

# Calendar No. 519.

Claims Commission,  
1st Session.

SENATE

REPORT  
No. 577.

JOSEPH J. SCOTT.

JUNE 30, 1916.—Ordered to be printed.

Mr. SIMMONS, from the Committee on Finance, submitted the following

## REPORT.

[To accompany H. J. Res. 158.]

The Committee on Finance, to whom was referred the joint resolution (H. J. Res. 158) authorizing and directing the Secretary of the Treasury to credit the stamp account of Joseph J. Scott, as collector of internal revenue of the first collection district of California, in the sum of \$300, being the representative value of certain internal-revenue special-tax stamps which were lost from the office of the said collector, having considered the same, report thereon with a recommendation that it do pass.

The report of the House Committee on Claims is appended hereto and made a part hereof.

[House Report No. 435, Sixty-fourth Congress, first session.]

The Committee on Claims, to whom was referred the joint resolution (H. J. Res. 158) authorizing and directing the Secretary of the Treasury to credit the stamp account of Joseph J. Scott, as collector of internal revenue of the first collection district of California, in the sum of \$300, being the representative value of certain internal-revenue special-tax stamps which were lost from the office of the said collector, having considered the same, report thereon with a recommendation that it do pass.

This bill authorizes the Secretary of the Treasury to credit the account of Joseph J. Scott, collector of internal revenue of the first collection district of California with the sum of \$300, being the value of certain internal-revenue stamps which were lost from the office of the said collector. A letter from the Acting Secretary of the Treasury to the chairman of the Committee on Claims under date of March 18, 1916, transmitting a full report on this matter in which all the facts are set forth is herewith made a part of this report.

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
Washington, March 18, 1916.

Hon. E. W. Pou,  
Chairman Committee on Claims,  
House of Representatives, Washington, D. C.

SIR: In reply to your request of the 26th ultimo for the papers in the case of Joseph J. Scott, collector first district of California (H. J. Res. 158), there are inclosed copies of report of Revenue Agent W. H. Atkinson of his examination, showing condition of the office of Collector Scott at the close of business October 14, 1915, and correspondence connected therewith, and office letter of the 2d instant, and Collector Scott's reply of the 10th instant, and the affidavits of Deputy Collectors Lyng, Poyfaire, and Weber.

You are advised that the bill for the relief of Collector Scott, in the amount of \$300, the value of bowling alley, billiard or pool table, special tax stamps contained in book No. 5444, has the approval of the Commissioner of Internal Revenue, and I concur therewith.

Respectfully,

B. R. NEWTON, *Acting Secretary.*

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UNITED STATES INTERNAL REVENUE.

STATEMENT ACCOMPANYING REPORT ON FORM 188 OF REVENUE AGENT W. H. ATKINSON SHOWING CONDITION OF THE OFFICE OF JOSEPH J. SCOTT, COLLECTOR FIRST DISTRICT OF CALIFORNIA, AT THE CLOSE OF BUSINESS ON THE 14TH DAY OF OCTOBER, 1915.

REMARKS.

Deficiency of 721 B. A. and P. T. coupons, value \$330.41½. On May 17, 1915, this office received an invoice of 200 books, serial numbers 5288-5487, as shown by the vault tickler and also by invoice on file Form 7501, which was made out for the sixth California district, but evidently intended for and received by this office. Of the above-named serial numbers all are accounted for except No. 5444, which is missing from the office, and no schedule shows it has been placed in transitu. The various desks and vaults of the main office, as well as the stamp offices, were carefully searched and the accounts closely inspected, with the result that no trace of the missing book was found. This book contained 720 coupons, with the value of \$300. The collector made a deposit of 42 cents to cover the deficiency of one coupon, and stated that, after making another careful search, if he failed to locate the missing book he would deposit the necessary amount to bring the account into balance.

CC 1-Examination of office.

DECEMBER 22, 1915.

JOSEPH J. SCOTT, Esq.,  
*Collector First District, San Francisco, Cal.*

SIR: There is inclosed herewith a copy of the report of Revenue Agent W. H. Atkinson, who recently completed an examination of your office, with request that you personally give careful consideration to the matters which are made the subject of criticism and advise this office in detail as to what action you have taken or propose to take concerning each item referred to. Please number the paragraphs of your letter to correspond with those of the agent's report.

