegram. Official Business]

UNITED STATES ATLANTIC FLEET  
U.S.S. CONNECTICUT (Flagship),  
Cavite, P. I., November 11, 1908

*To Secretary of Navy, Washington:*

Request department cable Liebgurt, *Connecticut*, Lehnhoft, *Missouri*, Lehrjahr, *Vermont*, [Liebgurt, Lehnhoft and Lehrjahr are code words.] authority negotiate bills exchange necessary for monies and canal tolls. Specimen signatures mailed Seligman direct. Am arranging supply British gold Port Said.

SPERRY

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[Telegram. Signal Corps, United States Army. Received at Cavite, P. I.]

CAIRO, 13, via Manila, November 13, 1908.

SPERRY, *Cavite:*

Arranged.

IDDINGS

8.02 A. M., November 14, 1908.

In conformity therewith the following memorandum was submitted and order issued accordingly:

MEMORANDUM FOR THE CHIEF OF STAFF.

Inasmuch as **all arrangements have been made for supplying the fleet with monies until final departure from the Mediterranean for home** [Emphasis supplied.], **I suggest that, in order that there may not be any delay or confusion at the last moment** [Emphasis supplied, with regard to the Hampton Roads delivery of monies, *infra*.], the following circular letter be sent out now:

“Please direct the pay officer of the vessel under your command to make requisition (S. & A., Form No. 15) on the fleet paymaster at once for British gold sovereigns necessary for disbursement during the stay of the fleet at Colombo, Ceylon.

“Please submit also without delay to the commander in chief ‘Money statement pertaining to exchange’ (S. & A., Form No. 42) covering such further amount as may be required for expenditure by the

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pay officer of the vessel under your command **while in Mediterranean waters** [Emphasis supplied.]; arrangements having been made for delivery of British gold sovereigns at Port Said, Egypt, on individual bills of exchange drawn by pay officers of vessels, the expenses being 18s. 9d. per thousand pounds for cashing bills payable at sight by Seligman Brothers, United States fiscal agents, London, England."

S. McGOWAN.

*Pay Inspector, U.S. Navy, Fleet Paymaster*  
UNITED STATES ATLANTIC FLEET,  
*U.S.S. Connecticut (Flagship),*  
*Manila Bay, P. I., November 15, 1908.*<sup>53</sup>

Before the fleet's departure from Manila:

The following memoranda and circular letter were written in compliance with the department's directions and for the purpose of enabling officers and men to get the full worth of their money without being charged any exchange ashore:

#### MEMORANDUM FOR THE CHIEF OF STAFF

I suggest the following circular letter:

"Please direct the pay officer of the vessel under your command to deposit, before leaving Manila, with the treasurer of the Philippine Islands to the credit of the United States, all Philippine currency in his possession, including any amount he may have to his credit on deposit here.

**"From the date of departure from Manila until the fleet leaves the Mediterranean for home, payments in United States money will be discontinued** [Emphasis supplied.]; and all expenditures will be made in British gold except that coal at Port Said will be paid for in bills of exchange drawn on London and negotiated at par and that payment of tolls for passing through the Suez Canal will be made by London bills exchangeable at 25.20 francs to the pound sterling – the toll reckoned at 7.75 francs for each net registered ton."

S. McGOWAN,  
*Pay Inspector, U.S. Navy, Fleet Paymaster.*  
UNITED STATES ATLANTIC FLEET,  
*U.S.S. Connecticut (Flagship),*  
*Cavite, P.I., November 25, 1908.*<sup>54</sup>

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<sup>53</sup> Operations, *op. cit.*, p. 104-5.

<sup>54</sup> Operations, *op. cit.*, p. 105-6.

And at Colombo ...

The estimates contained in these statements, plus the amounts previously required for at Colombo, **cover the needs of the fleet from Colombo to Negro Bay** [Gibraltar, Emphasis supplied.], both inclusive. ...

S. McGOWAN,  
*Pay Inspector, U.S. Navy, Fleet Paymaster.*  
*U.S.S. Connecticut (Flagship)*  
*Colombo, Ceylon, December 18, 1908.*<sup>55</sup>

**Monies Received for December 25th and January 25th Payday**

Port	Arrived	Sailed	Monies Received	Source
Colombo, Ceylon	December 13	December 20	£75,000 (\$364,988)	Bill of Exchange drawn on Seligman, London
Port Said, Egypt	January 4-7	January 5-10	£58,500 <sup>56</sup> (\$284,690)	Bills of Exchange, Seligman, London.

Prior to the fleet's December 1, 1908, departure from Manila, Samuel McGowan had completed all arrangements to "cover the needs of the fleet from Colombo to [and including] **Negro Bay**" [Gibraltar], "**until the fleet leaves the Mediterranean for home**," for both the December and January monthly acquisition of monies, monies in British gold currency sufficient to cover only the expenditures of the fleet during its stay in the Mediterranean. McGowan made clear that, as of November 15, 1908, "**all arrangements for supplying the fleet with monies until final departure from the Mediterranean for home . . .**"<sup>57</sup>

There was little United States money remaining in the fleet when it arrived in the Mediterranean because "**as far as practicable the entire amount remaining for use after final departure from Manila will be in British gold.**" There was no need for United States gold while the fleet remained in the Mediterranean. If a particular country's currency was no longer needed for future disbursements, such as the Philippine

<sup>55</sup> *Ibid.*, p. 107.

<sup>56</sup> *Loc. Cit.*

<sup>57</sup> Operations, *op. cit.*, Memorandum for the Chief of Staff, p. 104.

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currency upon departure from the Philippines, it would have been effectively purged from the fleet at or prior to departure from the port where the currency was used.<sup>58</sup>

U. S. S. CONNECTICUT, Flagship  
*Cavite, Philippine Islands, November 25, 1908*

Sir:-

1. Please direct the pay officer of the vessel under your command to deposit, before leaving Manila, with the Treasurer of the Philippine Islands to the credit of the United States, all Philippine currency in his possession, including any amount he may have to his credit on deposit there.
2. From the date of departure from Manila until the fleet leaves the Mediterranean for home, payments in United States money will be discontinued and all expenditures will be made in British gold except that coal at Port Said will be paid for by bills of exchange drawn on London and negotiated at par and canal tolls will be paid by bills of exchange drawn on London and negotiated at 25.20 francs to the pound sterling, the tolls being reckoned at 7.75 francs for each registered ton.

By direction of the Commander-in-Chief,

/S/ A. W. Grant,  
Commander, U.S. Navy,  
Chief of Staff<sup>59</sup>

Monies were always received in advance of the contemplated monthly expenditures and, whenever possible, no later than the beginning of each month - to meet that month's expenditures. The money "programme" for the fleet's itinerary was always planned in advance, "**in order that there may not be any delay or confusion at the last moment,**" and "**in order that the entire money situation may be satisfactorily provided for, ... while there is plenty of time.**" McGowan's planning for January's money was completed by November 15, and therefore (as was his overall money programme to date) was in accordance with the U.S. Navy's guidelines and regulations for the requisition of money.

The fleet received money at ports where the fleet's ships were assembled as a substantial whole or, as at Port Said in early January, where the fleet's ships would pass "one-by-one" – after they had passed through the Suez Canal – to enable an efficient distribution to the individual ships. At Port Said, the ships received the remainder of

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<sup>58</sup> Operations, *op. cit.*, Bureau of Supplies and Accounts letter dated June 6, 1908, p. 96.

<sup>59</sup> Records of the Accounting Officers, *op. cit.*, C. S. Baker. Exhibit 7.

their January<sup>60</sup> money, the remainder of the British money that would see them through the Mediterranean, by individual Bills of Exchange.

When, where, and how would McGowan prepare for and receive the fleet's February monthly requisition of money? Was the fleet's receipt of February monies different from the intended plan?

## The Plan

In July of 1907 President Roosevelt suggested that, for the previous two years, the administration had been "perfecting its plans to arrange for a long ocean cruise of the battleship fleet, when a sufficient number of warships are gathered."<sup>61</sup> That fleet departed Hampton Roads, Virginia, on December 18, 1907. By the time the fleet had reached Magdelena Bay, Mexico – with its next stops in California -, on March 12, 1908, Roosevelt authorized Secretary of the Navy Metcalf to announce that the fleet would begin its return voyage, departing San Francisco around July 6, traveling via Australia, Manila, and the Suez Canal.<sup>62</sup> By May of 1908, when the fleet had reached San Francisco, detailed planning for the fleet's return voyage was substantially completed, and by June 1908 Secretary of the Navy Metcalf had directed Admiral Sperry to propose a final itinerary for the fleet's return.<sup>63</sup> On October 3, 1908, the Navy provided the Secretary of State with the fleet's approved Manila to Hampton Roads itinerary.<sup>64</sup> Pursuant to that itinerary, the fleet was scheduled to arrive at Suez on January 5, 1909, and would disperse from there in groups of two or three ships to visit various and separate Mediterranean ports. When the fleet had reached the Mediterranean:

[A]fter reaching Port Said the vessels of the Fleet will disperse and visit various ports in the Mediterranean to be selected by the Commander-in-Chief. These visits will be purely unofficial and are **for the purpose of affording the officers and crews a certain amount of rest and recreation.** [Emphasis supplied, for later discussion on the subject of shore leave at Gibraltar.]<sup>65</sup>

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<sup>60</sup> The fleet received more monies at Colombo than were actually required, and, as a consequence, McGowan reduced accordingly – all sufficient to "cover the needs of the fleet from Colombo to Negro Bay, both inclusive." Operations, *op. cit.*, p. 106-7.

<sup>61</sup> New York Times, July 5, 1907.

<sup>62</sup> New York Times, March 14, 1908.

<sup>63</sup> James R. Reckner, *Teddy Roosevelt's Great White Fleet*, United States Naval Institute, Annapolis, Maryland, 1988, p. 144.

<sup>64</sup> NARA, General Records of the Department of State, RG 59, General Correspondence, File 8258/511-2. Modified Itinerary 8258/636. Exhibit 10.

<sup>65</sup> Ibid. File 8058/324, Navy Department letter to Secretary of State, dated April 10, 1908. Exhibit 10.

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The fleet was to re-assemble at Gibraltar for the final trans-Atlantic leg on January 31, departing Gibraltar February 6, 1909.<sup>66</sup> Shore-leave at Gibraltar, too, would reward the sailors for their 18-month cruise at their very last stop before arriving home.

Admiral Sperry had planned to use the final leg of the voyage [from Gibraltar to Hampton Roads] as a period for extensive tactical drills and, weather permitting, the annual admiral's inspection, for which he would have to transfer by boat to each of the battleships in turn.<sup>67</sup>

The fleet was scheduled to return to Hampton Roads, Virginia, on February 22, 1909, the anniversary of Washington's birth, and within the last days of Teddy Roosevelt's presidency.<sup>68</sup> This was a political triumph for President Roosevelt, and he was to take credit for its success. In his autobiography, he stated, "In my own judgment the most important service that I rendered to peace was the voyage of the battle fleet round the world."

Logistical support, naturally, is a critical component of the plan. The fleet had always planned to meet a supply ship, dispatched from the United States, in the Mediterranean. In his December 5, 1908, Memorandum for the Chief of Staff, McGowan discusses, among other things, potatoes:

According to my figures, about 270,000 pounds of potatoes in all will have to be bought in Mediterranean ports to piece out **until we meet the *Celtic* at Negro Bay.**

...  
If you care for it, I shall make up a proposed allotment sheet of fresh meats and fresh potatoes from now on to Negro Bay. Unless this is done in the very near future, some ships will probably draw more than their shares, while others will, in consequence, have to go hungry.

In this connection I would further suggest that **the battle ships draw provisions at Columbo to last them to Port Said and at Port Said all they are going to get from the supply ship until arrival at Negro Bay.** [Emphases supplied. Columbo and Port Said, of course, are ports where the fleet received their monies for Mediterranean disbursements.]<sup>69</sup>

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<sup>66</sup> Reckner, *loc. cit.*

<sup>67</sup> *Ibid.*, p. 153.

<sup>68</sup> William Howard Taft became President on March 4, 1909.

<sup>69</sup> Operations, *op. cit.*, p. 35. Exhibit 6.

In his report, McGowan provides charts of provisions, from beverages to vinegar and frozen meats, that are “on hand December 1, 1908 (leaving Manila), and required to January 31, 1909 (arriving at Negro Bay).”<sup>70</sup>

To paraphrase McGowan’s preparation for monies, all arrangements have been made to provide the fleet with coal, water and provisions until the fleet meets the USS *Celtic*, a supply vessel dispatched from New York, on January 31, 1909, at Gibraltar. Gibraltar was the demarcation. Money followed supplies.

### **The Original Intended Delivery Vessel, USS *Celtic***

The USS *Celtic* was commissioned on October 23, 1908.<sup>71</sup> According to the *New York Times*:

The *Celtic* has been ordered placed in commission at the Navy Yard, Boston, for duty as a supply ship to the Atlantic Fleet. When commissioned and ready to go to sea, the vessel will proceed to the Navy Yard, New York, to fill with provisions.<sup>72</sup>

The *Celtic* departed Boston on November 2, arriving at the New York Naval Yard on November 3, 1908.<sup>73</sup> As of November 4, the *New York Times* – dateline Washington Nov. 1 - reported:

Loaded with the materials for a gigan [sic] American Christmas dinner that will be borne half way around the world, the supply ship *Celtic* will sail from New York Dec. 12 to carry cheer to the fourteen thousand odd men on the battleship fleet. The Navy Department has issued the necessary authority to load the *Celtic* with plentiful supplies of American turkies [sic], barrels of New England apples, cranberries, raisins, celery, nuts, and plenty of the ingredients that enter into those two American institutions, the hot mince and pumpkin pies.

The loading of the vessel will begin at once, and the fleet will probably be met by the navy Santa Claus in the Mediterranean, in all likelihood at Gibraltar.<sup>74</sup>

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<sup>70</sup> *Ibid.*, p. 36, et. seq.

<sup>71</sup> NARA, RG 24, Logbook USS *Celtic*.

<sup>72</sup> New York Times, Oct. 23, 1908, p. 16. Exhibit 9.

<sup>73</sup> NARA, RG 24, Logbook USS *Celtic*.

<sup>74</sup> New York Times, Nov. 4, 1908, p. 11. Exhibit 9.

If the *Celtic* had left New York on December 12, 1908, as was, apparently, initially planned, she could have reached Port Said early January and made possible McGowan's inquiry of October 8, 1908, "whether it would be practicable to ship us £100,000 [about \$500,000] to Port Said via the *Celtic*." McGowan, however, had satisfactorily resolved the Mediterranean money issue by November 6,<sup>75</sup> and the *Celtic* was not required for that purpose.<sup>76</sup> If the *Celtic* was to meet the fleet at Gibraltar (the fleet arrives there on January 31, 1909), as suggested by the above New York Times article and made clear in McGowan's December 5, 1908, Memorandum, *supra.*, she would not have to leave New York until mid-January.

The *Celtic* commenced loading stores on November 23, 1908, and continued loading stores through December. She began coaling on December 21.<sup>77</sup>

Events, however, intervened into the Navy's plans. On December 28, 1908, the deadliest earthquake in European history (7.5 magnitude) and resulting tsunami devastated the Messina and Calabria areas of Italy, killing no less than 100,000 people and leaving over 200,000 homeless. The Atlantic Fleet found itself proximate to this historic calamity, and the Navy recognized an opportunity to offer the assistance of the Atlantic Fleet. As a part of this offer, the Navy included the donation of any surplus stores beyond the fleet's immediate needs that were available on the USS *Culgoa* (the fleet's supply ship then in the Mediterranean), as well as the entire cargo, with some modification geared to earthquake relief, of the USS *Celtic*, then completing its loading at New York. The *Celtic* departed New York on her new earthquake relief mission on December 31, 1909.

After offloading her cargo in earthquake relief, the *Culgoa* would then proceed to Gibraltar to re-provision from yet another vessel carrying fleet supplies from the U.S. That vessel was to be the Cunard Liner *Carmania*, "but for some reason" that arrangement was changed, and the supplies were placed aboard the White Star Liner *Republic*.<sup>78</sup>

The Italian earthquake and the donation of the *Culgoa*'s and *Celtic*'s cargoes to the sufferers brought about, of course, an entirely new and unexpected situation which involved **the abandonment of the provisions programme so carefully figured out in advance.** [Emphasis supplied.]<sup>79</sup>

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<sup>75</sup> See Page 18, *infra*.

<sup>76</sup> See Page 17, *infra*.

<sup>77</sup> NARA, RG 24, Logbook USS *Celtic*.

<sup>78</sup> See: [http://www.rms-republic.com/the\\_story.html](http://www.rms-republic.com/the_story.html) *et. seq.*

<sup>79</sup> Operations, *loc. cit.* p. 43. Exhibit 6.

...

