

GEORGE G. SEIBELS

MARCH 13, 1926.—Committed to the Committee of the Whole House and ordered  
to be printed

Mr. JOHNSON of Illinois, from the Committee on Claims, submitted  
the following

REPORT

[To accompany H. R. 912]

The Committee on Claims, to whom was referred the bill (H. R. 912) for the relief of Capt. George G. Seibels, Supply Corps, United States Navy, having considered the same, report thereon with a recommendation that it do pass with the following amendments:

In lines 8 and 10, after the word "Seibels," insert "Supply Corps, United States Navy."

Amend the title to read as follows:

For the relief of Capt. George G. Seibels, Supply Corps, United States Navy.

This is a claim to reimburse Capt. George G. Seibels, of the Supply Corps of the Navy, in the sum of \$170 for money stolen belonging to the United States from Captain Seibels while in the discharge of his duties and paid into the Treasury of the United States by him.

Attached herewith and made a part of this report is a letter from the claimant to the Secretary of the Navy, dated January 3, 1920, setting forth the conditions surrounding the loss of the money involved.

NAVY DEPARTMENT,  
Washington, March 11, 1926.

THE CHAIRMAN COMMITTEE ON CLAIMS,  
*House of Representatives, Washington, D. C.*

MY DEAR MR. CHAIRMAN: Replying further to the committee's letter of February 27, 1926, inclosing a bill (H. R. 912) to authorize the Secretary of the Treasury to reimburse Capt. George G. Seibels, United States Navy, the sum of \$170, money stolen belonging to the United States from the said Capt. George G. Seibels while in the discharge of his duties and paid into the Treasury of the United States by him, and requesting a report as to the merits of this claim, I have the honor to inform you as follows:

The conditions surrounding the loss of the money involved and the reasons for legislative relief in this case are fully set forth in a letter addressed to the

Secretary of the Navy by Capt. George G. Seibels, Supply Corps, United States Navy, dated January 3, 1920, with indorsements thereon, copy of which is herewith inclosed for your information.

The Navy Department recommends that the following changes be made in the bill H. R. 912:

- (1) After the first comma in line 2 of title of bill insert "Supply Corps."
- (2) After the word "Seibels," in line 4 of title of bill, insert "Supply Corps, United States Navy."
- (3) In lines 8 and 10, after the word "Seibels," insert "Supply Corps, United States Navy."

The bill, H. R. 912, which will, if enacted, cost the Government \$170, was referred to the Bureau of the Budget with information that the department contemplated making a favorable recommendation on the bill, and under date of March 8, 1926, the Navy Department was informed that this report would not be in conflict with the financial program of the President.

In view of the above and of the additional facts in this case, as fully set forth in the inclosure, the Navy Department believes that Capt. George G. Seibels, Supply Corps, United States Navy, should be reimbursed by the Government for the loss of \$170 sustained by him while acting in the capacity of disbursing officer at the navy yard, Norfolk, Va., and accordingly recommends that the bill, H. R. 912, be enacted.

Sincerely yours,

CURTIS D. WILBUR, *Secretary of the Navy.*

DISBURSING OFFICE, UNITED STATES NAVY YARD,  
Norfolk, Va., January 3, 1920.

From: George G. Seibels, captain (S. C.), United States Navy, disbursing officer, navy yard, Norfolk, Va.

To: Secretary of the Navy.

Via: Commandant.

Subject: Relief for loss of money in the disbursing office.

Reference: (a) Report of Edward J. Perkins, special agent, dated November 18, 1919; (b) disbursing officer's first indorsement, GGS/B, dated November 25, 1919.

1. When the present incumbent two years ago relieved Pay Director H. A. Dent, United States Navy, as disbursing officer of this yard, it was brought to his attention that Dent, when the public funds were being transferred, had to make good certain losses, amounting to about \$60, it is believed, which had occurred as the result of theft or the careless handling of pay envelopes. Incidentally, it may be remarked that this circumstance did not seem a cheerful prospect to one about to assume responsibility in an office where the expenditures averaged between forty and fifty million dollars annually, the duties of which to successfully perform made it absolutely necessary that money in various amounts be handled and paid out to a certain extent by the clerical assistants assigned to the officer in charge.

