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SENATE

{ REPORT
No. 1046

CAPT. H. BERT KNOWLES

JUNE 9, 1926.—Ordered to be printed

Mr. GOFF, from the Committee on Claims, submitted the following

R E P O R T

[To accompany H. R. 7674]

The Committee on Claims, to whom was referred the bill (H. R. 7674) for the relief of Capt. H. Bert Knowles, having considered the same, report favorably thereon with the recommendation that the bill do pass without amendment.

STATEMENT OF FACTS

Captain Knowles is the camp quartermaster at Fort Monmouth, N. J. In addition to his duties as quartermaster, he is agent finance officer and charged with the duties and responsibilities of discharging public funds in the payment of the troops and civilian employees at that post. As agent finance officer he had two assistants—a sergeant and a private. The sergeant acted in the capacity of chief clerk and cashier and received funds from Captain Knowles and disbursed the same. On April 6, 1925, Captain Knowles gave to the sergeant \$2,650 and received a receipt for it. These funds were drawn for the purpose of paying the organization or companies various amounts due them for savings through rations which they did not draw during the month of March. At the end of the day the sergeant counted the money which had not been disbursed and found he had \$2,300 left. He handed this money to the private and asked him to verify his count and seal the money up in an envelope. The private sealed the envelope and said the count was correct. The money was placed in a safe overnight and the next morning when the sergeant opened the envelope he found that the private had stolen \$2,000 and had deserted with it. Before the private was captured he spent this entire sum.

Captain Knowles was held by the War Department responsible for the loss on the theory that he was the agent finance officer and accountable for public funds intrusted to him. He is now and has been paying \$50 a month out of his salary until the \$2,000 is paid.

The War Department recommends favorable action in view of the fact that there were grave disagreements in the conclusions arrived at by reviewing and administrative authorities as to whether Captain Knowles or the sergeant was responsible for the loss, and also because there is nothing to indicate that Captain Knowles received any part of the \$2,000 or that he was involved in fraud or collusion.

[House Report No. 837, Sixty-ninth Congress, first session]

The Committee on Claims, to whom was referred the bill (H. R. 7674), for the relief of Capt. H. Bert Knowles, having considered the same, report thereon with a recommendation that it do pass with the following amendment: Strike out all after the enacting clause and insert in lieu as follows: "That the Secretary of the Treasury be, and he is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Capt. H. Bert Knowles, Quartermaster Corps, United States Army, such amount as he may have refunded to the United States on account of the loss of public funds, amounting to \$2,000, for which he was responsible and which were stolen from him on or about April 6, 1925; and that he be relieved from further financial responsibility therefor.

SEC. 2. That the Comptroller General of the United States is hereby authorized and directed to allow credit in the accounts of Maj. Herbert E. Pace, Finance Department, United States Army, in a sum equal to the unrefunded portion of public funds, not exceeding \$2,000 which were stolen from the office of his agent officer, Capt. H. Bert Knowles, Quartermaster Corps, United States Army, on or about April 6, 1925.

STATEMENT OF FACTS

On or about April 6, 1925, Capt. H. Bert Knowles, finance officer for Maj. H. E. Pace, disbursing officer, Finance Department, United States Army, intrusted to Technical Sgt. Lewis G. Briggs, finance department, appointed special agent, and bonded as such, \$2,640. Sergeant Briggs, having made some payments therefrom during the day, handed the remainder to his assistant clerk to verify and seal in an envelope. The clerk counted the money, sealed the envelope, \$2,300. The envelope was then handed by Sergeant Briggs to Captain Knowles to be placed in his safe for protection overnight. The next morning when Sergeant Briggs received the envelope in the same condition as when delivered to Captain Knowles and opened it found \$2,000 missing and the assistant clerk who sealed it was also missing, and absent without leave. The assistant clerk was afterwards tried by general court-martial and found guilty of larceny.

WAR DEPARTMENT,
Washington, February 18, 1926.

The Hon. CHARLES L. UNDERHILL,
Chairman Committee on Claims, House of Representatives.

MY DEAR MR. UNDERHILL: In compliance with your request of January 26, 1926, I am pleased to submit the following report on H. R. 7674, a bill for the relief of Capt. H. Bert Knowles.