As soon as it had been definitely decided to present all of the provisions of both supply ships to the Italian disaster sufferers, the department cabled to the commander in chief asking what quantities of each item of provisions would need to be shipped via the steamship *Carmania*, which would arrive at Gibraltar about January 25.<sup>80</sup> **The commander in chief at first replied that whatever supplies were needed could be purchased in Europe.** [Emphasis supplied.] A further inquiry, however, being received from the department along the same lines as the former query, the commander in chief stated how much of each article were needed to carry the fleet into Hampton Roads.

A few days later cable advice was received from the department to the effect that the *Carmania* was not available and inquiring whether it would be practicable to receive the same supply of fresh provisions from the steamship *Republic*, scheduled to arrive at Gibraltar just before the fleet itinerary called for departure for Hampton Roads. The reply of the commander in chief was to the effect that the cargo would be immediately discharged from the *Republic* and distributed among the various vessels of the fleet.<sup>81</sup>

### **The Actual Delivery Vessel, The RMS *Republic*'s US Navy Cargo**

It is without question that the *Republic* sank with a US Navy cargo bound for the Atlantic Battleship Fleet for delivery at Gibraltar. The newspapers reported *before* the *Republic* sailed that she had been loaded with between 410 and 650 tons of Navy "ships' stores."<sup>82</sup> But, in addition to the food stores which the US Government had acknowledged as lost, *Republic* also carried the Fleet's \$500,000 February money, as well as the \$300,000 in reimbursement funds, for a total shipment in US monies of \$800,000, for delivery to the Atlantic Fleet then at Gibraltar, to arrive February 2, 1909.

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<sup>80</sup> The 25th of each month was a payday, *infra*, and was certainly, at least in general terms, an important date for the Paymaster. However, the Cunard Liner *Carmania* departed New York on schedule January 21, 1909 (N. Y. Herald, January 13, 09, 14:1), but was scheduled to arrive at Gibraltar on only January 28, 1909 ([N. Y. Herald, European Edition, January 19, 09, 2:2](#)); the fleet was to arrive January 31. It is interesting to note that the Paymaster's emphasis is placed on the anticipated arrival of the *Carmania* "about" a payday.

<sup>81</sup> Operations, *op. cit.*, p. 47. Exhibit 6.

<sup>82</sup> See: [http://www.rms-republic.com/story\\_earth02.html](http://www.rms-republic.com/story_earth02.html) and [http://www.rms-republic.com/story\\_earth03.html](http://www.rms-republic.com/story_earth03.html)

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COPY – TRANSLATION

Naples, Jan. 11, 1909.

Bunav, Washington.

Referring to your cablegram of 7th request following provisions shipped Carmania for delivery to CULGOA January 28th at Gibraltar quantities in thousand pounds beef 220 mutton 15 pork 40 veal 30 frankfurters 15 sausage 15 bologna 5 turkey 15 lunch meat 5 chopped beef 3 fresh potatoes 300 onions 10 barreled ham 50 assorted preserved meats cut [sic, corrected later to 15<sup>83</sup>] butter 15 sugar 25 fresh eggs 15,000 dozen Reply requested

SPERRY<sup>84</sup>

On January 11, 1909, Admiral Sperry had requested that 793,000 pounds, or 396.5 tons, of provisions be shipped to the supply vessel *Culgoa* at Gibraltar. The Navy shipped nearly everything he had requested. Although originally to be shipped aboard Cunard Line's *Carmania*, these provisions were ultimately shipped one day later aboard the *Republic*.<sup>85</sup>

McGowan doesn't go into detail within his *Operations* report what was requisitioned, shipped and lost aboard *Republic*. He discusses only how the food stores lost aboard *Republic* were replaced. So, again, we have to analyze the Navy's cargo through other sources.

There are various other accounts, however, as to the amounts of provisions that were actually shipped, and lost, aboard the *Republic*. In articles that appeared **prior** to the news of the collision, both the New York Times, January 23, 1909, 4:1, and the New York Sun, January 23, 1909, 9:2, reported that the *Republic* had carried 500 tons of supplies for the US Navy Fleet. On the same date, the New York Herald, 9:6, said that *Republic*'s Navy cargo was "more than 500 tons." After the collision, the Journal of Commerce, January 26, 09, 1:2, reported that 421 tons of fresh provisions for the Navy were lost aboard the *Republic*, and precisely re-stated the Navy's data for the quantities of items lost. However, the Journal of Commerce's total tonnage is, for some reason, fifteen (15) tons greater than the Navy's internal net tonnage for its shipment of food stores. The New York Times, January 25, 09, 3:5, too, increased its figure for the loss of Navy cargos from its original 500 tons to 650 tons. The New York Herald, Jan. 25, 09, 4:2, also

<sup>83</sup> A Western Union telegram, dated Jan. 14, 1909, stated "Cable Dept. says from Napoli. Our 73/11 Bunav assorted preserved meats 40 butter 15 sugar 25 fresh eggs moushrum [code for 15,000] dozen reply requested." NARA RG 143, File 105669.

<sup>84</sup> NARA, RG 143, File 105669.

<sup>85</sup> We have not found any explanation for the change in shipment from *Carmania* to *Republic*. The change may be related to the dates of closing for the 1909 4-1/2% Russian Loan, originally scheduled for January 21, 1909 (the *Carmania*'s departure date), but the closing date was delayed a day.

reported that 650 tons of cargo was lost by the Navy. And, finally, in the resulting admiralty action filed in the US District Court against the owners of the *Florida*, the US Government claimed a loss of only 406 tons - net weight - of food stores. These discrepancies between the initial newspaper reports of Navy cargo, and the government's own internal documentation and later claim, are of interest. What might have made up the difference between what the Navy initially reported to be aboard, 421 tons of fresh provisions (includes the weight of packaging), and what the Navy ultimately claimed to be aboard, 406 tons – net weight, the food alone – of food stores? The discrepancies between what was claimed to be lost warrants investigating.

According to the Journal of Commerce<sup>86</sup> – using Navy data – the Navy shipped 526 half-barrels of smoked ham aboard *Republic* with a gross weight (including barrels, that is) of 84,160 pounds – 160 pounds per half barrel. The U.S. Government claimed a loss of 47,449 tons *net* for their lost smoked ham. The difference in weight is presumably the barrels, plus salt (each half barrel of ham was packed with 40 pounds of salt<sup>87</sup>). So with 90 pounds of ham and 40 pounds of salt, you had a half barrel filled with 130 pounds of contents. This leaves 30 pounds of weight for the barrel itself. And yet, according to the U.S. Government's own numbers, 14-pound barrels and crates were used to ship 140 pounds of potatoes each. That leaves a 30-pound half-barrel seem suspiciously heavy.

Let's suppose instead that the empty half-barrels weighed the same as what was used for the potatoes (and why wouldn't they?). That gives us a total of 144 pounds per half barrel (130 pounds for the contents, 14 for the half barrel). With 526 half barrels aboard, that's a gross weight of 75,744 pounds, not 84,160. That leaves 8,416 pounds unaccounted for.

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<sup>86</sup> Journal of Commerce, January 26, 1909, p. 1:2. The quantities of each item were stated in the Journal of Commerce. The *Memorandum for the Bureau of Supplies and Accounts*, January 25, 1909, NARA RG 143, File 105669, also stated the number of packages, as well as Net Weights and Gross Weights for the Navy's cargos.

Three Navy Department, Bureau of Supplies and Accounts, Memorandum Bills of Lading were located at NARA, RG 143, within File 105669. Bill of Lading 2321 was issued for the refrigerated stores, marked by an asterisk above. Bill of Lading 2322 was issued for the potatoes and onions. Bill of Lading 2276 was issued for the remaining items which were carried as regular cargo. The Bills of Lading included the number of packages and gross weights. The Journal of Commerce, Memorandum and Bills of Lading were consistent with one another in their descriptions of the Navy cargo, EXCEPT for the 421 total tonnage identified by the Journal of Commerce.

<sup>87</sup> "... The hams so clothed [in canvas] will be packed in salt, in air-tight half-barrels, containing about 90 pounds of ham and about 40 pounds of hard, dry salt." *Memoranda for the Information and Guidance of Commandants and heads of Departments of Navy Yards and Stations Commanding Officers of Ships, Engineering, Navigating, Pay Officers, Etc.* Congressional Information Series ("CIS"), N.2007-1.7, No. 7, Sept. 2, 1902.

What, one might reasonably wonder, constituted this more than eight-thousand pounds? If it wasn't the smoked ham which was declared or implausibly heavy barrels, then what was it?

It's especially interesting to note that the original weight as listed by the government per half barrel of ham just happened to coincide with the weight of a barrel (called a keg) of gold: 160 pounds.<sup>88</sup> How much would \$800,000 in coin currency have weighed? Of course, that would depend on the specific distribution of coins, how many coins and in what denominations. Unfortunately, we have not found the composition of, at least, the second \$800,000 shipment delivered to the Fleet at Hampton Roads. So, we have to extrapolate from a typical \$50,000 money requisition for a single ship.

Using the data of a single battleship's request and applying it to the entire \$800,000, the distribution of would be as follows: gold coin - \$160,000 twenties, \$320,000 tens, and \$240,000 fives; silver coin - \$64,000 ones, \$4,000 fifty-cent pieces, \$4,000 twenty-five-cent pieces, \$3,200 ten-cent-pieces, \$3,200 five-cent-pieces and \$1,600 in copper one-cent-pieces<sup>89</sup>. This configuration for the \$800,000 comes to a total weight of 8,845.182 pounds. If, however, we assume the \$300,000 replacement funds were all \$20 double eagles, and extrapolate the \$500,000 balance as monthly operational funds in accordance with a typical \$50,000 money requisition, the total weight of the shipment would be 6,634.076 pounds.<sup>90</sup> In either event, both calculations compare quite favorably to the unaccounted-for 8,416-pound ham anomaly found in the earlier and later government reports. And, of course, the money shipment need not be included in the cargo weights that the U.S. Government reported as lost aboard *Republic*. The newspapers had indicated that as much as 650 tons of Navy stores were lost, so there is plenty of latitude for a U.S. Navy money shipment aboard RMS *Republic*.

## **The US Navy's Payment to White Star for the Shipment**

The Navy still had to pay White Star for the cargo that was shipped on *Republic* even if it did not reach its destination. But how much did the Navy pay? And what cargo was included in this payment? By tracking down White Star Line's Bills of Lading for the shipment, we can determine exactly what cargo was paid for and how much was paid.

The Bills of Lading list the charge for the Navy's food stores on *Republic* as \$5,342.41 (see Exhibit 13). If the Navy had only shipped food provisions aboard *Republic*, as was claimed in their reports to the press, that would be the entire amount paid. However, on March 22, 1909 (apparently "net 60-day" terms), the Navy actually

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<sup>88</sup> [http://www.rms-republic.com/details\\_market5.html](http://www.rms-republic.com/details_market5.html)

<sup>89</sup> See Sample Distributions, Exhibit 1.

<sup>90</sup> Weight Source: [http://www.coindatabase.com/coin\\_usa\\_sort.php?ano=1900](http://www.coindatabase.com/coin_usa_sort.php?ano=1900).

paid White Star Line the sum of \$6,687.96! (see Exhibit 14). The difference of \$1,345.55 therefore had to have been applied to something other than food.

Different types of cargo warranted different freight rates to be applied. We have identified the typical rate for a shipment of specie (or coin) during the time period as ranging from .15625% to .1875%.<sup>91</sup> If we apply these rates to the additional amount paid to White Star (\$1,345.55), we can come up with a range for the amount of specie such a payment would cover:

$$X = \$1345.55/0.001875, X = \$717,626.67$$

$$X = \$1,345.55/0.0015625, X = \$861,152.00$$

The additional money paid to White Star would therefore cover a coin shipment valued from \$717,626.67 at the worst rate to \$861,152.00 at the best rate. As supported by all the other facts, this \$1,345.55 was the money paid by the Navy to White Star for the \$800,000 shipment in coin that went down on the *Republic*.

## How Were the US Navy Shipments Lost Aboard Republic Replaced?

On the afternoon of January 24, the flagship being then in the port of Villefranche, France, the commander in chief received a cablegram from the department stating that the steamship *Republic* had that day sunk[?] off Nantucket, with all the fresh provisions for the Atlantic Fleet on board.

The situation brought about by this information was very grave indeed.<sup>93</sup> ...

Why didn't McGowan include a copy of the cable? It is also interesting to note that McGowan has added the word "fresh" to his recollection; only the word "provisions" appears in the original cablegram.<sup>94</sup>

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<sup>91</sup> Officer, L. H. (1996). Between the dollar-sterling gold points: Exchange rates, parity, and market behavior. Cambridge, England: Cambridge University Press. Pages 121 and 122.

<sup>92</sup> The *Republic* sank approximately 8:07 p.m. Eastern Time Sunday January 24, 1909. See [Log of the Wreck](#). If the flagship at Villefranche, France (+ 6 hours) received a cablegram on "the afternoon of January 24 ... stating that the steamship Republic had that day sunk off Nantucket" that cablegram was either inaccurate or the Paymaster is incorrect in his recollection. Paymaster McGowan is most likely referring to the Navy Department, Bureau of Navigation's January 23, 1909 telegram to "Sperry, Connecticut, Villefranche" which stated: "Steamer Republic with provisions for fleet in collision and probably total loss Cannot be replaced from America" ... . NARA, RG 143, File 105669.

<sup>93</sup> Operations, *op. cit.*, p. 47. Exhibit 6.

Ultimately, Paymaster McGowan was able to acquire within the Mediterranean sufficient provisions necessary for the fleet to complete its cruise to Hampton Roads. The provisions were purchased primarily at Marseilles, with the monies for this unanticipated expenditure acquired by McGowan through his sale of another Bill of Exchange. The provisions were loaded aboard the *Culgoa*, which transported the supplies to Gibraltar, arriving there February 1, 1909. These supplies, in conjunction with a certain redistribution of supplies within and among the individual ships, and additional individual ship purchases at various Mediterranean ports, enabled the fleet to complete its cruise. In his 128-page report *Operations of Pay Department of the Atlantic Fleet on Cruise Around the World* [Exhibit 6.], McGowan, beginning on page 42, uses seventeen pages to discuss the earthquake relief and its consequent impact on his provisions “programme.” His detail is, certainly, impressive.

One must ask the question, however: why does the fleet require a supply vessel from the U. S. in the first place, even before the earthquake, even after the Commander-in-Chief specifically stated, “**whatever supplies were needed could be purchased in Europe**” and, indeed, when the necessary food stores were ultimately purchased locally anyway? What item would be required by the fleet in early February, to be acquired at New York, which could not be acquired locally?

## Money and Gibraltar

In addition to the required fleet-paymaster’s advance planning, for efficiency and as a single point-of-contact, the fleet’s monthly money-requisition was submitted by the fleet paymaster. Pursuant to that requisition, the fleet paymaster also received the fleet’s monthly money. He would then distribute these monies to the individual ship’s paymasters.<sup>94</sup> According to Navy regulations, McGowan should have requisitioned February, 1909, money on or before January 2, 1909, for delivery to the fleet by February 1, 1909, or, at the latest, for the fleet’s receipt of its February monies sometime during the first week in February.

By November 15, 1908, McGowan had completed all arrangements “for supplying the fleet with monies **until** final departure from the Mediterranean from home,”<sup>95</sup> or, as we have discussed above, for the fleet’s January, 1909, monthly money.

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<sup>94</sup> NARA, RG 143, File 105669 and *supra*.

<sup>95</sup> Money Requisitions, *op. cit.* Prior to the fleet’s departure, arrangements for the fleet paymaster to receive monies and control disbursements are found specifically in an October 7, 1907, letter from E. B. Rogers, Paymaster General to the Commander in Chief, U. S. Atlantic Fleet, and can be inferred in an October 24, 1907 letter from the Commander in Chief, United States Atlantic Fleet (No. 5720) to the Secretary of the Navy. Exhibit 3.

<sup>96</sup> *Operations*, p. 104. Exhibit 6.

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Now, McGowan can focus specifically on February money, and more generally, on March money. After all, a March money requisition would not have to be submitted until, on or before, February 2.

To complete preparations for the money programme on arrival home, the following circular was also written:

*U. S. S. Connecticut (Flagship)  
Cavite, Philippine Islands, November 18, 1908*

Sir: The fleet paymaster will furnish monies after arrival in the United States in the same manner as at Manila, namely, **by depository checks** [Emphasis added] on fulfillment of pay officers' requisitions on S. & A. Form No. 15.

2. Requisitions for sufficient monies to make all expenditures from February 22 to and including March 31, 1909, should be in the hands of the commander in chief not later than December 15, 1908 [on this date, the fleet is at Colombo, Ceylon].

By direction of the commander in chief:

A. W. Grant,  
*Commander, U. S. Navy, Chief of Staff*  
The Commanding Officer.<sup>97</sup>

At Colombo, not only did Paymaster McGowan Paymaster make a cash disbursement to the fleet from cash he acquired at or prior to Colombo, he also collected the ships' various money requisitions that would provide him with the necessary data to place his requisition for February money; he would also have a good handle on the fleet's March money requirement. He understood, too, that after arrival in Hampton Roads, the fleet would be dispersed – with several ships to be placed in reserve, several to repair yards, and several others to return to their home ports. As a result, many of the ships, in March and until reassembled, would receive their money not through the Fleet Paymaster's office, but directly from the Paymaster General's office (where they could cash their checks). The plan was to issue checks once the ships made it back home.

