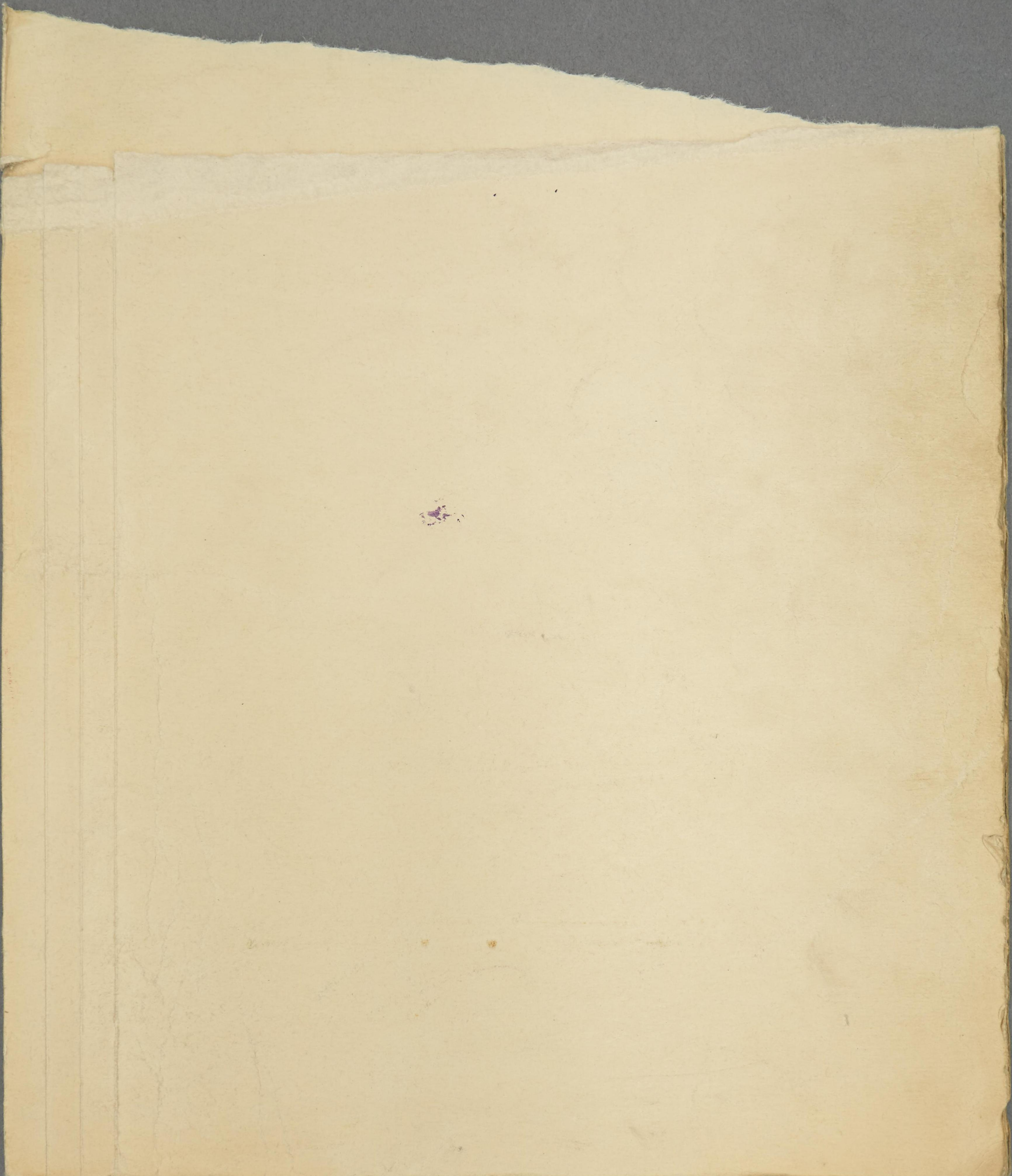


DECLASSIFIED
Authority NND 975029



CONFIDENTIAL

201 Giddings
X 600
X 2000
X 2000

GD P&P FLR/ajs
31 January 1950

MEMORANDUM FOR RECORD

SUBJECT: W 99002 re Capt. Giddings Report of Alleged Illegal Disposal
Govt Property in P.I.

1. By direction of C/S action on this msg was transferred from PMO
to G-4. This accounts for REVISED msg.

2. G-4 Duty Officer 29 Jan 50 (Col. Rash) contacted PMO (Lt. Col. Read)
who stated PMO had no records in this case and that he had dispatched a radio
query thru FEAF channels to PHILCOM (AF) INVESTIGATING Section as to whether
these records were on hand. It was believed that all such records had been
turned over to PHILCOM (AF). Col. Rash advised Lt. Col. Read to cancel this
message.

3. A search was made in G-4 and AG files without result.

4. IG (Col. Martin) reported he had searched his files without result.

5. Engr (Gen Christiansen) who was reported to have knowledge of the
report was contacted by Gen. Eberle; Gen. Christiansen could not assist.