The legislation proposed in H. R. 7674 would not effect the purpose intended, as it is defective in the following particulars:

Section 1 of the bill authorizes and directs the Comptroller General of the United States to allow a certain credit in the accounts of Captain Knowles, whereas Captain Knowles does not render any account to the Comptroller General, he being an agent officer for Maj. Herbert E. Pace, Finance Department, United States Army, at the time when the loss in this case occurred.

Section 2 of this proposed bill designates the specific sum of \$250 as the amount to be paid to Captain Knowles. As Captain Knowles is refunding to the United States a loss of \$2,000 at the rate of \$50 per month, and it can not be known how much he will have refunded at the date of the enactment of the proposed bill, if it be enacted into law, it is thought inadvisable to designate a specific sum.

I recommend that H. R. 7674 be amended to read as follows:

A BILL For the relief of Capt. H. Bert Knowles

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Capt. H. Bert Knowles, Quartermaster Corps, United States Army, such amount as he may have refunded to the United States on account of the loss of public funds, amounting to \$2,000 for which he was responsible and which were stolen from him on or about April 6, 1925; and that he be relieved from further financial responsibility therefor.

Sec. 2. That the Comptroller General of the United States is hereby authorized and directed to allow credit in the accounts of Maj. Herbert E. Pace, Finance Department, United States Army, in a sum equal to the unrefunded portion of public funds, not exceeding \$2,000, which were stolen from the office of his agent officer, Capt. H. Bert Knowles, Quartermaster Corps, United States Army, on or about April 6, 1925.

Captain Knowles disburses public funds at Fort Monmouth, N. J., in the name of Maj. H. E. Pace, Finance Department, for whom Captain Knowles is agent officer. He had two enlisted assistants properly detailed, one of whom was principal assistant. All disbursements by Captain Knowles's office are made in cash. On or about April 6, 1925, Captain Knowles intrusted to his principal assistant, to be placed in the office safe, the sum of \$2,640, the same being part of the public funds for which Captain Knowles was accountable to Major Pace as agent officer. The principal assistant, being otherwise engaged at the time, turned the funds over to the other assistant, and the latter, a few moments thereafter, returned the envelope to the principal assistant who had seen the envelope sealed and marked with the principal assistant's name thereon. The following morning, when the envelope was opened, \$2,000 were missing, and the enlisted man who had sealed the envelope had also disappeared. The loss was investigated by a board of officers. At the conclusion of its proceedings the board submitted two reports, a majority report signed by two members, and a minority report signed by the remaining member.

The majority report was as follows:

Findings.—After carefully considering the evidence presented to it, the board finds: By a majority report (one member dissenting and submitting a minority report, attached)—

1. That on or about April 6, 1925, Capt. H. Bert Knowles, Quartermaster Corps, agent officer Maj. H. E. Pace, disbursing officer, Brooklyn, N. Y., intrusted to Technical Sergt. Lewis G. Briggs, the sum of \$2,640, the same being a part of the public funds for which Captain Knowles is accountable to Maj. H. E. Pace as agent officer.
2. That these funds were intrusted by Capt. H. Bert Knowles, Quartermaster Corps, to Technical Sergt. Lewis G. Briggs without legal authority.
3. That some time between April 6, 1925, and 8.30 a. m., April 7, 1925, \$2,000 of these funds were stolen by party or parties unknown.
4. That the opportunity for stealing these funds was created first by the unlawful transfer of the funds from his (Captain Knowles's) possession to Technical Sergt. Lewis G. Briggs, and second, by the careless handling on the part of Sergeant Briggs of the money so intrusted.
5. That Capt. H. Bert Knowles, Quartermaster Corps, did not exercise reasonable care in the safe-guarding of the above-mentioned funds.

Recommendations.—1. That Maj. H. E. Pace, disbursing officer, Brooklyn, N. Y., be relieved of all responsibility and accountability for the loss of the above-mentioned funds.

2. That Capt. H. Bert Knowles, Quartermaster Corps, be held pecuniarily responsible and accountable for the loss of \$2,000 public funds intrusted to his care for disbursement, and that he be required to reimburse the United States for the amount of \$2,000.