Bureau of Navigation  
Department of the Navy  
Washington, D. C.  
January 9, 1909

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<sup>97</sup> Ibid., p. 105. Exhibit 6.

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MEMORANDUM FOR THE BUREAUS AND OFFICES OF THE  
NAVY DEPARTMENT.

AND COMMANDANTS, NAVY YARDS, Portsmouth, N. H., Boston,  
Mass., New York, N. Y., Philadelphia, Pa., and Norfolk, Va.

The Bureau is in receipt of the following instructions from the  
Navy Department, which instructions will be complied with:

“1. The Department directs that as soon as the vessels of the U. S. Atlantic Fleet are able to disperse from Hampton Roads, after their arrival, they will proceed to their home navy yard for repairs, such repairs to be completed not later than May 15, 1909, and no work to be undertaken on any of them which will take a longer time than that allowed above. These vessels will re-assemble at Hampton Roads on May 17.

“2. An exception is made to the above in the cases of the ILLINOIS, KEARSARGE, and KENTUCKY, which vessels will proceed to the Philadelphia Navy Yard and there go in reserve until such time as it may be practicable to begin work on them. The authorities of the Norfolk Navy Yard will be directed to prepare recommendations and estimates on work for the KENTUCKY before she leaves Hampton Roads. Similar recommendations and estimates will be made for the ILLINOIS and KEARSARGE at the Philadelphia Navy Yard, after arrival there.”

[signed] J. E. Pillsbury  
Chief of Bureau.<sup>98</sup>

And,

[After Hampton Roads, the fleet dispersed.] With the fleet scattered around the various navy-yards, most of the requisitions went direct to Washington – the fleet paymaster, as a rule, filling requisitions from only the few vessels at the New York yard.<sup>99</sup>

Therefore, the fleet’s receipt of February money would be the last receipt of money for the fleet - as a whole, until the fleet was re-assembled at some later date. Upon return to Hampton Roads, money would be paid to the paymasters “by depository checks.” The paymasters would then deposit their checks into their respective Sub Treasury accounts, and draw gold from there, as necessary, to meet their ship’s cash

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<sup>98</sup> NA RG 24, Entry 88, General Correspondence, File 6072-553. Exhibit 11.

<sup>99</sup> Operations, *op. cit.*, p. 108. Exhibit 6.

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requirements. Paymaster McGowan did not resume receiving the reassembled and combined fleet's monthly money, collectively, until July 3, 1909, when he received \$500,000 for July disbursements. He received another \$500,000 on August 9, for August disbursements. The monthly pattern continued.<sup>100</sup>

The Chief-of-Staff's November 18<sup>th</sup> request (at the time, the fleet is in the Philippines) that the paymasters submit their requisitions for money required through March 31<sup>st</sup> – by December 15<sup>th</sup>, elicited a near immediate response by several ships of the fleet. The eighteen requisitions submitted from the various ships, were:<sup>101</sup>

Requisition Date	Location	Paymaster	Ship	Amount
18-Nov-08	Manila	Smith, Jr., J.A.B.	Ohio	40,000.00
19-Nov-08	Manila	Baker, C. S.	Vermont	48,000.00
19-Nov-08	Manila	Goodhue, E. E.	Rhode Island	50,000.00
20-Nov-08	Manila	Karker, M. H.	Culgoa	5,000.00
20-Nov-08	Manila	Merriam, J. H.	Kansas	40,000.00
20-Nov-08	Cavite	Williamson, Jr., Thom.	Panther	15,000.00
1-Dec-08	Cavite	Reeves, Jr., Geo. W.	Illinois	50,000.00
1-Dec-08	At Sea	Seibels, George G.	Kentucky	50,000.00
2-Dec-08	At Sea	De F.Mel, Henry (Mel)	Kearsarge	30,000.00
7-Dec-08	At Sea	Addison, D. M.	Virginia	40,000.00
10-Dec-08	At Sea	Barber, John. D.	Nebraska	60,000.00
10-Dec-08	Colombo	Insley, H. R.	Wisconsin	35,000.00
11-Dec-08	At Sea	Eliason, Charles W.	Louisiana	35,000.00
11-Dec-08	Colombo	Sanford, John R.	New Jersey	70,000.00
12-Dec-08	Colombo	Van Patten, E. H.	Georgia	50,000.00
13-Dec-08	Colombo	Higgins, John S.	Minnesota	60,000.00
14-Dec-08	Colombo	Brooke, B. Hayes	Connecticut	60,000.00
15-Dec-08	Colombo	Doherty, W. H.	Missouri	35,000.00
			Total	773,000.00

The calculations are, in most cases, exactly for or in excess of each ship's two month average use.<sup>102</sup> The total, \$773,000, is also slightly greater than twice the fleet's \$371,000 average monthly expenditure<sup>103</sup> - and complies with a request for February and March monies.

In their requisitions, the ships' paymasters indicated that the monies were to be provided to them by McGowan; each contains the pre-typed but yet to be executed receipt stating:

<sup>100</sup> *Ibid.*, p. 109. Exhibit 6.

<sup>101</sup> Records of the Accounting Officers, *op. cit.*, Brantz Mayer. Yankton Requisitions, Exhibit 4.

<sup>102</sup> Operations, *op. cit.*, p. 99. Exhibit 6.

<sup>103</sup> *Loc. Cit.*

I hereby acknowledge to have received in cash from S. McGowan Pay Inspector, U. S. Navy, upon the above requisition, the sum of [amount indicated] dollars under 'General Account of Advances,' for which I hold myself accountable to the U. S. Navy Department.<sup>104</sup>

### A Word On McGowan's *Operations* Report

On October 27, 1909, Paymaster General of the Navy, E.B. Rogers, issued orders to McGowan that he provide a "special report" detailing the time period during which McGowan was Fleet Paymaster, "covering your experiences as paymaster of the fleet,"<sup>105</sup> from the time he took up that position at San Francisco in June 1908 through September 1909 when he detached. McGowan discusses the provision program in excruciating detail through September 1909, and discusses money too but in significantly less detail through the same period - omitting of course a complete listing of the transactions identified herein. Since McGowan was ordered to provide a complete report of his position as Fleet Paymaster, the omission of these substantial transactions must be deliberate. Why include a complete and detailed provision report, but not do the same for money and exclude key financial transactions for the same period?

Rogers asks him for a report "covering your experiences as paymaster of the fleet," not just, as McGowan titled the report, "on Cruise Around the World." That's a very clever addition, allowing McGowan to gloss over moneys after the Fleet arrives at Hampton Roads. ... But, this would not relieve him of discussing transactions until their arrival at Hampton Roads - transactions which we have also identified and are omitted from within his report.

McGowan ended his Fleet Paymaster position Sept. 30, 1909 taking up position at the Charleston Navy Pay Office in December, 1909. This was an agreed move by McGowan and Rogers<sup>106</sup> most likely to relieve McGowan of any responsibility for 1909 fiscal/budgetary reports, the same reason McGowan didn't sign for his Dec. 31, 1908 money requisition (*infra*).

McGowan was also a lawyer, a member of the South Carolina Bar. He certainly knows about liability, so he is always very precise in his language and in his conduct. McGowan knows, as was expressed in the *Current Opinion* article "McGowan, R.[sic] A., The Dynamo of the American Fleet," how to make "the English language 'perform

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<sup>104</sup> See Yankton Requisitions, Exhibit 4.

<sup>105</sup> Operations, *op. cit.*, p. 5. Exhibit 6.

<sup>106</sup> McGowan papers, LoC.

weird stunts.' "<sup>107</sup> Omit, yes, obfuscate, yes, but McGowan apparently didn't want to deliberately misrepresent.

The *Operations* report was submitted to Rogers on February 12, 1910, and subsequently submitted to Congress "Presented by Mr. Perkins for Mr. Tillman," on June 23, 1910. Samuel McGowan was never questioned on the details of his report.

### The Requisitions to Meet Fleet Requirements for February 1909

At some point McGowan requisitioned and made arrangements for the fleet's food delivery at Gibraltar, the food we know was shipped and lost aboard *Republic*. However, his *Operations* report does not include the details of this requisition, but only his preliminary review of the Fleet's logistic status immediately after he had received the request to disburse surplus Fleet supplies for earthquake relief.

At midnight December 31, 1908, I was sent for by the chief of staff and informed of the Italian earthquake disaster, and directed to furnish immediately a working memorandum of the quantity of provisions available for relief issue. This I did, ...

The Italian earthquake and the donation of the *Culgoa*'s and *Celtic*'s cargoes to the sufferers brought about, of course, an entirely new and unexpected situation which involved the abandonment of the provisions programme so carefully figured out in advance. <sup>108</sup>

His *Operations* report does **not** provide, however, a specific list of the supplies McGowan requisitioned and which the Navy ultimately shipped and lost aboard *Republic*. Nor does he provide a date for this requisition. However, as of January 11, 1909, the Navy was finalizing the shipment of, at least, the food stores for shipment aboard *Republic*.

COPY – TRANSLATION

Naples, Jan. 11, 1909.

Bunav, Washington.

Referring to your cablegram of 7th request following provisions shipped Carmania for delivery to CULGOA January 28th at Gibraltar quantities in thousand pounds beef 220 mutton 15 pork 40 veal 30 frankfurters 15 sausage 15 bologna 5 turkey 15 lunch meat 5 chopped beef

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<sup>107</sup> Current Opinion, Vol. LXVI, January – June, 1919, P. 156.

<sup>108</sup> Operations, op. cit., p. 42-43. Exhibit 6.

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3 fresh potatoes 300 onions 10 barreled ham 50 assorted preserved meats  
cut [sic, corrected later to 15<sup>109</sup>] butter 15 sugar 25 fresh eggs 15,000  
dozen Reply requested

SPERRY<sup>110</sup>

Therefore, McGowan submitted his requisition for the food stores which were shipped and lost aboard *Republic* sometime between December 31, 1908 and January 11, 1909. The Fleet's money always accompanied food stores when shipped aboard the Fleet's supply ship. Money requisitioned by McGowan on December 31, 1908, (discussed next) *before* or on the same day that he requisitioned food provisions would certainly not ship later than food provisions. This is probably the reason McGowan omits the date and further details concerning his requisition for the provisions which were known to have been shipped and lost aboard *Republic*.

When did McGowan submit his money requisition for the Fleet's February, 1909, money? McGowan submitted his requisition for the fleet's needs, in accordance with Navy regulations (see Appendix A) for monies expected for February disbursements, on December 31, 1908. However, in his *Operations* report, he writes:

Estimating that \$1,000,000 would be needed by the fleet on its arrival at Hampton Roads, I submitted requisition therefor and requested cable advice as to the action taken.<sup>111</sup>

One has to ask why McGowan comments in his report that he estimates that he would need \$1,000,000 when by the date of his report he knows with certainty that his December 31, 1908 requisition was for \$800,000.

McGowan knows that the standard monthly shipment of monies to the Fleet was \$500,000. Through this vague statement, he intends to leave the impression that his requisition is for both February and March monies.

Also, unlike his other descriptions of the fleet's money transactions, McGowan does not provide any details for this funding need whatsoever. His unsupported estimate, unlike all other citations within his report, unlike all his examples of previous requisitions, is also undated. When did he make this "estimate"? His report, after all, was not submitted to the United States Senate until June, 1910, sixteen months later.

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<sup>109</sup> A Western Union telegram, dated Jan. 14, 1909, stated "Cable Dept. says from Napoli. Our 73/11 Bunav assorted preserved meats 40 butter 15 sugar 25 fresh eggs mouhrum [code for 15,000] dozen reply requested." NARA RG 143, File 105669.

<sup>110</sup> NARA, RG 143, File 105669.

<sup>111</sup> Operations, *op. cit.*, p. 108. Exhibit 6.

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Later in his report, McGowan provides the date of his February monies requisition: December 31, 1908.

[Copy cablegram]

[Undated]  
Washington

Monies required McGowan's requisition December 31 will be supplied.

Newberry.<sup>112</sup>

This cablegram establishes the date of McGowan's fleet requisition, and is consistent with Navy regulations for a request for February money - made at least one month in advance, with delivery normally to occur the beginning of February. However, McGowan also does not date this second February monies reference. Of the more than 150 cablegrams and letters included in his report, these are the only ones undated. And he recites just a short sentence, allegedly a copy of a cablegram. This is the sole extent of detail that McGowan and the U. S. Navy provide regarding the single, largest requisition of money made at any time during the Fleet's entire world-wide cruise.

But why does McGowan not provide a date of this "first" (see The Second \$800,000 Shipment, *infra*) acknowledgement? Because it is no doubt dated before the Fleet was to arrive at Gibraltar, most likely before or around the date, January 11, 1909, when Admiral Sperry was completing the final arrangements for the food provisions delivery, *supra*. McGowan had to leave the impression that this acknowledgement was received for the "second" \$800,000, the shipment of replacement monies which the Fleet received at Hampton Roads.

Why, specifically, were these monies needed? How much, and to whom, were the monies to be distributed? This is detail which McGowan consistently provided within his report for every other receipt of monies, but not here for the largest receipt during the entire around-the-world cruise. We can partially answer these first two questions only because we have reviewed the original ships' requisitions which we acquired through the Treasury Department's audited Navy records; these requisitions were NOT included within McGowan's *Operations* report. When, where, and how were these monies to be provided? How did the fleet actually receive these monies?

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<sup>112</sup> *Loc. Cit.*

Based on our knowledge of the operations of the paymaster's office (*See* Appendix A), we would expect that the fleet's February monies would be delivered to McGowan in early February, sometime between January 31<sup>st</sup>, when the fleet arrived at Gibraltar, and February 6, when the fleet departed. Gibraltar, too, provided an optimal location for the receipt and distribution of U. S. money. The fleet would be assembled as a whole, so distribution of monies would be facilitated. British currency had already been acquired sufficient to meet necessary expenses until final departure. With the sailors having access to their January 25<sup>th</sup> payday monies at Gibraltar, any surplus British currency could be cleared from the fleet through the sailors' shore-leave there. Gibraltar, certainly, would fulfill the planners' intended purpose for the ships' Mediterranean port visits, "of affording the officers and crews a certain amount of rest and recreation." "Surgeon Stone observed, as have many sailors over the years, that at Gibraltar he could have bought almost everything he had seen elsewhere on the cruise, and at a cheaper price."<sup>113</sup> With a fresh supply of U. S. gold at Gibraltar, the sailor's could exchange any remaining British currency that they may have accumulated during their Mediterranean stay - for U. S. gold. British gold, after all, would do them little good when they arrived home. And, after departure, only U. S. currency was approved for use (as stated, "until the fleet leaves the Mediterranean for home, payments in United States money will be discontinued"); upon departure, the ships' canteens (essentially retail stores aboard ships), for example, would require U. S. currency.<sup>114</sup>

Should the sailors have required more monies for their Gibraltar shore leave greater than the fleet's remaining British monies, the sailors could then begin using U. S. gold currency. Although the sailors may lose a modest amount on the currency-exchange, with "a cheaper price" for items at Gibraltar, that loss would be of little consequence. The choice for the sailors to use U. S. gold at Gibraltar if, and only after, the fleet had exhausted its British gold – and lose a modest amount on the exchange – would, of course, be each sailor's personal decision.

Upon the Fleet's return to the United States, McGowan received from paymasters D. W. Nesbit (USS *Connecticut*) "five thousand one hundred and twenty-one pounds four shillings and six pence (£5,121-4-6) equivalent to twenty-four thousand nine hundred and twenty-two dollars and forty-four cents (\$24,922.44) ...,"<sup>115</sup> C. S. Baker (U. S. S. Vermont), \$408.79 in British currency, and N. B. Farwell, \$759.17 in British currency,

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<sup>113</sup> Reckner, *op. cit.*, p. 152, citing Stone diary, February 1, 1909.

<sup>114</sup> In his report *Operations*, *op. cit.*, beginning on page 12 and through page 20, McGowan discusses the operations of the ships' canteen. The canteens had "considerable money on hand" (page 12) and they too operated on a cash basis for their sales. Exhibit 6.

<sup>115</sup> Records of the Accounting Officers, *op. cit.*, receipt S. W. McGowan to D. W. Nesbit, D. W. Nesbit (U.S.S. Connecticut). Exhibit 7.

for a total of British currency remaining in the fleet upon its return to the United States, equivalent to \$26,090.40.<sup>116</sup>

The British gold in the fleet was turned in to the fleet paymaster, who, after repeated efforts to exchange it in New York for American money at a fair rate, finally transferred it all (by direction of the Bureau of Supplies and Accounts) [Parenthetical comment in original.] to the pay officer of the *New York*, bound for European waters.<sup>117</sup>

McGowan transferred the British gold (\$26,090.40) to the *New York*'s paymaster, H. F. De Mel, several months after the fleet's return to the United States.<sup>118</sup> Certainly, this too hadn't been the planned course of action.