2. Feeling somewhat alarmed over the circumstance of the shortage of his predecessor, the disbursing officer determined that he would, if possible, by the constant exercise of extreme care and watchfulness, prevent such shortages or losses during his own incumbency. Nevertheless, within two weeks a pay envelope containing \$15.80 in money mysteriously disappeared. On account of the circumstance attending this loss, the unquestioned reliability and honesty of the employee who was in charge of the pay station where the envelope was presumed to have been lost, the disbursing officer, after careful consideration and such investigation as he was able to make, decided to make the loss good, which he did from his private resources.

3. Having suffered this loss, the disbursing officer resolved to develop a sound system of accountability and responsibility in the matter of handling and paying out pay envelopes, a system by which a given number of envelopes for a shop or shops intended to be paid at a designated pay station would be receipted for by the person in charge of that station, who would be held strictly accountable for any loss of pay envelopes.

4. In the beginning a single blanket receipt form for all pay stations was devised. Waiving a detail explanation of this system, it seemed at first to possess great merit and to fill completely a much-needed requirement. For quite a while it worked successfully. For a longer period than usual there were no pay en-

velopes lost, and it was believed that "rat hole," as it were, had been stopped, but some time later envelopes again began to disappear mysteriously. It was possible under the system adopted, however, to lodge the loss with the person in whose tray of pay envelopes the shortage or loss occurred, it being taken for granted by this person that the loss was the result of his or her carelessness in handing the envelopes out. Accordingly the amount of the loss was, it was understood, apportioned equally between the person in charge of the pay station and assistant or assistants.

5. In the meantime, as afterwards became evident, the persons to whom the disappearance of the envelopes could probably be charged, in other words, the thieves, having failed to beat the Government, as they imagined, were assiduously matching their wits against this system, and in course of time a slight defect was discovered therein. This defect was promptly taken advantage of, despite the utmost watchfulness which was exercised at all times.

6. It was therefore necessary to devise a new system, an absolutely unbeatable one, if possible; and without the defect of the former. In using the phrase "absolutely unbeatable" the disbursing officer would convey this meaning—that it would be impossible for a pay envelope to disappear without its loss being discovered almost immediately and responsibility definitely fixed before the several paying squads left for their respective pay stations. It is not meant that theft could be entirely stopped for such, of course, was and is obviously impossible. Envelopes continued to disappear, after awhile, as formerly, but to a much smaller extent and through no fault of the system which was later devised and adopted, after considerable study and effort were spent in the undertaking.

7. It being at least realized by those engaged in this discreditable transaction that it was getting to be most difficult, on account of extreme watchfulness, to commit theft and impossible to do so without pinching their clerical associates in the office, an entirely new method by which money could be taken or stolen was planned.

9. On the afternoon of Friday, the 5th of September, 1919, the disbursing officer absented himself from his office to engage in the performance of the weekly exercise required by General Order 465. At the time of his departure, about 2.15, the teams regularly detailed to put money into the pay envelopes in preparation for the usual weekly pay day were engaged in this duty. The work was finished during the disbursing officer's absence and, as was customary, the balance on hand in the custody of the "captain" of team 2 was transferred to "captain" of team 1, combined with the latter's balance on hand, and as soon as the putting of money into the envelopes by team 1 had been completed the balance as a whole was transferred to the disbursing officer's assistant, Lieut. B. B. Lipscomb, for count, check up, and safe keeping until such portion of the balance as was generally deemed advisable to transfer to the disbursing officer himself for safe keeping could be turned over to that officer.

10. It seems pertinent here to state that as a matter of prudence and protection within the office it has always been customary to use new paper money, supplied weekly by the United States Treasurer, in making the weekly payments and, so far as practicable, all other payments requiring the handling of bills. Experience has fully justified the practice. In putting this money into pay envelopes it was the custom of each team captain to reverse or turn a package of bills face downward and take the high numbers first, maintaining throughout, in reverse order, the sequence of numbers on bills with those on pay envelopes. By this plan it was comparatively easy to determine the exact location of an error by a very easy and time saving process. It is probable that losses would have been heavier had it not been for this practice of handling new money.