From the statements made on Form 180, accompanying the report on Form 465, it appears that the stamp account in your office is not verified by actual count at the close of business each day and that the stamps on hand as shown by monthly reports are not verified by actual count at the end of each month. It is also noted that the collections made and abatements allowed are not regularly checked on the lists, and that the amount outstanding on each list, as shown on Form 51, is not verified by actual comparison with and examination of the lists. This probably accounts in a large measure for the discrepancies found in the lists and stamp accounts. \* \* \*

Respectfully,

(Signed.)

DAVID A. GATES,  
*Acting Commissioner.*

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TREASURY DEPARTMENT,  
INTERNAL-REVENUE SERVICE,  
OFFICE OF THE COLLECTOR FIRST DISTRICT OF CALIFORNIA,  
*San Francisco, Cal., December 31, 1915.*

Hon. W. H. OSBORN,  
*Commissioner Internal Revenue, Washington, D. C.*

SIR: Pursuant to the instructions in CC-1, dated December 22, 1915, I have the honor to advise in detail the action I have taken concerning each item referred to by Revenue Agent Atkinson in his report on this office dated October 14, 1915.

\* \* \* \* \*

Another search is now being made for BH and PT book, No. 5444, and it is hoped that the book can be found. If the effort to find it should prove unavailing, its value, \$300, will be deposited. The amount 42 cents has already been deposited to cover one coupon.

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Respectfully,

(Signed) JOSEPH J. SCOTT, *Collector.*

(Action relative to deficit in special-tax stamp account.)

TREASURY DEPARTMENT,  
OFFICE OF COMMISSIONER OF INTERNAL REVENUE,  
*Washington, March 2, 1916.*

J. J. SCOTT, Esq.,  
*Collector First District, San Francisco, Cal.*

SIR: This office is in receipt of a copy of bill, H. J. Res. 158, for your relief "in the sum of \$300, being the representative value of certain internal-revenue bowling alley and billiard table special-tax stamps which were lost during the rush of business incident to the collection of the special taxes imposed by the act of Congress dated October 22, 1914, it having been definitely ascertained that the same have never been issued." The chairman of the House Committee on Claims requests that all papers, or copies of same, on file in this office relating to this claim, together with the opinion of this office as to its merits, be forwarded for the use of the committee.

The only papers on file here relating to the loss of the stamps referred to in this bill are the report of the examination of your office by Revenue Agent Atkinson in October, 1915, copy of office letter dated December 22, 1915, "CC 1-Examination of office," and your reply, dated December 31, 1915.

In order that this office may have all the material facts in this case on which to base its opinion as to its merits, you should prepare and forward to this office at the earliest possible moment a statement (in duplicate) under oath setting forth all such facts, in which you should state whether or not on May 17, 1915, when you received the invoice of 200 books, serial numbers 5288-5487, including book No. 5444, the book in question, these stamps were counted in the presence of at least one disinterested witness, as required by regulation No. 2, page 26, and give all facts relating to their loss. Your statement should be supported by affidavits (in duplicate) from every person connected with the custody of special tax stamps.

On your February Form 51-B in the statement of special tax stamps you should credit in column 6 the actual value to the nearest cent of stamps actually on hand and in transitu at the close of business February 29, 1916, as required by note H, and interline above in red ink "Lost \$300." On subsequent reports on Form 51-B this red ink entry should be made in columns 2-a, 2, and 6, until this loss has been satisfactorily adjusted.

Likewise, on February Form 68, you should report this loss of \$300 on line 14 and in subsequent reports on Form 68 carry it on lines 5 and 14.

You will please give this matter your immediate attention and forward the statement and affidavits, all in duplicate, at the earliest possible moment.