Had the Fleet received U.S. gold at Gibraltar, McGowan could have disbursed the U. S. monies to each and every ship's own paymaster there and/or distributed the monies to them during their 16-day trans-Atlantic crossing - when the Commander-in-Chief had planned his "annual admiral's inspection, for which he would have to transfer by boat to each of the battleships in turn." *supra*. Sixteen days would allow the paymasters to prepare for what would be, no doubt, the largest payday of the fleet's 14-month cruise – the February 25<sup>th</sup> payday. Many sailors of the fleet's 14,000-plus complement had not taken their entire pay during the cruise, but had left balances on the paymasters' books.<sup>119</sup> Upon return to home waters, their pay demands would, no doubt, be heavy. And time would be tight with the Fleet arriving at Hampton Roads on February 22<sup>nd</sup> with a payday February 25<sup>th</sup>:

In his report, Fleet Paymaster McGowan discusses the difficulty of wearing two hats, one of Fleet Paymaster and another as Paymaster of the USS *Connecticut*, recommending that the two offices be filled by two individuals. He writes:

[I]t should be axiomatic that, although the most active, if not indeed the greater portion, of any pay officer's duty is done in port, it is nevertheless a fact that the fleet paymaster is most busily engaged in fleet work at the very same

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<sup>116</sup> *Ibid.*, Certificate of Settlement No. 1525D, Samuel McGowan. Exhibit 7.

<sup>117</sup> Operations, *op. cit.*, p. 108. Exhibit 6.

<sup>118</sup> Records of the Accounting Officers, *op. cit.*, Certificate of Settlement No. 1885D, D. W. Nesbit (U.S.S. *Connecticut*) and H. F. De Mel. In May, 1909, De Mel left the *Kearsarge* to become paymaster of the *New York*. Exhibit 7.

<sup>119</sup> In his October 2, 1908, Memorandum for the Chief of Staff, McGowan wrote, "In order to get a line on exactly how much gold will be needed by the several ships during the Mediterranean cruise (by finding out to what extent the officers and men are leaving their money on the books for future use) [Parenthetical comment in original.] I suggest the following wireless to the fleet: 'Report by letter to the commander and chief grand total of amounts due and unpaid officers and men ...' ." Operations, *op. cit.*, p. 101. Exhibit 6.

times that the ship's pay officer is likewise engaged on imperatively important ship's work. ... As recorded in a preceding paragraph it took me just twenty minutes in Auckland, New Zealand, to furnish the pay officers of the entire fleet with monies for the month's disbursements—obtaining and dividing up among them £80,000 sterling (nearly half a million dollars gold) [parenthetical comment in original]; but, upon my return to the *Connecticut* with a paltry £6,000, it required the better part of that and the following two days for me to complete paying off the crew of that one ship.<sup>120</sup>

Certainly McGowan would not plan the delivery of February's \$800,000 to be delivered to him at Hampton Roads when the fleet is scheduled to arrive there February 22, 1909, and with a payday occurring on the 25<sup>th</sup>; the delivery of these monies to every paymaster of the fleet for allocation and distribution in just three days would be unduly burdensome. Any delay of any ship would inevitably cause the sailors to be paid late. Certainly it would be more prudent to receive the money at Gibraltar, at the beginning of February, which would also be in accordance with standard Navy practice and allow an orderly distribution.

## The First \$800,000 Shipment

On December 28, 1908, less than one month before the *Republic* left New York and three days before McGowan placed his December 31, 1909, \$800,000 requisition, the deadliest earthquake in European history (7.5 magnitude) and resulting tsunami devastated the Messina and Calabria areas of Italy, killing no less than 100,000 people and leaving over 200,000 homeless. This disaster remained front page news for several weeks and spurred major world-wide relief efforts. The staging area for relief efforts was organized at Naples, north of the disaster area - a port of call for the *Republic*.

The United States Atlantic Fleet, consisting of sixteen battleships and additional auxiliary and support vessels manned by over 14,000 sailors, then in the Mediterranean and nearing the end of its round-the-world cruise, was an active participant in the relief effort.

### Navy's Holiday Supplies on the Way to the Sicilians

Good Things for Sailors  
Go to Earthquake Sufferers

NEW YORK, Dec. 31. - The United States supply ship *Celtic*, which was to have met the returning battleship fleet with holiday cheer sailed out of New York harbor this afternoon on an entirely different

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<sup>120</sup> Operations, op. cit., p. 127.

mission, but without changing a single item of her cargo. She will go direct to Messina, to give a million and a half of navy rations to the earthquake sufferers.<sup>121</sup>

The idea of changing the *Celtic* into a relief ship came to her commander, Harry McL. P. Hust, last night. It met with the immediate approval of Rear Admiral Casper F. Goodrich, commandant of the navy yard, who promptly communicated with the department, at Washington. Red tape was cut out in a jiffy on the ground of humanity, necessary preparations were hurried at the yard, and the *Celtic*, with Christmas trees still lashed to the mast-heads - it had been designed to make the *Celtic* the Christmas ship for the fleet - sailed late today. Her supplies will not be eaten by American sailors, but by suffering survivors of the Calabrian and Sicilian disaster.

#### **Will Account to Congress Later**

In the face of the overwhelming need of the Italians, the department is considering its own men second; how they will be provided with food is something that will be considered later. The Navy Department takes full responsibility for this sudden gift of supplies belonging to the United States government to the Italians without warrant or law. It probably relies upon Congress to approve of its action, but the expectation is that Congress will be only too well pleased at this evidence of American pluck and of the 'get there' qualities of the American navy.

Just as its ships were the first to reach Kingston after the West Indian earthquake disaster, so the American naval flag on the *Celtic* may be the first to bring actual food supplies to Messina from any country, even though we are 3,000 miles away. Certainly the ship has been dispatched to sea in record time - in less than eighteen hours after her captain conceived his humane plea. ...<sup>122</sup>

And,

The *Celtic* was to have been the Christmas ship of the Atlantic Fleet, and was originally scheduled to meet the sixteen battleships under Rear Admiral Charles S. Sperry at Gibraltar the later part of this month, and was to have sailed with them to Hampton Roads on Feb. 1. ...

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<sup>121</sup> The *Celtic* distributed her total cargo of a value of approximately \$200,000 in relief supplies, *infra*.

<sup>122</sup> Philadelphia Inquirer, January 1, 09, 14:6.

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The total value of the supplies on the *Celtic* were valued yesterday as high as \$1,000,000 but that is probably excessive.<sup>123</sup>

McGowan placed his requisition for February monies in accordance with Navy procedure, on December 31, 1908, and just three days after the earthquakes had occurred. As Fleet Paymaster, he had unique knowledge as to the Fleet's provisions which could and would be made available for earthquake relief including cargos loaded aboard the *USS Celtic* at New York, and available cargo aboard *USS Culgoa*.

Paymaster McGowan wrote, "At midnight December 31, 1908, I was sent for by the chief of staff and informed of the Italian earthquake disaster, and directed to furnish immediately a working memorandum of the quantity of provisions available for relief issue. This I did, ..." <sup>124</sup> Later in the day of the 31<sup>st</sup>, Secretary of the Navy Newberry sent a letter to President Roosevelt and wrote:

I respectfully suggest your consideration of the desirability of tendering to the Italian Government the use of the supply ship CELTIC, with its cargo of food and other supplies. I have expedited the preparations for her departure, and she will sail to-day for Gibraltar with 555,000 rations, **of \$200,000.00**, which were intended for the use of our battle fleet but which are perfectly suitable for the relief of the suffering caused by the earthquake disaster in Southern Italy. The battle fleet can secure the necessary supplies for the balance of their voyage at such ports in the Mediterranean as they may touch.

If it seems to you advisable to make the offer of these supplies, through the Italian Government, it will be necessary to secure the approval of Congress for the expenditure involved.

I have the honor to be,

Very respectfully,  
[signed Truman Newberry]  
Secretary<sup>125</sup>

On January 2, 1909, Secretary of the Navy Newberry updated his advice to the President. He wrote:

Since writing you on the 31<sup>st</sup> concerning the CELTIC, I have received a report from the supply ship CULGOA, now awaiting the fleet

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<sup>123</sup> New York Times, January 1, 1909, p. 4. It is interesting to note that the total value of the *Celtic*'s cargo which was offloaded for Italian relief was \$200,000. The other \$800,000 mentioned here could be the funds requested by McGowan in his December 31, 1908 requisition. The monies, however, would have followed the food for the Fleet, not the food for relief.

<sup>124</sup> Operations, op. cit., p. 42.

<sup>125</sup> RG 80, File 27162.

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at Port Said, and am informed that she has supplies and clothing in excess of the needs of the fleet amounting in value to \$100,000. I respectfully suggest, if you consider it advisable to make any recommendation to Congress [for Italian relief], that the amount recommended in my previous letter for supplies of all kinds (\$200,000) [parenthetical comment in original] be increased to \$300,000. As soon as the CULGOA has distributed the absolutely necessary supplies to the fleet, it can proceed at once to Messina, if you so order, and should be able to arrive there about the 10<sup>th</sup> instant.

I have the honor to be,

Very respectfully,  
[signed Truman Newberry]  
Secretary<sup>126</sup>

WASHINGTON, Jan 4.—Congress tried hard to-day to appropriate \$800,000 for the relief of the sufferers from the Italian earthquake, but failed to get through with it, although one resolution was passed by the House and two were passed by the Senate. The trouble is that neither was signed by the presiding officers of the two houses, and as they cannot be signed except when the houses are in session, the joint resolution will have to wait until the Senate and House convene again to-morrow.

Then the resolution will go to the President for his signature, which will give it the force of law. All the afternoon the President waited at the White House for the joint resolution to come down from the Capitol. Word was received that it had been passed by the House, and that the Senate, after having passed a resolution appropriating \$500,000, had then accepted the House resolution, which appropriated \$800,000. Still the resolution did not reach the White House for the President's signature.

In anticipation of the authority given by the resolution, \$150,000 had been cabled to Italy for use of the earthquake victims, in addition to the orders to the two navy supply ships to deliver their stores for that purpose.<sup>127</sup>

On January 4<sup>th</sup>, 1909, no doubt to assure passage in the Senate of the higher \$800,000 amount, President Roosevelt wrote to Senate Appropriations Committee Chairman Eugene Hale, a staunch Navy advocate, proposing that, in addition to the \$300,000 in *possible*[?] reimbursement monies, no less than \$500,000 be appropriated for Italian Relief.

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<sup>126</sup> RG 80, File 27162-3

<sup>127</sup> NY Times, January 5, 1909, p.2.

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My Dear Senator Hale:

Since seeing you I have had a long consultation with Secretary Root and we have heard repeatedly from Ambassador Griscom. The calamity in Italy is appalling, the need for monies at once very great; and I do not think it would be safe for me to appropriate less than half a million in addition to the rations on the two supply ships. It is possible that when the two ships arrive there the money we have already appropriated will make it unnecessary to use the rations, altho [sic] about this it is of course difficult now to be sure.<sup>128</sup>

On January 4<sup>th</sup>, 1909, too, a more formal "Message from the President of the United States, recommending an appropriation for the relief of the sufferers by earthquake in Italy and its islands" was received by Congress. President Roosevelt wrote in pertinent part:

Confident of your approval, I have ordered the government supply ships *Celtic* and *Culgoa* to the scene of disaster, where, upon receiving the authority I now ask from you, they will be able to dispense food, clothing, and other supplies with which they are laden to the value of about \$300,000. The *Celtic* has already sailed and the *Culgoa* is at Port Said. Eight vessels of the returning battle-ship fleet are already under orders for Italian waters, and that Government has been asked if their services can be made useful.

I recommend that the Congress approve the application of supplies above indicated and further appropriate the sum of \$500,000 to be applied to the work of relief at the discretion of the Executive and with the consent of the Italian Government.

THEODORE ROOSEVELT

The White House, January 4, 1909<sup>129</sup>

President Roosevelt knew specifically the needs of the fleet and evidently of McGowan's December 31, 1908 \$800,000 requisition. Now we also know the details of McGowan's December 31<sup>st</sup>, 1908 requisition. McGowan had requested \$300,000 for reimbursement for the supplies issued by the fleet for Italian Relief. The remaining \$500,000 is consistent in the amount for the fleet's monthly receipt of cash.

The US Congress approved precisely what the President requested, the expenditure of \$800,000 "for the relief of sufferers from earthquake in Italy." The Bill

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<sup>128</sup> Theodore Roosevelt Papers, Press Copies of Letters Sent, Library of Congress.

<sup>129</sup> 60<sup>th</sup> Congress, 2d Session, Senate Document No. 617.

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originated as H. R. 24832 and was enacted into law, Public No. 184, on January 5, 1909. On January 18, 1909, the Treasury Department issued Appropriation Warrant No. 16 for \$800,000 in favor of the Navy Department, the agency designated by the President to expend the relief monies. The Treasury Department was to credit its General Account of Advances, Navy Department, for \$800,000 with "adjustments effected through the Auditor for the Navy Department, in the same manner as for other Naval disbursements."<sup>130</sup> The Navy's "requisitions upon the fund will receive immediate action by this [Treasury] Department when presented."<sup>131</sup>

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<sup>130</sup> Secretary of the Navy to the President, Navy Department letter dated January 18, 1909, NARA, RG 80, File 27162-10, and Note attached to Treasury Warrant No. 16, NARA, RG 80, File 27162.

<sup>131</sup> Secretary of the Treasury to Secretary of the Navy, Treasury Department letter dated January 18, 1909 NARA, RG 80, File 27162.

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REPRODUCED AT THE NATIONAL ARCHIVES  
U.S. GOVERNMENT PRINTING OFFICE: 1909  
BUREAU OF BUDGET AND APPROPRIATIONS  
PRINTED IN U.S.A.

APPROPRIATION WARRANT NO. 16 U. S. NAVY DEPARTMENT.

Treasury Department.

To the Comptroller of the Treasury and the Chief of Division of Bookkeeping and Warrants:

Congress having, by the hereinbefore-mentioned Act, made the appropriations  
hereunder specified, amounting to

Eight hundred thousand dollars

You are directed to cause this sum to be carried to the debit of the general account  
of appropriations, and to credit each appropriation with the sum so appropriated, and for  
so doing this shall be your WARRANT.

Given under my hand and the seal of the Treasury Department,  
this 18th day of January in the year of our  
Lord one thousand nine hundred and nine and  
of Independence the one hundred and thirty-third.

Official Copy

*Chas A. Miller*  
Chief of Div. of Bookkeeping and Warrants.

*J. R. Pease*  
Secretary of the Treasury

Received, recorded, and countersigned *January 18, 1909*

2-878

Comptroller.

DISLIEF OF SUFFERERS FROM EARTHQUAKE IN ITALY

800,000

Public No. 164.

Approved January 3, 1909.

Note:- To be expended by the Secretary of the Navy  
from "General Account of Advances," Navy Department, under  
authority and direction of the President of January 18, 1909—  
adjustments thereunder to be made through the Auditor for the  
Navy Department.

See the President's letter of January 18, 1909,  
B. & W. 3199 of 1909.

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THE WHITE HOUSE  
WASHINGTON

January 18, 1909.

To the Secretary of the Navy:

In accordance with the enclosed request from Secretary Root, and further, in accordance with the conversation you and I held with Secretary Root, I have directed the Secretary of the Treasury to turn over to you the \$800,000 appropriated by Congress, and I now direct you to expend this money as provided by Congress and as indicated in the accompanying communication.

*Theodore Roosevelt*

Enclosures

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“Of the foregoing [\$800,000] it is understood that three hundred thousand dollars will consist of stores and supplies from steamship CELTIC or CULGOA or other vessels now on their way to Italian waters and that five hundred thousand dollars **will be paid in cash out of the United States Treasury.**”<sup>132</sup>

On January 17<sup>th</sup>, 1909, Admiral Sperry wrote to McGowan:

Sir: 1. Confirming the verbal instructions already given by the commander on chief:

...  
3. After the departure of the vessels of the Atlantic Fleet from Italian ports, you will make a consolidated report of all stores issued for relief by them and have the necessary papers prepared in order that each and all of the bureaus **may be reimbursed** from the special relief appropriation which is understood to have been made by Congress.<sup>133</sup>

The Fleet expended the following values in stores directly to the Italian earthquake survivors.<sup>134</sup>

Celtic	\$197,088.00
Culgoa	\$142,128.19
Illinois	\$755.00
Yankton	\$163.35
Connecticut	\$79.81
TOTAL: \$340,214.35	

Congress, however, allocated only \$300,000 for reimbursement. The \$40,000 excess expenditure is discussed in detail in Paymaster General Rogers February 19, 1909 “Memorandum for the Secretary of the Navy.” Paymaster General Rogers wrote:

With reference to the appended memoranda on the subject of the appropriation for Italian relief: the Bureau begs to state that the expenditures ... in all [were] 340,214.35

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<sup>132</sup> Secretary Root, Secretary of State to the President, Department of State letter dated January 15, 1909, NARA, RG 80, File 27162.