11. In the balance transferred by team 2 to team 1 on the afternoon in question was a broken package of fifty dollar bills, the last two figures of the top bill being 61, showing that 39 bills had been taken from this package and put into pay envelopes. The captain of team 2 states that he did not count the bills but calculated the total amount left in the package from the serial number on the top bill, and listed the balance under this denomination as \$3,050, which amount, in the opinion of the disbursing officer, was then and there correctly stated. The captain of team 1, between the time the balance from team 2 was received by him and the time he transferred the combined balance to Lieutenant Lipscomb, had ample opportunity to count and verify all broken and unbroken packages, but this, according to his statement, he did not do. He accepted the balance in paper money as listed on the transfer slip by the captain of team 2, verifying only the number of unbroken packages and determining the amount of the broken or used

packages by the serial number reading on the top of the first unused bill. Unfortunately, Lieutenant Lipscomb on this particular occasion did not verify the amount of paper money by actual count, but determined it by the number of unbroken or intact packages and serial number reading in case of broken packages, precisely in the same manner as it seems to have been determined by the captains of both teams.

12. The last two figures of the serial number of the top or first unused bill in the case of this particular package of fifty-dollar bills which had been partly used was, as stated above, 61, and the captain of team 1 had written \$3,050 on this bill. This amount was accepted as correct by Lieutenant Lipscomb, who was ignorant of the fact that three of the bills had been surreptitiously removed from about the middle of the package, the thickness of the removed bills being too slight to cause suspicion.

13. The disbursing officer is strongly of the opinion that the three bills were extracted from the unused portion of the package between the time it was transferred by team 2 to team 1 and before it was, in turn, transferred to Lieutenant Lipscomb.

14. From one of the supposedly unbroken packages of twenty-dollar bills one bill had also been surreptitiously removed, but this loss was not discovered until nearly a week later, when the money that had been on the tables for use the previous week was, in view of the discrepancy discovered in the fifty-dollar bills, subjected to a careful count. It is believed that this bill was taken either by the person who extracted the three fifty-dollar bills or by another person in the same team, there being complete understanding and agreement between the two.

15. The loss of the \$50 bills was not discovered until the following day when certain miscellaneous amounts for transfer from Lieutenant Lipscomb's safe to the safe of the disbursing officer were being verified by the disbursing officer before being taken up by him. After the general cash had been counted and verified and it was definitely known that the money had been taken, all banks in Norfolk and Portsmouth were requested to keep a sharp lookout on \$50 bills. The serial numbers of the missing bills were given and it was hoped that if the bills turned up they could be traced back to this office. The loss was also reported to the Department of Justice, a representative of which came over without delay and immediately conducted such inquiry and investigation as he was able to make.

16. This investigation was without appreciable result, as have been all others since that time, whether conducted by the general inspector of the Supply Corps or the Department of Justice. Later a special service man was put on the case by special authority of the Secretary of the Navy. As a result of the several investigations there is one general conclusion, and one only, as to the identity of the person or persons who were responsible for both losses. It was agreed, however, that it would probably be impossible to secure a conviction, if these persons were brought to trial on an appropriate charge. The evidence against those suspected, though admittedly strong, was not sufficiently conclusive, on account of the fact, that up to the time of this incident, it was the rule, believed to be customary with most supply officers, not to verify money received in sealed packages from the Treasurer of the United States. Incidentally, the disbursing officer may remark that until this incident occurred he had for many months considered it practically a waste of time to verify Treasury counts. He has never discovered an error in money received from the Treasurer.

17. The loss of \$170 has been made good by the disbursing officer.

18. In view of the foregoing and in consideration of circumstances to be referred to below the disbursing officer respectfully requests that he be allowed and specially authorized, under a provision in the naval appropriation act of July 11, 1919, intended to provide relief for officers of the Navy who have disbursed Government funds under certain abnormal conditions over which they have no control and for which they were not justly responsible, to reimburse himself the amount he made good and put into the official cash of the United States to offset this loss.

(a) It is submitted that conditions in the disbursing office have been unusual and abnormal during the period of the war, which, to some extent, includes the present time.

(b) The disbursing officer has had to rely on clerical assistance provided and it is inevitable that money must be handled and paid out, to a certain extent, by the clerical assistants. These assistants are not bonded. (They probably should be as a matter of protection to the disbursing officer.)



(c) It has often been necessary to carry on the business of the office, which is essentially money, with new and inexperienced help, the money allotted the office for wages being insufficient, it seems to hold the requisite number of absolutely honest, capable, and dependable men, the only type of man fit for an office of this kind. (In this connection it may be stated that at the present time there exist three vacancies which the disbursing officer has found impossible to fill with the type of men desired for reason given.)