The minority report was as follows:

After carefully considering the evidence presented, the following report is made:

1. That on or about April 6, 1925, Capt. H. Bert Knowles, Quartermaster Corps, agent officer for Maj. H. E. Pace, disbursing officer, Brooklyn, N. Y., intrusted to Technical Sergt. Lewis G. Briggs, the sum of \$2,640, the same being a part of the public funds for which Capt. H. Bert Knowles, Quartermaster Corps, is responsible.

2. That these funds were legally turned over to Technical Sergt. Lewis G. Briggs, by authority shown in Exhibit C and A. R. 35-220, paragraph 3, and that a proper receipt was given by Technical Sergt. Lewis G. Briggs to Capt. H. Bert Knowles for the above-mentioned sum.

3. At some time between April 6, 1925, and 8.30 a. m., April 7, 1925, \$2,000 of these funds were stolen by a party or parties unknown.

Recommendations.—That Technical Sergt. Lewis G. Briggs, Quartermaster Corps, be held pecuniarily responsible for the loss of \$2,000 of public funds intrusted to his care for disbursement and that he be required to reimburse the United States for the amount of \$2,000.

The post commander approved the majority report and disapproved the minority report.

Upon receipt at headquarters, Second Corps area, the case was reviewed by the Assistant Staff Judge Advocate who, in substance, concurred in the minority report. In his written review he said in part:

"It is believed that the appointment of Sergeant Briggs as assistant to the disbursing officer for the purpose of handling funds for the disbursing officer, as provided in paragraph 3, A. R. 35-220, was authorized, and that the money which came into the hands of Sergeant Briggs, the loss of which is the subject of the proceedings of the board of officers at Camp Alfred Vail, was properly in his hands as assistant to Captain Knowles, the finance officer. It is also believed that the proceedings of the board disclose no neglect upon the part of Captain Knowles with respect to the funds which were lost, but that the loss was due solely to the neglect of Sergeant Briggs in permitting the funds to leave his possession. That this was the occasion and opportunity for the loss of such funds, even though it appears that Sergeant Briggs was acting in good faith in intrusting the funds to Private Hartcorn for the purpose of placing same in an envelope.

* * *

"In view of the fact that Sergeant Briggs was bonded for the express purpose of covering loss of funds in his possession and premium was paid for purpose of indemnifying the Government against such loss, it is recommended that steps be immediately taken to ascertain whether the loss in the present instant is covered by the bond, in which event the bonding company should be called upon to make good the loss thus sustained. In the event of failure of the bonding company to make good the loss, it is believed that the loss should be made good by Sergeant Briggs. It is further considered that, as viewed by this office, Captain Knowles was in no way responsible for the loss of the \$2,000 in question, and it is therefore recommended that he be not held pecuniarily responsible or accountable for such loss and that there be no stoppages against his pay for the same. In fact, if on any theory it may be held that Captain Knowles is pecuniarily responsible, it is believed that resort should be had to his bond rather than stoppage of his pay."

The review of the assistant judge advocate was concurred in by the staff judge advocate.

The corps area commander thereupon approved the minority report and has forwarded the papers to the War Department with the recommendation that steps be taken to collect the amount of the loss from the bonding company under Sergeant Briggs's bond.

When submitted to the Chief of Finance and the Inspector General for administrative review, they recommended approval of the majority report, which held Captain Knowles responsible for the loss of \$2,000, and this recommendation was approved by the War Department and stoppage accordingly directed.

However, since this record shows such grave disagreements in the conclusions arrived at by reviewing and administrative authorities, there appears to be reason for giving Captain Knowles the benefit of the doubt. There is nothing in the record indicating that Captain Knowles received any part of the \$2,000 that was stolen, nor that he was involved in fraud or collusion. Favorable action on the amended bill is therefore recommended.

If any additional information from the War Department is desired, I shall be pleased to furnish it.

The Director of the Bureau of the Budget has been consulted and advises that this proposed legislation is not in conflict with the financial program of the President.

Sincerely yours,

DWIGHT F. DAVIS, *Secretary of War.*