<sup>133</sup> Operations, op. cit., p. 6.

<sup>134</sup> Cablegram from USS Celtic to Bureau of Navigation, February 5, 1909, and Cablegram from Sperry, Gibraltar, February 4, 1909, NARA, RG 24, Files 6392:15 and 6392:21 respectively.

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The expenditures were lumber have been about \$460,000, possibly a little more, which over obligates the total appropriation of \$800,000 by about \$215.00.

While it is true that the original estimate for the issue of stores was \$300,000, the act does not stipulate such sum for such purpose. It appropriates outright \$800,000, and, under the law, I do not believe that this Department has authority to exceed that sum.

The reason of the excess of expenditure of provisions by about \$50,000 over and above the amount originally estimated, is due, so the Bureau is informed by telephone today by the Paymaster of the CULGOA, to the fact that the estimate forwarded by Admiral Sperry was based upon a cargo return of the CULGOA received in Colombo, and was only approximate. That, after sending it, provisions were issued in Suez to some of the battleships, but not in as great quantities as was expected. The consequence was that the cargo of the CULGOA, instead of being about \$100,000, was worth \$142,000.<sup>135</sup>

A suggestion was made to request another appropriation to cover any overage.<sup>136</sup>

Therefore, the Fleet could receive this amount as reimbursement for the supplies it had provided through its relief effort, but the total disbursement could not exceed the total appropriated

The additional \$500,000 allocated for Italian Relief would be paid out of the Navy's General Account of Advances. The General Account of Advances was an accounting mechanism for the Navy. Once any paymaster makes any payment, that payment would reduce his General Account of Advances and an entry for the disbursement would then be allocated to a corresponding appropriation account. Any Paymaster making any authorized payment for Italian Relief from any and all monies at his disposal, Navy-wide, would allocate that payment against the appropriation Italian Relief.<sup>137</sup> Therefore cash was not required by any paymaster to make/place purchases for Italian Relief. However, we know that cash monies in the amount of \$800,000 were requisitioned by McGowan. The Navy had this amount immediately available to it on January 18<sup>th</sup>, 1909, in cash. The *Republic* sailed for Gibraltar 3 pm January 22, 1909, with a cargo of up to 650 tons of Navy supplies for the Fleet,

WASHINGTON, January 18 - ... At the cabinet meeting [January 17] Secretary Newberry was instructed by President Roosevelt to spend \$500,000 in purchasing

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<sup>135</sup> RG 80, File 27162.

<sup>136</sup> Loc. Cit.

<sup>137</sup> See Appendix A for a complete discussion of the General Account of Advances.

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all articles necessary for the building of houses [in the earthquake area of Italy]. ... **Pay Director Mudd, who is in charge of the naval pay office in New York, will have charge of the chartering and loading of the vessels.** [Emphasis supplied. Pay Director Mudd, of course, would also be responsible for the delivery of Navy monies.]

It is expected that practically all will be ready to leave New York before the end of this week.<sup>138</sup>

Events, however, intervened.

NICE, SUNDAY - Sixteen thousand sailors of the American battle ship fleet, now scattered at various Mediterranean ports, are deplored the loss of 650 tons of fresh provisions, which were part of the cargo of the *Republic*.

**These stores were to have been landed at Negro Bay.** [Emphasis supplied.]

Fleet Paymaster McGowan, of the flagship Connecticut, left Villefranche tonight for Marseilles to duplicate the stores if possible or purchase a sufficient amount to last the fleet on the homeward trip to America. It is due at Hampton Roads on February 21.<sup>139</sup>

In his report *Operations*, McGowan goes into significant detail – for twelve pages – regarding his actions as a consequence of the loss of, at least, the U. S. Navy's food stores aboard *Republic*.<sup>140</sup> But, what would the paymaster do at Gibraltar if U. S. Navy monies were lost aboard *Republic*? What did McGowan do concerning money at Gibraltar? In regard to money, in his report, he takes the action that we would expect: he doesn't mention Gibraltar at all!<sup>141</sup> And his detail for his requisition and acquisition of February monies – the single largest requisition of monies during the fleet's fourteen-month journey, when compared to the level of detail that he provides for every other transaction, is also conspicuous - by its absence of detail. He merely “estimates” how much money would be needed by the fleet - at Hampton Roads.

We can discuss McGowan's actions by research into what transpired at Gibraltar. And, with the paymasters' records, we can talk about what McGowan fails to discuss, what he fails to disclose. We can discern his motivation. McGowan's actions do, indeed, speak louder than words.

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<sup>138</sup> New York Commercial, January 18, 09, 1:6.

<sup>139</sup> N.Y. Herald, Jan. 25, 09, 4:2.

<sup>140</sup> *Operations*, *op. cit.*, pp. 47-59. Exhibit 6.

<sup>141</sup> In his report *Operations*, *op. cit.*, McGowan begins his discussion of the fleet's “money situation” at page 96. His last discussion of Mediterranean money Colombo money is on page 107. Exhibit 6.

The first thing that the Commander-in-Chief would do if he found himself without sufficient monies is to conserve whatever monies are remaining within the fleet. Denying or refusing payments would not be acceptable; such action would require an explanation. However, even if a payday had occurred, sailors will withdraw monies only sufficient for their needs. Sailors on the ship have less need for cash than those granted shore leave. One solution: deny shore leave.

McGowan's actions in the Philippines support this strategy. Prior to the fleet's arrival in Manila, McGowan ascertained the amount of British and American gold held within the fleet. The purpose was to reduce the fleet's American gold so that only British gold would remain within the fleet prior to its arrival in Mediterranean waters. In the Philippines, the fleet was to use only Philippine currency. However, shore leave was not permitted; an outbreak of cholera in Manila prevented liberty during the fleet's Philippine visit. No drain on currency was, therefore, expected.<sup>142</sup>

The fleet's sailors were not permitted shore leave at Gibraltar. But, unlike the denial of shore leave in the Philippines, the lack of shore leave at Gibraltar is without explanation. Sperry did, however, keep his men busy – on the ships.

No shore leave was granted enlisted men at Gibraltar. Those not involved in coaling participated in a program of athletics, boxing, smokers, and rowing events.<sup>143</sup>

The denial of shore leave for the sailors, particularly at a popular port-of-call, was contrary to the initial goal of Mediterranean port visits: "these visits will be purely unofficial and are for the purpose of affording the officers and crews a certain amount of rest and recreation."

Once McGowan has substantially reduced the outflow of gold, he would – as he did at the Philippines – transfer gold "from those who have the coin to those who need it."<sup>144</sup>

After his receipt of data, the fleet paymaster would generally dictate the money requisitions that were to be submitted by each ship's paymaster. Whenever the individual ships submitted a requisition, they did so, generally, at the specific direction, and in the amount and form, as specified by the fleet paymaster. This is clear in McGowan's allocation of British and United States gold between and among the ships when the fleet

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<sup>142</sup> Reckner, *op. cit.*, p. 111-2, and Operations, *op. cit.*, p. 101, Exhibit 6.

<sup>143</sup> *Ibid.*, p. 152. See also: *Log of the Voyage of the Atlantic Fleet*, Navy Publishing Company, Washington, DC, 1909, Pg 46.

<sup>144</sup> Operations, *op. cit.*, p. 99, Exhibit 6.

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was in the Philippines.<sup>145</sup> It is also evident in McGowan's conduct during and concerning his acquisition of Colombo and Port Said monies.<sup>146</sup> McGowan most likely issued a similar directive at Gibraltar, to balance the remaining monies. Again, he doesn't discuss his actions at Gibraltar.

The following requisitions were placed with McGowan at Gibraltar, and during the transit at sea to Hampton Roads:<sup>147</sup>

Date	Ship	On-	United Stats Gold	British gold	Paid
1/31/1909	Vermont	Fleet Paymaster	\$20,000		NY Check
2/3/1909	Paymaster J. S. Hutchinson (?)	Wisconsin		£827	Cash
2/3/1909	Ohio	Fleet Paymaster		£300	Cash
2/4/1909	Nebraska	Fleet Paymaster		£200	Cash
2/5/1909	Nebraska	Fleet Paymaster	\$30,000		NY Check
2/5/1909	Connecticut	Fleet Paymaster		£327	Cash
2/5/1909	Louisiana <sup>148</sup>	Kansas		£300	Cash
2/18/1909	New Hampshire	Fleet Paymaster	\$40,000		NY Check
2/21/1909	Connecticut	Fleet Paymaster	\$2,500		Cash

In addition to these requisitions on the fleet paymaster, on its return home, on February 6, 1909, the U.S.S. *Culgoa* had to negotiate a bill of exchange at Funchal, Portugal, for 326 pounds (about \$1,500) "to pay for coal and water."<sup>149</sup> Cash, apparently, was short.

The records of several of the individual ship's paymaster's are incomplete, or have not been located; we can assume that other inter-ship, intra-fleet transfers had also taken place at Gibraltar. But, at least half the fleet's capital ships submitted money requisitions at Gibraltar. The U.S.S. *Vermont* and U.S.S. *Nebraska*, who had already submitted their money requisitions on November 19 and December 10, respectively, for their February and March monies, monies that they would need to see them through March 31, are now submitting requisitions for, essentially half of those original amounts – or monies needed for one month, February. The existence of these Gibraltar requisitions suggests that the ships' paymasters had, at least, an "expectation" that U.S. gold monies would be available at Gibraltar. The requisitions submitted by ships for a

<sup>145</sup> *Loc. Cit.*

<sup>146</sup> *Ibid.*, pp. 101-4.

<sup>147</sup> Records of the Accounting Officers, *op. cit.*, Samuel McGowan. Gibraltar Requisitions, Exhibit 4.

<sup>148</sup> *Ibid.*, Chas W Eleason and J H Merriam.

<sup>149</sup> Records of the Accounting Officers, *op. cit.*, M. H. Karker (USS *Culgoa*). Gibraltar Requisitions, Exhibit 4..

mere few hundred pounds sterling indicate that those ships lacked even sufficient cash monies to depart Gibraltar - without the acquisition of additional British monies. The U. S. S. *Connecticut* apparently lacked U. S. monies sufficient for its arrival at Hampton Roads, possibly for harbor-pilot fees. With only a \$569.86 U.S. cash balance, her paymaster requested an additional \$2,500 prior to arrival.<sup>150</sup> For the large amounts – the \$20,000, \$30,000 and \$40,000 requisitions for US gold, McGowan paid those requisitions by *checks* drawn on his New York Sub Treasury account.<sup>151</sup> By the time he received the USS *New Hampshire*'s \$50,000 **US gold requisition**, McGowan reduced that requisition to \$40,000 and paid it too by check. The reason? He had no US gold on hand and as of December 31, 1908, McGowan had a balance of only \$98,837.97 within his New York Sub Treasury account.<sup>152</sup> He did not receive any additional monies until March 5, 1909, \$200,000 for March disbursements (again receiving monthly money at the beginning of the month, about three weeks in advance of payday).<sup>153</sup> A \$50,000 check would have overdrawn his account. The checks which McGowan issued at Gibraltar in order to satisfy the US gold requisitions submitted to him at that port effectively drained his account at the New York Sub Treasury and he certainly couldn't issue any additional checks on that account without receiving additional monies. But why issue any checks at Gibraltar at all, when the ships' paymasters couldn't possibly cash them until the fleet's return to the United States? Did the *Nebraska*'s and *Vermont*'s paymasters require, if not gold, at least checks at Gibraltar to reassure their crews?

If, indeed, the fleet's monies were lost aboard *Republic*, the U. S. Navy would, nevertheless, somehow have to replace those monies. But how?

## The Replacement \$800,000 Shipment

McGowan, no doubt, had discussions with the Paymaster General specifically on this issue, what actions should be taken to replace the money which had been expected and was now urgently needed. The first thought: establish an account at the Norfolk National Bank, in proximity to Hampton Roads, so the fleet could get its replacement money immediately upon arrival. A fleet account at Norfolk would allow the money to flow normally, from the Navy to McGowan to the ships' paymasters.

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<sup>150</sup> Records of the Accounting Officers, *op. cit.*, Samuel McGowan. Gibraltar Requisitions, Exhibit 4.

<sup>151</sup> Records of the Accounting Officers, *op. cit.*, Samuel McGowan, Check Numbers 236899, 236900, 236901 respectively.

<sup>152</sup> Records of the Accounting Officers, *op. cit.*, Samuel McGowan, Account Current, October 1, 1908 to December 31, 1908. Exhibit 7.

<sup>153</sup> *Ibid.*, Certificate of Settlement of the Auditor for the Navy Department in the Account of Samuel McGowan, Pay Inspector, U.S. Navy, from January 1, 1909 to June 30, 1909.

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McGowan had planned, then, to issue checks against this account which would be issued to the various paymasters. Upon their return to the United States, the paymasters could cash those checks, acquire monies locally, and make any necessary disbursements. McGowan had, at least, intentions to issue the checks. Each of the requisitions submitted for money in response to the Chief-of-Staff's November 18 request, was marked "Paid by Check No. [Number inserted] on Norf. NB" and/or "Approved:-- Norfolk National Bank Check." The checks issued (and recalled?), or at least contemplated, were numbered as follows:

Requisition Date	Paymaster	Ship	Amount	NNB Check
14-Dec-08	Brooke, B. Hayes	Connecticut	60,000.00	1
19-Nov-08	Baker, C. S.	Vermont	48,000.00	2
13-Dec-08	Higgins, John S.	Minnesota	60,000.00	4
12-Dec-08	Van Patten, E. H.	Georgia	50,000.00	5
10-Dec-08	Barber, John. D.	Nebraska	60,000.00	6
11-Dec-08	Sanford, John R.	New Jersey	70,000.00	7
19-Nov-08	Goodhue, E. E.	Rhode Island	50,000.00	8
10-Dec-08	Insley, H. R.	Wisconsin	35,000.00	9
1-Dec-08	Reeves, Jr., Geo. W.	Illinois	50,000.00	10
2-Dec-08	de F.Mel, Henry (Mel)	Kearsarge	30,000.00	11
1-Dec-08	Seibels, George G.	Kentucky	50,000.00	12
7-Dec-08	Addison, D. M.	Virginia	40,000.00	14
18-Nov-08	Smith, Jr., J.A.B.	Ohio	40,000.00	16
20-Nov-08	Karker, M. H.	Culgoa	5,000.00	17
20-Nov-08	Williamson, Jr., Thom.	Panther	15,000.00	18
20-Nov-08	Merriam, J. H.	Kansas	40,000.00	NNB Check
11-Dec-08	Eliason, Charles W.	Louisiana	35,000.00	NNB Check
15-Dec-08	Doherty, W. H.	Missouri	35,000.00	NNB Check

This first proposal was scrubbed, however. On the requisitions, each of the Norfolk National Bank references was stricken through.<sup>154</sup>

The Norfolk National Bank was unable to fulfill so large a cash requirement. They had had difficulty acquiring money in the past. In a November 4<sup>th</sup>, 1907, letter to the Paymaster General, the paymaster of the Norfolk Navy Yard described the Norfolk

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<sup>154</sup> See *Yankton Requisitions*, Exhibit 4.

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National Bank's shortfalls, its "inability of the Bank to furnish money for my payrolls," and "to safely raise in cash, the amount I asked for - \$86,050." He attributes this to the bank's "local reputation of being very conservative and careful."<sup>155</sup> And, Norfolk National Bank's bond was insufficient to handle this size of a deposit as well. In a May 27, 1909, memorandum to the Bureau of Supplies and Accounts, McGowan requests that \$500,000 be "placed at Norfolk, August 9, 1909, for August disbursements." He continues, "If the bond of the local depository will not permit so large a deposit at one time, then half of it might be available August 9, 1909, and the other half two days later and after the first deposit has been checked out."<sup>156</sup>

If the Norfolk Bank plan didn't work (which it clearly did not) the next plan, on February 16, 1909, was to have Assistant Paymaster Atkinson, of the Secretary of the Navy's special dispatch boat USS *Dolphin*,<sup>157</sup> physically acquire \$800,000 in cash on February 20, 1909, from the United States Treasurer, Washington, D.C. and deliver those monies to the fleet upon its arrival at Hampton Roads on February 22.

The use of the *Dolphin* for this purpose may have been a contingency, for use if the USS *Yankton*, a 186-foot, 976-ton converted yacht and fleet tender used primarily for fleet ceremonies, could not return to the United States in sufficient time to meet this need. On January 24, 1909, Admiral Sperry had learned of *Republic*'s loss.<sup>158</sup> That very day Sperry ordered the *Yankton*'s Captain McVay to return to the United States.<sup>159</sup> While this was not unusual - the *Yankton* frequently preceded the fleet in its journey<sup>160</sup> - it is a "coincidence" worthy of note. After coaling, she departed Gibraltar February 1, 1909 for her homeward-bound Atlantic crossing. The *Yankton* was scheduled to arrive in US waters one day ahead of the Fleet. She stopped briefly at Funchal, Madeira, on February

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<sup>155</sup> Money Requisitions, *op. cit.*, November 4, 1907. Exhibit 5.