(d) The persons strongly suspected of the many acts of theft referred to herein, including that for which relief is asked, were among the oldest, in point of service, employees in the office, and, so far as the ability to work rapidly and well in any task to which assigned was concerned, among the most efficient, received the lowest rate of pay provided for employees of the office, excepting messenger. Time and time again they had asked for and been recommended for an increase of pay. The recommendations were invariably disapproved by the commandant, acting under instructions from the department, or by the department itself. Each man contributed to the support of his family. In consideration of this, of the extremely high cost of living, and the strong temptations inevitably placed before these persons, it scarcely seems fair or just that the disbursing officer should have to pay the price involved in their moral defection.

(e) This money was lost or stolen during the enforced (general order) absence of the disbursing officer from his office, but for which it is almost absolutely certain the loss would not have occurred, such being the degree of watchfulness exercised by the disbursing officer personally.

(f) In addition to the ordinary duties pertaining to a yard disbursing office, the disbursing officer of this yard has been performing to quite an extent those of a supply officer afloat for many months. At present he carries the accounts of yardcraft, ships in reserve and Eagle boats at the yard. This extra work is not as a rule performed by yard disbursing officers. Embarrassment and difficulty have been encountered in obtaining capable clerical assistants to take care of it, such assistants as have been obtained, as a general rule, had to be taught and trained for this duty. The two yeomen handling this work at the present time served their apprenticeship under the disbursing officer.

(g) There were undoubtedly losses of many thousands of dollars in naval stores during the war, all of which, with but probably few exceptions, have been, or will be, covered by survey, with no pecuniary loss attaching to the supply officers concerned. So far as is known, the only loss in this office where direct responsibility has not been determined and the amount replaced by those directly responsible is this loss of \$170, which, being cash, it seems, can not be surveyed.

GEO. G. SEIBELS.

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[First indorsement]

NAVY YARD, NORFOLK, VA., January 6, 1920.

From: Commandant.

To: Secretary of the Navy.

Subject: Relief for loss of money in the disbursing office.

1. Forwarded, urging that favorable consideration be given this request.

(Signed) G. H. BURRAGE.

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[Second indorsement]

JANUARY 15, 1920.

From: Bureau of Supplies and Accounts.

To: The Judge Advocate General.

Subject: Relief for loss of money in the disbursing office, navy yard, Norfolk, Va.

1. An expression of opinion is requested as to whether or not the disbursing officer at Norfolk may be relieved of the loss sustained by him under the following provision of the act approved July 11, 1919:

"The accounting officers of the Treasury shall relieve any disbursing officer of the Navy charged with responsibility on account of loss or deficiency while in the line of his duty, of Government funds, vouchers, records, or papers, in his charge, where such loss or deficiency occurred without fault or negligence on the part of said officer: *Provided further*, That the determination by the Secretary of the Navy of the aforesaid questions shall be conclusive upon the accounting officers of the Treasury: *Provided further*, That all cases of relief granted

under this authority during any fiscal year shall be reported in detail to the Congress by the Secretary of the Navy."

2. It will be noted in the seventeenth paragraph of attached letter that the disbursing officer has reimbursed the Government in the amount of the loss and that therefore relief would be in the nature of a refund.

3. Return of papers is requested.

SAMUEL MCGOWAN.

[Third indorsement]

DEPARTMENT OF THE NAVY,  
OFFICE OF THE JUDGE ADVOCATE GENERAL,  
*Washington, January 27, 1920.*

From: The Judge Advocate General.

To: The Chief of the Bureau of Supplies and Accounts.

Subject: Relief for loss of money by the disbursing officer, navy yard, Norfolk, Va., when disbursing officer has deposited the amount of the shortage.

1. Returned.

2. This office is of the opinion that in view of the fact that Capt. George G. Seibels (S. C.), United States Navy, has deposited the amount of the shortage here in question, and which is alleged to have been stolen by civilian employees, there is no authority to consider the case of Captain Seibels under the provision of the act of July 11, 1919. This officer has not been officially charged with responsibility on account of the money alleged to have been stolen, nor will he be, inasmuch as he had deposited the amount and, therefore, his case does not come within the provisions of the above-quoted law.

GEO. R. CLARK.

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