Respectfully,

(Signed) DAVID A. GATES,  
*Acting Commissioner.*

TREASURY DEPARTMENT,  
INTERNAL-REVENUE SERVICE,  
OFFICE OF THE COLLECTOR FIRST DISTRICT OF CALIFORNIA,  
*San Francisco, Cal., March 10, 1916.*

HON. W. H. OSBORN,  
*Commissioner of Internal Revenue, Washington, D. C.*

SIR: Referring to your letter of March 2, 1916, action relative to deficit in special-tax stamp account, I have the honor to inclose herewith, in duplicate, the following:

Affidavit of Deputy Collector Walter J. Lyng, who, on May 17, 1915, was in charge of the stamp vault of this office and received the invoice of billiard and pool special-tax books from which No. 5444 was subsequently lost.

Affidavit of Deputy Collector M. C. Poyfaire, in whose presence Deputy Collector Lyng received the above-mentioned invoice and checked it into the stock of this office.

Affidavit of Deputy Collector J. H. Weber, to whom, on July 1, 1915, Deputy Collector Lyng delivered certain billiard and pool special-tax books, among them book No. 5444.

The above-mentioned affidavits set forth the facts regarding the receipt by this office of the invoice of the billiard and pool special-tax books from which book No. 5444 was lost. A careful canvass has been made, and it has been definitely ascertained that none of the special-tax stamps have been issued from book No. 5444. This canvass has comprised a painstaking search of the work of the stamp office at Oakland, Sacramento, and Fresno, Cal. Every desk and every cabinet in this office has been searched, but book No. 5444 can not be found.

It is my opinion that the book, which in its complete form is very thin, was swept from the desk where special-tax stamps were being issued into the paper rubbish on the floor or in a waste-paper basket by the janitor.

The loss of the book was not discovered until Revenue Agent Atkinson made his examination of the office.

The handling of the great volume of special-tax work incidental to the extension of the provisions of the emergency revenue act of October 22, 1914, made necessary the detailing to the issuance of special-tax stamps of deputy collectors who were unfamiliar with them. It was impossible to prevent some confusion, and in this confusion I am convinced this one book became misplaced and subsequently lost.

If there is any additional data I can give you regarding the loss of this book, I should be pleased to have you advise me.

Respectfully,

JOSEPH J. SCOTT, *Collector.*

SAN FRANCISCO, CAL., *March 8, 1916.*

Walter J. Lyng, deputy collector United States internal revenue, being duly sworn, deposes and says that during the month of May, 1915, he was in charge of the stamp vault in the office of the collector of internal revenue, first district of California, at San Francisco, Cal., and that on May 17, 1915, an invoice of 200 billiard and pool special-tax stamp books, serial Nos. 5288-5487, series 1915-16, were received in this office. These books were counted in the presence of Deputy Collector M. C. Poyfaire. On July 1, 1915, serial Nos. 5437 to 5456, inclusive, were delivered to Deputy Collector J. H. Weber, who had charge of the issuance of special-tax stamps. Book No. 5444 was among those delivered to Deputy Collector J. H. Weber.

WALTER J. LYNG, *Deputy Collector.*

Subscribed and sworn to before me this 8th day of March, 1916.

A. C. SCOTT, *Deputy Collector.*

SAN FRANCISCO, CAL., *March 8, 1916.*

M. C. Poyfaire, deputy collector United States internal revenue, first district of California, being duly sworn, deposes and says, that on May 17, 1915, he assisted Deputy Collector Walter J. Lyng check invoice of 200 billiard and pool special tax stamp books, serial Nos. 5288-5487, series 1915-16, book No. 5444 being among those counted.

M. C. POYFAIRE, *Deputy Collector.*

Subscribed and sworn to before me this 8th day of March, 1916.

M. M. MADSON, *Deputy Collector.*

SAN FRANCISCO, CAL., *March 8, 1916.*

J. H. Weber, deputy collector United States internal revenue, first district of California, being duly sworn, deposes and says that on July 1, 1915, he received from Deputy Collector Walter J. Lyng, billiard and pool special tax stamp books, series 1915-16, serial Nos. 5437-5456, inclusive. That book No. 5444 was among those received; that the stamps in this book were never issued; that the same was in some unknown manner lost from the office of Collector Joseph J. Scott during the rush of business incident to the collection of special taxes.

J. H. WEBER, *Deputy Collector.*

Subscribed and sworn to before me this 8th day of March, 1916.

WARREN W. KING, *Deputy Collector.*