<sup>156</sup> Operations, *op. cit.*, p. 109. Exhibit 6.

<sup>157</sup> The USS *Dolphin*, a 1486-ton steel dispatch vessel, was built at Chester, Pennsylvania, as one of the first ships of the "New Navy." Commissioned in December 1885, she steamed around the World during her first three years' service, and then served off the U.S. east coast and in the West Indies area for the next three decades. For much of this time, *Dolphin* was employed in support of high-ranking Government officials, as well as on more conventional gunboat-type duties. The latter employment was recognized when she was redesignated PG-24 in about 1920. Decommissioned in October 1921, *Dolphin* was sold in February 1922. From 1899 until the outbreak of World War I in Europe *Dolphin* served as a special dispatch ship for the Secretary of the Navy and often carried the President of the United States and other important officials and diplomats.

<sup>158</sup> Operations, *op. cit.*, p. 47. Exhibit 6.

<sup>159</sup> NA RG 45, Area Files of the Naval Record Collection, 1775 – 1910, Area 4, M625 Roll 46. Exhibit 12.

<sup>160</sup> Malcolm F. Willoughby, *Yankton, Yacht and Man-Of-War*, Crimson Printing Company, Cambridge, MA, 1935, Pg 131.

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3<sup>rd</sup>, and departed there February 4<sup>th</sup>. She arrived at Hampton Roads on February 17<sup>th</sup>, 1909.<sup>161</sup>

As she was passing between Cape Henry and Cape Charles, the *Yankton* was ordered via wireless, immediately after she had completed coaling at Hampton Roads, to proceed to Washington, DC.<sup>162</sup> Upon her arrival at the Washington Naval Yard on February 19<sup>th</sup>, her Captain, Lieutenant Commander C. B. McVay, reported to the Chief of the Bureau of Navigation and the Secretary of the Navy. The *Yankton*'s paymaster was given his instructions, too – the instructions and documents originally drafted for paymaster Atkinson, the *USS Dolphin*'s paymaster. Written on the Navy's \$800,000 requisition No. 3,673, "F. H. Atkinson, Assistant Paymaster, U.S.N, U.S.S. *Dolphin*" is crossed out, and replaced with "Brantz Mayer, Passed Assistant Paymaster, U.S.N., U.S.S. *Yankton*."

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<sup>161</sup> U.S. Navy Department. *Information Relative to the Voyage of the United States Atlantic Fleet Around the World, December 16, 1907 to February 22, 1909*. Washington, D.C.: Government Printing Office, 1910, Itinerary of the *Yankton*, p. 13.

<sup>162</sup> Willoughby, *op. cit.*, p. 132.

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N. S. A. 500.  
N. B.—Address all communications to the Bureau.

*60.*  
IN REPLY REFER TO NO.

NAVY DEPARTMENT,  
BUREAU OF SUPPLIES AND ACCOUNTS,

WASHINGTON, D. C., February 16, 1909.

MEMORANDUM FOR THE DEPARTMENT:

The accompanying requisition is submitted for the purpose of supplying the Atlantic Fleet with sufficient funds immediately upon its arrival at Hampton Roads on February 22nd. The fleet will have no United States money on hand and the funds will be required for immediate disbursement to officers and men.

It is requested that this memorandum be forwarded with the requisition to the Treasury Department, for their information. The ~~U. S. S. YANKEE~~ <sup>U.S.S. YANKEE</sup> will arrive at the Washington Navy Yard on the 19th instant. ~~Passed Assistant~~ <sup>Passed Assistant</sup> Paymaster ~~Atkinson~~ <sup>Mayer</sup> will be given full instructions regarding the drawing of these funds from the Treasury on the 20th inst.

A list will be prepared showing the denominations of currency which will be required and furnished to the Treasury Department. The necessary instructions have been given to have the necessary boxes made at the Washington Navy Yard in which the money will be packed and sealed for transportation.

Approved:

*Frank B. Knowles*

E. B. Royce  
Paymaster General, U. S. N.

Secretary of the Navy.

*The Yankee will take safe from W. to fleet.*

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N. S. O. D.



No. 3,673

NAVY DEPARTMENT,

February 16, 1909.

TO THE SECRETARY OF THE TREASURY,

SIR: Please to cause a WARRANT for ----- EIGHT HUNDRED THOUSAND -----

dollars and ----- NO ----- cents to be issued in favor of

Brantz Mayer, Passed Assistant Paymaster, U.S.N.

F. H. Atkinson, Assistant Paymaster,

U.S.S. YANKEE,

U.S.S. DOLPHIN, Navy Yard, Washington, D.C., -----

with which he will be charged.

To be credited:

With United States Treasurer Washington, D.C. \$800,000.00

With Assistant Treasurer

*E. A. T. D. M.*  
SPECIAL

Balance reported on hand

To be charged to the undermentioned appropriation:

Issue recommended:

*E. A. T. D. M.*

Paymaster General U. S. N.

Secretary of the Navy.

General Account of Advances

\$800,000.00

DIVISION OF BOOKKEEPING AND WARRANTS

Bond \$ 1/4,000. May 7, 1909, May 11, 1909

Balance due from the within-named,

*Feb 7 1/4,000 1909*

1909, \$ 16,150.

*W. L. Smith*  
Chair of Division

AUDITOR FOR THE NAVY DEPARTMENT

February 17, 1909

The account for the quarter ending December 31, 1908

was sent January 13, 1909

and this requisition is approved

in the amount of \$ 800,000.00

*P. W. Taylor*  
Auditor

POSTED  
FEB 17 1909  
DRAWN ON WASHINGTON

FEB 17 1909

C. L.

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The warrant is marked “SPECIAL,” a paymaster’s term that is used “**where it was not possible to foresee the needs.**”<sup>163</sup> The Memorandum for the Department that accompanied the warrant described its purpose:

... for the purpose of supplying the Atlantic Fleet with sufficient monies immediately upon its arrival at Hampton Roads on February 22<sup>nd</sup>. The fleet will have no United States money on hand and the monies will be required for immediate disbursement to officers and men.<sup>164</sup>

At the Navy Yard, the *Yankton* received three wooden boxes from the yard, . . . [On February 20, 1909, 8 A.M. to Meridian, *Yankton* received ] “18 bags confidential mail & 20 secret codes for Atlantic fleet. Received from U.S. Treasury \$800,000 which was placed under lock & key and sentry's charge”<sup>165</sup> for transport to the Fleet. This was the first and only time during the cruise that money had to be transferred directly out of the Treasury in D.C.

When she returned to Hampton Roads, arriving there on February 22, 1909:

Meridian to 4 P.M. . . At 2:15 the Executive Officer with six men reported on board flagship. At 2:30 the Commanding Officer left the ship and called officially on the President of the United States and the C in C [Commander in Chief of the Fleet]. At 2:40 the President went on board the flagship and afterwards he visited each flag ship in turn. All ships observed the usual ceremonies.

February 23, 1909: 8 A.M. to Meridian . . . The Commanding officer delivered the following: 4 bags Confidential mail and 19 secret codes to the Commander in Chief; 3 bags Confidential Mail to the 2nd division Commander, 4 bags Confidential Mail to the 3rd division Commander, 2 bags Confidential Mail to the 4th division Commander, 1 bag Confidential mail to the Maine. The Paymaster delivered \$610,000 to the paymasters of the fleet. . . .

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<sup>163</sup> See Appendix A.

<sup>164</sup> Records of the Accounting Officers, *op. cit.*, Brantz Mayer, Memorandum for the Department, February 16, 1909, and accompanying Navy Warrant No. 3,673, dated February 16, 1909, in the amount of \$800,000, *Yankton* Requisitions, Exhibit 4.

<sup>165</sup> *Logbook of the USS Yankton*, NARA RG 24, pg. 234, 236.

Meridian to 4 P.M. . . . The paymaster delivered \$110,000 to the paymasters of the fleet and \$70,000 to the Fleet Paymaster.<sup>166</sup>

The *New York Times* reported the event, as follows:

\$800,000 GOLD FOR FLEET

The Yankton Takes Money to Pay the  
Officers and Men.

WASHINGTON, Feb. 20. - Carrying \$800,000 in gold pieces fresh from the Government Mint to pay the officers and men of the Atlantic fleet, the gunboat *Yankton*, which yesterday completed its cruise around the world, left to-day for Norfolk to rejoin the fleet. The *Yankton* also took a supply of the new signal code. ...<sup>167</sup>

And, in his 1910 report to the Senate, McGowan describes the event as follows:

The monies (in the amount of \$800,000) [Parenthetical comment in original.] requisitioned by me were sent to Hampton Roads by the *Yankton*, and distribution was made direct to the several pay officers February 23.<sup>168</sup>

McGowan's comment is, technically, correct – but, apparently, deliberately deceptive. He fails to state that he did not make the distribution. McGowan never signed for the receipt of his December 31, 1908 requisition. The Navy's warrant and the resultant monies were paid to the *Yankton*'s paymaster, Passed Assistant Paymaster Brantz Mayer, and were disbursed by him to the various ships' paymasters.<sup>169</sup>

It is interesting to note McGowan's description of these monies. With his parenthetical comment, he seems to wish to somehow distinguish the "amount" delivered from his requisition. He doesn't state that his requisitioned monies were delivered to him at Hampton Roads. The monies *only* "in the amount of \$800,000" that he had originally requisitioned had flowed at Hampton Roads – not through McGowan – but through

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<sup>166</sup> *Ibid.*, pgs 240, 242. The *Yankton*'s Logbook does not contain information regarding the distribution of the remaining 4 bags confidential mail or the \$10,000 in gold. The *Yankton* most likely retained one secret code and some mail and retained any undistributed monies for its operations.

<sup>167</sup> *New York Times*, February 21, 09, 2:7.

<sup>168</sup> Operations, *op. cit.*, p. 108. Exhibit 6.

<sup>169</sup> Records of the Accounting Officers, *op. cit.*, Brantz Mayer, and Samuel McGowan. Exhibit 4, Account Current – Mayer, and *Yankton* Requisitions. The receipt of this money by the individual ship's paymaster's, from Brantz Mayer, is stated in each of the receiving ship's paymaster's records.

Mayer, a paymaster who had never before handled the fleet's monies, and apparently had never received in his entire paymaster career any more than \$10,000 in any month. In fact, he was only bonded to handle monies to \$15,000!<sup>170</sup> This huge transaction appears on Mayer's audited statements and from him flows to and appears on the audited statements of the paymasters who received their monies from him. This money does NOT appear within any of McGowan's audited reports.

In his report, McGowan provides an example of his overall attention to duty, procedure and detail:

For example, I had made arrangements [requisitioned] a few days before sailing from San Francisco to take on board from Mare Island Navy-Yard the necessary stock of clothing and small stores to last the *Connecticut* for some months. The tug came alongside and everything was in readiness to receive this consignment when the commander in chief's orderly informed me that I was wanted on deck to accompany the admiral on an inspection of the hospital ship *Relief*. I went, of course; but, while I was gone, clothing and small stores valued at a good many thousand dollars came on board and were received into the pay department without my having seen the covering on a single package; and, **of necessity, I had to sign the invoices for these articles** on the assurance of the ship's pay clerk that he had checked them over. In this case it turned out that the clerk's work was quite accurate and no loss resulted; but I ought to have been there myself, and I would have been there if it had not been that, by order of superior authority, I had to be somewhere else at the same time.<sup>171</sup>

Paymasters had to sign for the receipt of their own requisitions. McGowan is nowhere to be seen in regard to the receipt of this second \$800,000 delivery of monies.

The distribution of gold at Hampton Roads was also contrary to the November 18, 1908, plan that: "The **fleet paymaster will furnish monies** after arrival in the United States in the same manner as at Manila, namely, **by depository checks.**"

### **The Acknowledgment for the Replacement Shipment**

Upon the Fleet's return to Hampton Roads on February 22, 1909, on that very day, Paymaster General of the Navy, E.B. Rogers wrote to McGowan the following letter:

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<sup>170</sup> NARA, RG143 File 105863.

<sup>171</sup> Operations, op. cit., p. 12.

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OFFICE OF PAYMASTER GENERAL  
NAVY DEPARTMENT  
WASHINGTON

Feb. 22

My dear Sam:

I presume the one thing you and all others in the fleet are now looking forward to is rest. I sent you by the "Yankton" \$800,000 in cash. It could not be handled by the banks at Norfolk. Sum too large. It exceeded their bonds. When that is paid instruct the several pay officers to make their separate requisitions. When you are free and can get away and want to come to Washington let me know and I will have orders issued for you. We want to see you. Several things to talk about.

Do not try to land any of my packages at Ft. Monroe. Wait until you get to Brooklyn Yard & I will let you know how & when to ship. I want the package from London first, then the shirts from Yokohama. Keep the whiskey from Lorraine until later.

Welcome home.

Sincerely yours  
E. B. Rogers<sup>172</sup>

E.B. Rogers was Theodore Roosevelt's man, appointed by Roosevelt directly to serve as Paymaster General of the Navy, McGowan's direct superior. Rogers confirms why McGowan could not use the Norfolk banks for money to replace the funds lost aboard *Republic*: 1) The Norfolk National Bank was unable to fulfill so large a cash requirement; and 2) The Norfolk National Bank's bond was insufficient to handle the transaction.

The letter, however, is technically inaccurate. Rogers didn't send McGowan a penny since this money was given to and distributed to the Fleet by the *Yankton's* paymaster Brantz Meyer - McGowan never signed for or received the money HE requisitioned on Dec. 31, 1908. No doubt, McGowan would not want to sign a receipt for funds which were not provided to satisfy his original requisition, funds which he knew were now at the bottom of the ocean.

This letter indicates, too, that McGowan didn't even know how his requisitioned funds would be provided to the Fleet until after the Fleet actually arrived at Hampton Roads on February 22, 1909 - when Rogers sent him this letter! He had no idea where the replacement funds were coming from until they were delivered! McGowan ALWAYS had advance notice of the shipment/receipt of monies, usually by many weeks. It is

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<sup>172</sup> Samuel McGowan Papers, Manuscript Division, Library of Congress. Exhibit 15.

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inconceivable that he would have no idea where the money he had requisitioned a full 54 days earlier would come from until the day it physically arrived.

This letter may have been kept by McGowan because on its surface it tends to confirm that McGowan received his requisitioned money, when we know through audited Treasury Department records, that he did not.

Finally, if this is the acknowledgement of the money he requisitioned on Dec. 31, why wasn't it – as opposed to an undated cable – cited in his *Operations* report. This letter is, clearly, the acknowledgment for the “SPECIAL” \$800,000 replacement shipment. What to do about the loss would, no doubt, require “several things to talk about.”

### **Post-Arrival Money**

The ships' paymasters originally submitted their requisitions to McGowan in response to the Chief of Staff's November 18, 1908 order, which stated:

Requisitions for sufficient monies to make all expenditures from February 22 to and including March 31, 1909, should be in the hands of the commander in chief not later than December 15, 1908.

We have suggested that this order allowed McGowan to collect data in order to determine the fleet's February and March money requirements. Pursuant to these requisitions, \$800,000 was received by the ships – ultimately – at Hampton Roads. This, however, was NOT the only money received by the fleet for February and March disbursements.

We have already discussed three substantial requisitions submitted to McGowan at Gibraltar for monies BEYOND the monies requisitioned pursuant to the Chief of Staff's November 18, 1908, order - the \$90,000 in checks given to the *Vermont*, *Nebraska* and *New Hampshire* at Gibraltar, prior to the fleet's arrival at Hampton Roads. These checks were cashed AFTER the fleet's arrival at Hampton Roads.

In addition to these Gibraltar requisitions, the Navy issued a \$200,000 warrant to McGowan on March 3, which was paid to him on March 5, for March disbursements for the four (4) ships that still requisitioned monies from him (again at the beginning of the month). He received an intermediate receipt of \$150,000 on April 14, another \$200,000

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on May 5, \$100,000 on May 13, and \$50,000 on June 7, for these ships. His *Operations* report, however, neglects to discuss any of these monies.<sup>173</sup>

During March, 1909, McGowan transferred the following amounts to the *Connecticut, Louisiana, Ohio and Rhode Island*, as follows:<sup>174</sup>

3/5/1909	Louisiana	Hampton Roads, Va.	35,000	"check on Sub-Treasury, New York" (Check 236906-7)
3/10/1909	Connecticut	Tompkinsville, N. Y.	35,000	"cash" (Check 236908)
3/10/1909	Ohio	Navy Yard, New York	25,000	"cash" (Check 236909)
3/11/1909	Rhode Island	Navy Yard, New York	25,000	"currency" (Check 236910)
3/27/1909	Louisiana	Navy Yard, Norfolk, Va.	30,000	"check on Sub-Treasury, New York" (Check 236911)
3/25/1909	Connecticut	Navy Yard, New York	35,000	"deposited with Asst. Treasurer U.S., New York" (Check 236912-3)
		Total	185,000	

The ships paymasters who did not requisition money from the fleet paymaster, requisitioned from the Paymaster General, or, with approval, from other paymasters. Their additional March receipts – or receipts that would have affected their March balances – that McGowan fails to disclose, include:<sup>175</sup>

1/18/1909	New Hampshire	Care Postmaster, NY	15,000	Paymaster General, Warrant No. 4208
1/19/1909	Illinois	Care Postmaster, NY	10,000	" 4317
1/19/1909	Missouri	Care Postmaster, NY	20,000	" 4320
2/20/1909	Kearsarge		10,000	" 4995
2/23/1909	New Hampshire	Care Postmaster, NY	25,000	" 5006
2/25/1909	Culgoa		5,000	B. H. Brooke (U.S.S. Connecticut), Cash
3/5/1909	Wisconsin	Fortress Monroe, VA	30,000	Paymaster General, Warrant 5162
3/9/1909	Kearsarge		20,000	" 5325
3/9/1909	New Hampshire	Care Postmaster, NY	25,000	" 5314
3/13/1909	Kansas	Navy Yard, Philadelphia	25,000	" 5767
3/23/1909	Illinois	Navy Yard, Boston	25,000	" 6046
3/26/1909	Panther	Navy Yard, Philadelphia	12,000	" 6112, 3
3/31/1909	C. Morris, Cash		10,000	New Hampshire
		Total	232,000	

<sup>173</sup> Records of the Accounting Officers, *op. cit.*, Samuel McGowan, Certificate of Settlement No. 1525D, Exhibit 7.

<sup>174</sup> *Ibid.*, Abstract of Expenditures thru March 31, 1909.

<sup>175</sup> Records of the Accounting Officers, *op. cit.*, records of the ships' respective paymasters. Post Gibraltar Receipts, Exhibit 4.

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The total monies distributed to the Atlantic Battleship Fleet in March, 1909, including checks cashed, ALL undisclosed within McGowan's *Operations* report is \$507,000 – or the standard monthly disbursement to the Fleet for March 1909! Therefore, the \$800,000 paid to the Fleet at Hampton Roads was a replacement shipment for the \$500,000 February operational monies and \$300,000 reimbursement monies – all of which were expected by the Fleet at Gibraltar in early February, 1909, monies which never arrived and which remain entombed in the palatial White Star Liner RMS *Republic* – waiting to be recovered.

McGowan, in his *Operations* report, conveys the impression that the \$800,000 in monies provided at Hampton Roads were provided there, as a part of his plan, to satisfy the fleet's ships' disbursement requirements for the period February 22 through March 31 (two months' pay). That's why he "estimates" that \$1,000,000 would be required, implying a need for \$500,000 for February and another \$500,000 for March, 1909, at Hampton Roads. He excludes from his *Operations* report the transactions identified above.

In order to conceal the loss, he must write his *Operations* report in the manner in which it was written. If, indeed, the second \$800,000 was sufficient through March 31, the ships would not have needed to receive any additional monies – the additional and undisclosed \$507,000 identified above, the standard monthly allocation for March – beyond the \$800,000 distributed at Hampton Roads, monies ostensibly requisitioned by the ships before December 14, 1908; he could not discuss the money situation at Gibraltar and had to conceal the additional March receipts and omit all of this information from his *Report*. When all the facts are known, McGowan's intended impression, that the \$800,000 received at Hampton Roads was operational funds for both February and March, founders.

Only when the fleet reassembled did its normal funding pattern – as a whole fleet – recommence. Money is received approximately during the first week of the month for payday on the 25<sup>th</sup>. McGowan requested, and his report continues:

United States Atlantic Fleet,  
U. S. S. Connecticut (Flagship),  
*Navy-Yard, New York, May 27, 1909*

Sir: It is respectfully recommended: First. That each pay officer in the fleet supply himself before leaving the navy-yard with sufficient cash to last him through June only; requisitions from vessels at New York to be made on the fleet paymaster and from other vessels on the Paymaster-General direct. Second. That \$500,000 be placed to the credit of the fleet paymaster at Boston, July 3, 1909, so that he can obtain that amount of cash July 5, 1909, for distribution among the vessels of the fleet for July disbursements. Third. That an equal amount be similarly placed at Norfolk, August 9, 1909, for August disbursements.<sup>176</sup>

...

S. McGowan,  
*Pay Inspector, U. S. Navy, Fleet Paymaster.*

## Conclusion

McGowan's December 31, 1908 requisition is not included within his report and cannot be found within the public domain. It, no doubt, would have described the location where the money was to be received, the proposed money distribution and rationale for the requisition. McGowan would have also signed his requisition upon receipt of the corresponding monies, something that we know he did not do.

McGowan had requisitioned \$800,000 for delivery at Gibraltar, for the following reasons:

1. Monthly moneys were always received by the fleet paymaster at the beginning of each month, particularly when the Fleet was assembled at a suitable port;
2. The USS *Celtic* was originally scheduled to provide food and operational funds to the combined Atlantic Fleet at Gibraltar in early February, 1909. When *Celtic* was reassigned to earthquake relief, the

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<sup>176</sup> Operations, *op. cit.*, p. 109. Exhibit 6.

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funds which she was to have delivered, along with additional food provisions, were placed aboard RMS *Republic*.

3. \$300,000 was added as reimbursement for Fleet supplies disbursed in its Italian Relief effort;
4. \$500,000 was the amount shipped to the Fleet for its February, 1909, funds; this is the monthly amount which the fleet received in monthly monies both during the cruise and during its post cruise operations;
5. If McGowan had received \$800,000 per his December 31, 1908 requisition at Gibraltar, he would have signed a receipt for it; the money would have flowed normally, from the Navy to, possibly, an intermediate Navy disbursing officer at New York (similar to the procedure used by the Navy to furnish McGowan with monies at Manila), shipped to the fleet paymaster, then to the individual ships' paymasters; McGowan was also bonded to receive such a large amount of money. Brantz Mayer, who received and disbursed to the Fleet the second \$800,000, was not.
6. McGowan could have satisfied the US Gold requisitions submitted to him at Gibraltar when they were received, in the form they requested, US gold; instead, he provided checks for those requisitions;
7. Receipt of U.S. monies at Gibraltar would have permitted shore leave. The fleet could have purged the \$26,000 in British currency that remained in the fleet upon its arrival in the United States, at Gibraltar. Purging foreign monies from the Fleet when no longer needed, prior to departure from foreign ports, was common practice;
8. The ships would have submitted their March money requisitions at Gibraltar, on or before February 2. Originally, the paymaster had planned to distribute checks at Hampton Roads, not cash. With a cash distribution at Gibraltar, cash would NOT have been required at Hampton Roads and the payment by checks – as had been planned – would have been sufficient for March disbursements; and
9. The apparent haste and uncertainty by which the Navy acquired and distributed “Special” (when the need was unforeseen, See Appendix A) monies at Hampton Roads suggests at least a lack of planning for the delivery and distribution of such critical monies delivery and distribution, there, inconsistent with the overall fleet’s precision advance-planning and prior monies receipt throughout the Fleet’s entire round-the-world cruise; a delivery of US gold at Gibraltar would have permitted an orderly distribution of monies;
10. The Fleet received its March monies at Hampton Roads too, \$507,000 additional monies NOT included within McGowan’s *Operations* report.

Why would the Roosevelt administration fail to disclose the loss of these monies? What political benefit could be gained by disclosure? There was certainly no personal dishonesty, the loss of monies occurred by pure accident: two ships colliding in a fog. The *Republic* sank in waters too deep for recovery and would remain technologically beyond reach for almost another fifty (50) years – for the participants’ foreseeable futures, most likely beyond the lifetimes of all involved. To the participants, the money was gone forever. The President, too, considered the Fleet’s around-the-world cruise the greatest political triumph of his seven-year Presidency. Why mar this personal and American achievement in the very last days of his office? Simply stated, there was nothing to be gained by disclosing the facts to the public. However, there was a significant triumph that could be lost for him and for America. A loss of this magnitude would have tainted the Fleet’s impressive 18-month journey as well as Roosevelt’s popular 2-term presidency.<sup>177</sup>

A second explanation for the concealment of the loss of the payroll aboard *Republic* may exist. The *Republic* may have also carried another valuable cargo, a cargo which when lost, if the loss had been disclosed, would have caused the early collapse of an unstable Russian Government, potentially pushing the world into war. The maintenance of world peace and the political stability of Europe would have been a far more important, overarching consideration. But despite the efforts of concealment, reports of *Republic*’s gold, of “riches beyond most men’s wildest imaginations,” still found their way into the public domain, as truth so often does.

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<sup>177</sup> It is interesting to note that President Roosevelt’s Secretary of State, Elihu Root, resigned one day after *Republic*’s loss, January 25, 1909, ostensibly to prepare to take his Senate seat; Roosevelt, too, does not discuss the Italian earthquake anywhere within his autobiography.

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## Appendix A

## **1909 Navy Accounting**

### **Operations of the Paymaster's Office**

#### **General Account of Advances**

#### **The Money – Its Accounting**

A good synopsis of the Navy money requisition system was given by the Navy to its fiscal agent, Seligman Brothers, London, dated April 15, 1903.<sup>178</sup>

Congress appropriated monies for Navy disbursements. The appropriated monies would be placed at the disposal of the Navy by the Treasury Department through the Navy's "General Account of Advances," an account held by the Treasurer of the United States and a catch-all account from which the Navy would make all monies disbursements. The Navy's paymasters, part of the Navy's Pay Corp, under the control of the Navy's Bureau of Supplies and Accounts, would requisition money from the Navy (to be paid from the Navy's General Account of Advances), to be transferred regularly or ad hoc to the paymasters' individual "General Account of Advances." These essentially cash accounts were held in the name and custody of the individual bonded Paymasters, rather than in the name of the ship or naval facility.

In 1909, before a House Committee, Paymaster General Rogers was asked to explain the nature of the general account of advances.

Thursday, February 25, 1909

NAVAL ESTABLISHMENT  
STATEMENT OF PAYMASTER-GENERAL EUSTACE B. ROGERS,  
CHIEF BUREAU OF SUPPLIES AND ACCOUNTS

#### **GENERAL ACCOUNT OF ADVANCES**

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<sup>178</sup> Records of the Secretary of the Navy, RG 80, General Correspondence, Seligman, File 4555. Exhibit 2.

Paymaster-General Rogers. I understand that I was called here to explain the general account of advances?

Mr. Livingston. We want to know what you mean by the general account of advances and how you can take money from one fund and advance it to another fund.

Paymaster-General Rogers. We do not do it. ... The general account of advances is an account only; it is not an appropriation. It is an account only of receipts. ...

The general account of advances never pays a dollar. It is simply an account of receipts, and every single dollar that comes into the navy, first from the appropriation made by Congress, the payments made to the naval pension fund, and all collections that are made for penalties, all collections that are made for destroyed stores, every dollar that is received into the navy goes into the general account of advances, and the reason that that is done is this: Before 1878 the appropriation "Pay of the navy" was used as a sort of clearing house for ships outside of the United States, and every paymaster when he sold a bill of exchange, and that is the way our paymasters get money in foreign ports, not by requisition on the Treasury, but by selling a bill of exchange, drawn either on the Treasury or on the fiscal agents of the United States in London. When he received this money he took it up under "Pay of the navy" and when he disbursed it he disbursed it under the various accounts to pay the expenses of his ships, "Steam machinery" for oil, "Construction and repair" for repairs to hull, and "Provisions, navy," for provisions, etc. That was forced upon the navy because it is absolutely impossible for a paymaster in a foreign port to receive his money under the several appropriations in the way that a paymaster could in the United States. It was necessary to devise a clearing account against which everything received could be charged to a single account, but when the disbursements came they were scattered among the appropriations just as if he had the money under each appropriation. Congress in 1878 established the general account of advances, which means the whole naval appropriations for this purpose in place of the "Pay of the navy" and forbade the use of the appropriation "Pay of the navy" [for this purpose]. The money is received under the general account of advances, but it is paid under the appropriations just the same as if it was received under the appropriations.

Mr. Keifer. The payments under each fund are applied to the specific purposes?

Paymaster-General Rogers. The specific purpose for which Congress intended them. ...

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Suppose a battleship is in dry dock in the harbor of Hongkong and the paymaster has not a cent. He sells a bill of exchange for \$100,000. That is taken up under the general account of advances. Now, he pays for the docking under "Construction and repair," for repairs to a gun carriage, we will say, out of "Ordnance and Ordnance Stores," for some stores, canvas and rope, out of "Equipment of vessels," for provisions, out of "Provisions, navy," for oil out of "Steam machinery." They are paid out of this \$100,000 which is received under the general account of advances, but they are paid under the specific appropriations which Congress allows for that purpose. No payment can possibly be made under the general account of advances.

Mr. Keifer. That is not an account, in fact?

Paymaster-General Rogers. It is simply a bookkeeping account. It is not a fund, it is not an appropriation, it is only that Congress has authorized the Treasury Department to keep the receipts of the naval appropriation under general account of advances. The general account of advances is a receipt account only; it is not a disbursing account. It has no debit; it is all credit. ... [T]hey have one account, [the general account of advances], so that they can use any money in their hands to pay any bill which comes in, but when the payment is made it is charged against the appropriation in accordance with the order of Congress.

...

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On the 1st of July<sup>179</sup> we put to the credit of every purchasing pay officer money under the general account of advances instead of under appropriations, just as we do paymasters on the ships. There [showing exhibit] is the account that has taken place. That is all they can get now. You can see the saving in clerk hire and in trouble and worry which would result from that change. In other words, the paymaster of the pay office now, instead of keeping his money under from 100 to 600 accounts, keeps it under one single account for receipts and for disbursements for as many appropriations as he disburses. This is the way they make up the total which is stated in the debit account. You can see how this would operate. Suppose we have in the case of a pay office of the navy balances under 100 appropriations, which might aggregate \$1,000,000. Along comes a man with a bill for one dollar and a half under the one hundred and first appropriation and there is no balance under that appropriation, and the paymaster could not pay him a cent because he does not happen to have any appropriation under that single item. That is the way it is done in the army and most of the government offices except in the navy. That made the pay officers carry very large balances, because they had to make from 100 to 600 payments under that number of appropriations. Now they have one account, so that they can use any money in their hands to pay any bill which comes in, but when the payment is made it is charged against the appropriation in accordance with the order of Congress.

Mr. Keifer. It is not charged at all to the general account of advances?

Paymaster-General Rogers. Not at all, because the general account of advances is only a receipt account. It is a very important account in the Paymaster-General's office, and I can give you one example. We drew on the Treasury 10,000 requisitions for money in the fiscal year 1907. We put the general account of advances into operation ashore on the 1<sup>st</sup> of July, 1907, and we drew 2,200 requisitions during the fiscal year 1908. That means a saving, you see, of 8,000 requisitions in a year.<sup>180</sup>

In a most succinct version:

GENERAL ACCOUNT OF ADVANCES: Defined.

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<sup>179</sup> The US Government fiscal year runs from July 1 through June 30.

<sup>180</sup> Naval Establishment, Statement of Paymaster-General Eustace. B. Rodgers, Chief, Bureau of Supplies and Accounts, on the General Account of Advances, Deficiency Appropriation Bill, House Appropriation Hearings, Hap 60-S, February 25, 1909.

“General account of advances” is not an appropriation, but is a fund provided by law as a convenient means of handling naval appropriations, and is made up of sums drawn from the several naval appropriations and placed in the hands of disbursing officers and agents of the navy for proper expenditure.<sup>181</sup>

The Paymasters received their money under “one account, [the general account of advances], so that they can use any money in their hands to pay any [expense] bill which comes in, but when the payment is made it is charged against the appropriation in accordance with the order of Congress.”<sup>182</sup> Whenever the Paymaster paid an individual bill, he would categorize that bill under one of several hundred specific congressional Navy appropriations.

## The Money – Its Reporting

The fiscal year for the Government ran from July 1 through June 30, and the Navy operated on a cash basis,<sup>183</sup> the cash being predominantly gold.

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<sup>181</sup> Memoranda for the Information and Guidance of Commandants and Heads of Departments of Navy Yards and Stations, Commanding Officers of Ships, Engineering, Navigating, Pay Officers, Etc., Congressional Information Series (“CIS”), N2007-1.94, No. 94, Jan. 2, 1909, p. 912.

<sup>182</sup> Naval, *op. cit.*

<sup>183</sup> Discussing the submission of accounts to the Fourth Auditor, “In all cases accounts must include *all* payments and *only* payments made during the period covered, in order to be an exact record of the transactions actually taking place within the period. An account must never be held open to include payments made for supplies delivered or services rendered during the period of accounts but not paid until subsequent thereto, as in the case of the payment of yard rolls during the month succeeding that for which payment is made.” [Original italic emphasis.] Memoranda, *op. cit.*, CIS N2007-1.76, No. 76, July 1, 1907, p. 399.

Paymasters were required to submit quarterly reports to the Treasury Department's Fourth Auditor, and to balance and settle their accounts with the Treasury Department bi-annually. The quarterly reports included all paid-in-cash bills ("Public Bills") for expenses for the quarter, and identified all receipts, whether by warrant (a Navy requisition on the Treasurer and paid to the individual paymaster),<sup>184</sup> bill of exchange (a negotiable draft drawn on a Navy or Navy fiscal agent), cash transfer (a money requisition drawn from another paymaster), sale of ship's stores, issuance of checks (for cash), etc. The auditor would review the submitted reports, and approve the paymaster's categorization of the payments against the identified appropriations. The paymaster would also report a "balance owed" (receipts less expenditures), or cash assets remaining under the paymaster's general account of advances, to the United States. It is these records, found for both the Fleet paymaster and for several of the individual ships' paymasters, which form an important part of the basis for this analysis.<sup>185</sup>

### **The Money – How it Was Obtained**

The monies allocated by Congress for Navy appropriations would be held in the name of the individual paymasters within the facilities of the Treasurer of the United States.<sup>186</sup> This U. S. Government department "served as the banking facility for the Federal Government."<sup>187</sup> Branches of the Treasurer of the United States were known as Sub Treasuries, with each Sub Treasury under the administrative control of an Assistant Treasurer. The paymaster's account was established in a Sub Treasury proximate to the paymaster's assigned shore-based facility or his ship's home port. The paymaster was personally responsible for all disbursements from his account; he was, therefore, required to obtain a bond sufficient for the monies that he would be handling.

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<sup>184</sup> The Register of Navy Pay Warrants, a record of all Navy warrants issued for the period, was found in Records of the Bureau of Accounts, Treasury, RG 39 Entry 121, Stack 450, Row D, Compartment 11, Shelf 5, Vol. 28 (1909).

<sup>185</sup> Records of the Accounting Officers of the Department of the Treasury, Fourth Auditor (Navy Auditor), Records of the Paymasters' Division (Record Group 217), Entry 811, Navy Accounts, Alphabetical Series (by Paymaster's name).

<sup>186</sup> The corresponding Treasurer ledger to the Navy Pay Warrants at footnote 8, for monies expended by the Treasurer pursuant to a Navy requisition, for the period is: Register of Pay Warrants Records of the Treasurer of the US, RG 50, Entry 78, Stack 450, Row B, Compartment 1, Shelf 5, Vol. 107 (1909).

<sup>187</sup> See: 50.1 Administrative History (of the Treasurer of the United States), at:  
<http://www.archives.gov/research/guide-fed-records/groups/050.html>:

The Atlantic Fleet's paymaster, Paymaster Inspector Samuel McGowan, had his primary account at the New York Sub Treasury. During the fleet's world-wide cruise, the fleet paymaster's account (as well as accounts for the individual paymasters of the ships that comprised the fleet) was established at several depositories: the New York and San Francisco Sub Treasuries, the Philippine Islands' Treasury, wherever the fleet and ships would require physical monies.

Paymasters could acquire money not only directly from the Sub Treasury where they held their account, but, with approval from the Paymaster-General,<sup>188</sup> they could also acquire money indirectly – from other Paymasters. With approval of the Paymaster General or their Fleet Paymaster, they could requisition money from another paymaster, increasing and decreasing their respective general accounts of advances. Ship's paymasters most commonly requisitioned physical cash monies from their fleet paymaster.<sup>189</sup> In order to meet recurring payments (discussed later), paymasters also requisitioned monthly money from the Paymaster-General. This money was deposited by warrant into their respective US Sub Treasury account. A paymaster could acquire a check from the fleet paymaster for the same purpose – with the check to be deposited into a paymaster's Sub Treasury account, in order to meet recurring payments.

When overseas, each paymaster, both ship and fleet, and when specifically authorized to do so, could issue Bills of Exchange, effectively checks drawn on either the Secretary of the Navy or the navy's fiscal agent (during the world-wide cruise, this was Seligman Brothers, London) for cash, and/or to cover unusual, unanticipated expenditures.

All monies received by the Paymasters, or transferred to other paymasters (discussed later), were recorded within their respective general accounts of advances – as a debit if received, and as a credit if transferred to another paymaster.

To reduce the possibility of fraud, all money requisitions required the approval, and therefore, the signature of the paymaster's commanding officer – the captain of the ship, the admiral of the fleet, or the commandant of the facility to whom the paymaster was assigned. It was the commanding officer who transmitted the requisition.

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<sup>188</sup> See, generally, requisitions within: Records of the Bureau of Supplies and Accounts, RG 143, General Correspondence, File Number 99000 (Money Requisitions).

<sup>189</sup> *Ibid.*, Letter, October 7, 1907. Exhibit 3.

## **The Money – Its Timing, When It Was Requested, When It Was Received**

The regulations for paymasters were found within Memoranda for the Information and Guidance of Commandants and Heads of Departments of Navy Yards and Stations, Commanding Officers of Ships, Engineering, Navigating, Pay Officers, Etc., published within the Congressional Information Series (“CIS”). The “Memoranda” were updated by new notices/decisions whenever required, with the up-to-date collection published annually.

In view of the important nature of many of the decisions and notes published in the “Memoranda,” pay officers should take care that their files of this publication are kept complete, and in case on nonreceipt [sic] of any of the numbers should apply at once to the Bureau [of Supplies and Accounts] for missing copies.

A. S. KENNY  
Paymaster General, U. S. N.<sup>190</sup>

Paymasters submitted monthly requisitions for money, the requisition themselves entitled “Money Requisition” or “Monthly Money Requisition,” with the period over which the disbursement would take place sometimes identified within the requisition.<sup>191</sup>

Navy Regulation Circular No. 65  
Requisitions to Meet Payrolls  
NAVY DEPARTMENT,  
Washington, D.C., October 24, 1885

In order that prompt payment of labor-rolls at Navy Yards and stations may be secured, it is essential that the monthly money requisitions be submitted to the Paymaster General as early as practicable.

An estimate of monies required for the payment of the rolls of each Department, showing the amounts to be required under the different appropriations for the ensuing month will be submitted on or before the 3d of each month by the heads of the several Departments to the Commandants.

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<sup>190</sup> Memoranda, *op. cit.*, CIS N2007-1.12, No. 12, Nov. 15, 1902, p. 119.

<sup>191</sup> See Yankton Requisitions, Exhibit 4, for S. and A. Form No. 15, Money Requisition[s].

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The requisitions bearing information of the average amounts expended during the proceeding three months [the calculation used to determine the one month average] for which the records are complete, and of the balance on hand under each appropriation for which monies are required, must be submitted by the pay officer to the Commandant for approval on or before the 5<sup>th</sup> of every month.

...

The modification of Pay Officer's Form No. 123, necessary to conform to the foregoing requirements, and the adoption of a form for the monthly estimate of monies, are hereby authorized.

B. F. TRACY  
Secretary of the Navy.<sup>192</sup>

The itemization "of the balances on hand under each appropriation" in a money requisition and monies on-hand within each appropriation were subsequently discontinued in 1907, with the introduction of the general account of advances (as Paymaster-General Rogers discussed above), and as follows:

GENERAL ACCOUNT OF ADVANCES: Remittances to yard paymasters and purchasing pay officers.

The following letter is published for the information of pay officers:

NAVY DEPARTMENT  
BUREAU OF SUPPLIES AND ACCOUNTS  
Washington, D. C., April 1907.

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<sup>192</sup> CIS No. N105-3.65, Navy Reg. Circ. 3<sup>rd</sup> Series, No. 65.

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Sir: 1. After June 30<sup>th</sup> the practice of remitting monies to purchasing pay officers and yard paymasters under specific appropriations will be discontinued, and all monies for such officers will thereafter be drawn for under "General account of advances." New forms of cash book will be provided as soon as printed; also new forms of money statements and of monthly and quarterly summaries. Purchasing pay officers will enter daily in their cashbooks all vouchers paid, giving each a pay-office number in the sequence in which it is paid and entered; the number being entered in the cashbook and on the upper left-hand corner of the folded voucher by means of an automatic numbering machine, where such machine is supplied.

2. As the Auditor requires vouchers to be numbered in the order in which they appear in the quarterly abstracts, commencing with number one in each quarter, purchasing pay officers will, after the completion of such abstracts, number vouchers accordingly, at the same time entering upon the upper right-hand corner of the folded voucher the abstract or Auditor's number.

...  
8. Yard paymasters will continue to submit requisitions for monies as at present. These, when approved by the Bureaus concerned, will be combined and the total amount allowed remitted under "General account of advances." ...

E. B. ROGERS,  
Paymaster-General, U. S. N.<sup>193</sup>

Monthly requisitions for money were submitted at least one month in advance, and were to cover one month's expenditures, as made clear in this 1907 Navy circular:

#### MONEY REQUISITIONS.

**Pay officers are cautioned not to submit requisitions for amounts greater than needed for current expenditures.** Only in cases where a ship has to leave home waters for a protracted period should the balance on hand plus the amount required for exceed that necessary for two months' reimbursements.

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<sup>193</sup> Memoranda, *op. cit.*, CIS N2007-1.74, May 1, 1904, No. 74, page 305.

Pay officers must make requisitions in season to have them follow the usual course. **Requests for deposits requiring them to be made** **“Special” must be discontinued, except where it was not possible to foresee the needs.** In all cases pay officers should note in the space intended for remarks on money requisitions any unusual circumstances requiring either an unusual amount of money or its prompt remittance, in order that the Bureau may pass upon the case intelligently. [Emphases supplied, for later discussion.] <sup>194</sup>

In summary, and as an example, a paymaster would calculate his average monthly expenditure based on his most recent three months of expenditure. If necessary, he would describe any unusual cash requirements that would come due within the requisition period. If this was NOT his usual monthly requisition and/or where the need was “unforeseen,” he would mark the requisition as “Special” and identify the circumstances. If, for example, a paymaster averaged \$25,000 in disbursements per month, and this is his requisition for February money, he would submit it as early as practicable before January 3<sup>rd</sup>. At his point in time, his on-hand money should be \$25,000 (for January expenditures); this when added to the February money that he is requesting, equals two months disbursements. If the ship is not in home waters, the amount may exceed a multiple of two months average disbursements.

Monthly money would be received by the fleet paymaster within the first 10 days of each month, or, if at-sea, as circumstances warranted, and distributed to the individual ships’ paymasters.

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<sup>194</sup> Memoranda, *op. cit.*, CIS N2007-1.77, Aug. 1, 1907, No. 77, p. 417.

## The Money – Where It Was Kept (Physically)

### SAFES: PAY DEPARTMENT: Changes in type

In order to provide better protection for public monies, the bureau some months ago took up the question of the supply of a new style of safe. A number of the new type have been purchased and arrangements made with the Bureau of Construction and Repair to install one aboard each ship now building or in commission when the vessels are available for the purpose. It is intended to replace the old style No. 3 safes now in the paymaster's stateroom with the new style No. 4, which has an interior strong box, and which is to be used for carrying reserve cash. The old pattern safes for the paymaster's office will be used as heretofore. Owing to the limited amount of monies now available under the appropriation "Contingent S. & A.," the work of installing the new type safes will not be completed at once, but in a short time a substantial safe will be installed in the paymasters stateroom on each of the largest vessels at least.

The sizes and dimensions of the various kinds of safes now on hand and to be purchased are as follows:

#### OLD PATTERN

	<b>Height</b>	<b>Width</b>	<b>Depth</b>
	<i>Inches</i>	<i>Inches</i>	<i>Inches</i>
No. 1	29 7/8	24 3/4	22 1/2
No. 2	23	19 1/8	16 1/2
No. 3	19 1/2	16	15

#### NEW PATTERN

No. 1	40	25 1/4	20
No. 2	30	24 1/2	20
No. 3	24	24	20
No. 4	26	20	20

The new pattern, No. 1, is intended for flagships (in addition to the present allowance) and for large receiving ships.

There are now on hand at the navy yard, New York, 9 of the new No. 2 and 9 of the new No. 3. These safes will be installed in the paymaster's stateroom on those vessels where space will permit. No further purchases of these two sizes will be made for the present. It is expected that the new No. 4 will be the only stock size to be carried (in addition to the new No. 1) after the Nos. 2 and 3 have been issued.

These safes will hereinafter be required for on separate requisitions as "Old No. 1, 2, or 3," and "New No. 1, 2, 3, or 4," as the case may be. If the requisition is approved, the Bureau of Construction and Repair will be requested to install the new safes at a convenient time.<sup>195</sup>

### **The Money – How It Was Spent (How the General Account of Advances was Reduced)**

Although Paymaster-General Rogers was technically correct when he stated that disbursements were not made from the general account of advances (disbursements were technically made from the appropriation account, but with such disbursement reducing the paymaster's general account of advances), money "transfers," and therefore, money "credits" from one paymaster's general account of advances to the "debits" of another paymaster's general account of advances, did take place routinely between the general-accounts-of-advances held by each of the various paymasters.<sup>196</sup> For example, typically money would be requisitioned by a fleet paymaster for distribution to the individual ship paymasters within the fleet. When that money was received by the fleet paymaster, it would appear as a debit (monies received) under the fleet paymaster's general account of advances. As the fleet paymaster distributed that money to the various ships' paymasters, those payments would be indicated as credits (expenditures) on the fleet paymaster's general account of advances, and corresponding debits on the receiving ship's paymaster's general account of advances.

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<sup>195</sup> Memoranda, *op. cit.*, CIS N2007-1.85, No. 85, April 1, 1908, p. 628.

<sup>196</sup> "Transfer of Monies: Treasury Department Circular No. 52. The provisions of paragraphs 2, 6 and 7 of Treasury Department Circular No. 52 (Bureau Memoranda No. 77, p. 412), apply also to receipts for monies transferred between pay officers on S. & A. Form No. 15. No receipt should, therefore, be given when the transfer is made by check, the date, number, name of payee, amount of check and the name of the depository on whom drawn alone being necessary in such case. When cash – that is, currency – is transferred, but one receipt, which must contain a statement of such fact, should be signed by the officer receiving the monies." Memoranda, *op. cit.*, CIS N2007-1.99, No. 99, June 1, 1909, p. 1100.

Each ship's paymaster, when making any payment in support of his ship's authorized expenditures, such as monthly payroll, coal, provisions, etc. would make typically a cash payment, supporting such payment by a "Floating Bill." This document provided a receipt (sometimes referred to as a "voucher") for the at-sea cash payment, was signed by the vendor, and was categorized by the ship's paymaster (subject to, ultimately, the Auditor's decision) for the particular appropriation as authorized by Congress, with the amount deducted from the paymaster's general account of advances. A similar "shore-bill" was issued for payments made when the ship found herself in home ports. Both bills were referred to as "Public Bills."

Certain domestic expenses were paid by check. Each paymaster, both ship's paymasters and fleet paymasters, generally maintained accounts within one or more of the United States Depositories, the US Sub Treasuries. The paymaster's maintained accounts most commonly at the ship's homeport city, and other cities where the ship/fleet may require monies. Ships of the Atlantic Squadron held accounts at one or more depositories, including San Francisco, Manila and New York. Checks drawn on these depositories were, for example, used to make recurring monthly payments to designated sailors' payees, such as a sailor's wife, parents, savings account, etc. The balance of a sailor's monthly "allotment" was made accessible to him on the navy's payday, the 25<sup>th</sup> of each month.<sup>197</sup> Moneys not withdrawn by the sailor on payday would accumulate.

Referring to article 1336 (1) and (2), Navy Regulations, as amended by C. N. R. No. 5: Inasmuch as this regulation provides that men may draw monthly so much of their pay as they deem necessary for the ensuing month, the use of special requisition forms has been discontinued. Pay officers should procure from commanding officers specific authority in writing for the payment of any money to enlisted men except on the regular monthly pay day.<sup>198</sup>

Any balances were also made available to sailors regularly at ports-of-call, when they were permitted shore leave.<sup>199</sup>

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<sup>197</sup> Regulations for the Government of the Navy of the U. S., U. S. Navy, 1909, Section 839 (1) and (4), p. 195.

<sup>198</sup> Memoranda, *op. cit.*, CIS N2007-1.105, No. 105, Dec. 1, 1909, p. 1285.

<sup>199</sup> The paymaster of the USS Panther, a 4,260 ton auxiliary vessel supporting the Atlantic Squadron, included with his quarterly reports, copies of sailor's pay vouchers. The vouchers bore the printed inscription: "Received from the Pay Officer of this vessel, in person or by his deputy, IN CASH [original emphasis], the sums shown below." The payment dates match the Panther's dates for her ports-of-call. NA, RG 217, Navy Accounts, Alphabetical Series, Thom. Williamson, Jr.

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END REPORT  
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