6. G-4 (Gen Eberle) personally prepared C/N to C/S proposing dispatch
of a radio to DA and another to PHILCOM (AF) stating to the former that
no records were filed in Tokyo and to the latter to search for and comply
with DA radio.

7. C/S personally replied to W 99002 by dispatching C-54671 to DA. No
message was sent to PHILCOM (AF).

8. This completed the action and nothing further is required by G-4.

9. Journal numbers 1110 and 1106 both refer to this same action.
Action complete on 1106.

F.L.R. *JLR*

G-4 ROUTING	
A C/S G-4	<i>[initials]</i>
D AC/S G-4	
EXECUTIVE	
PLANS & POLICY	<i>[initials]</i>
OPERATIONS	
CONST & FAC	
SUPPLY	
PETROLEUM	
PERSONNEL	
TRAINING	

DISPATCHED
31 JAN 1950
G-4 C-4

[Handwritten signature]

CONFIDENTIAL

4 File Copy

Rep
1106

G-4 File Copy

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GENERAL HEADQUARTERS, FAR EAST COMMAND
ADJUTANT GENERAL'S OFFICE
RADIO AND CABLE CENTER

INCOMING MESSAGE

Confidential
EMERGENCY
ACTION COPY

G-4 ROUTING	
ASST. DIR. G-4	
ASST. DIR. G-4	
ADJ. DIR. G-4	
OPERATIONS & POLICY	
TER/rjs	
PERSONNEL & FAC	
SUPPLY	
PETROLEUM	
29 Jan 50	
PERSONNEL ADMINISTRATION	#

FROM : DA (PMG) WASH DC
TO : SCAP TOKYO JAPAN
NR : W 99002

Do you have report dtd 7 mar 47 by Capt J D Giddings Army ref alleged illegal disposal Govt property in Philippines? From V-J Day to date above report. If report available rqst copy sent most expeditious means to PMG.

NO SIG

REVISED (29 Jan 50)

ACTION : G-4

INFORMATION : COMMANDER IN CHIEF, CHIEF OF STAFF, G-1, G-2, AG, PROVOST MARSHAL

NOTE: This msg passed by AG Rad & Cable Ctr via courier to CG REAF TOKYO JAPAN for info.

NOTE: This msg passed to Comm Ctr for electrical transmission to CG PHILCOM (AF) CAFE LUZON PI for info.

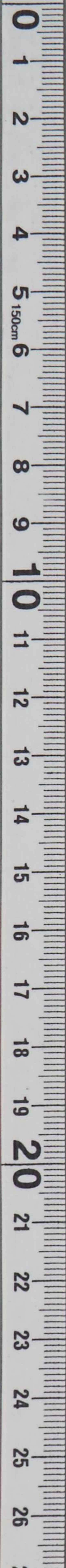
ACTION COPY

48787

TOO : 282156 Z
MCN : 56486

Consult Crypto-Center before declassifying. Paraphrase not required. Handle as correspondence of classification carried hereon per paragraphs 17 a (1) (2), and 41 a (2) (3), AR 380-5, 15 Nov 49. Paraphrase not required. Handle as correspondence of classification carried hereon per paragraphs 51i and 60a, AR 380-5.

27



[Faint, mostly illegible text and markings on a pinkish paper. The text appears to be bleed-through from the reverse side of the page. There are two circular punch holes near the top edge.]

RECEIVED
29 JAN 1950
U.S. AIR FORCE
OFFICE OF THE ASSISTANT SECRETARY
FOR AIR FORCE AFFAIRS
WASHINGTON, D.C.

GENERAL HEADQUARTERS
FAR EAST COMMAND
CONFIDENTIAL
CHECK SHEET

(Do not remove from attached sheets)

File No: _____ Subject: Capt Giddings Report Reference Alleged
Illegal Disposal Government Property
in Philippines.

Note No. From: G-4 To: C/S Date: 29 JAN 1950

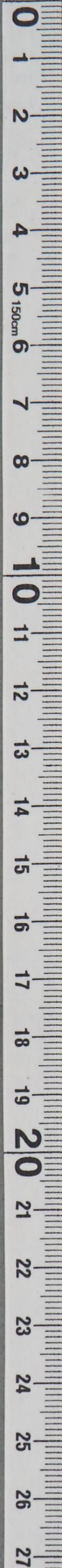
1. Reference attached message from D/A (W99002) and oral conversation C/S and G-4 this date.
 2. A search of AG, Provost Marshal, and G-4 files this date reveals no record of subject report.
 3. An attempt on the part of the undersigned to discuss the subject with General Christiansen disclosed that he is playing golf and will not be available until this evening.
 4. If dispatch of message cannot be delayed until General Christiansen's return, it is recommended the attached draft messages to ✓D/A and Philcom (AF) be approved for dispatch.
- 3 Incls
 1. Msg from D/A
 2. Msg to Philcom (AF)
 3. Msg to D/A

ML
----- G. L. E. -----

*See copy of radio
to SFA att'd -
a*

CONFIDENTIAL

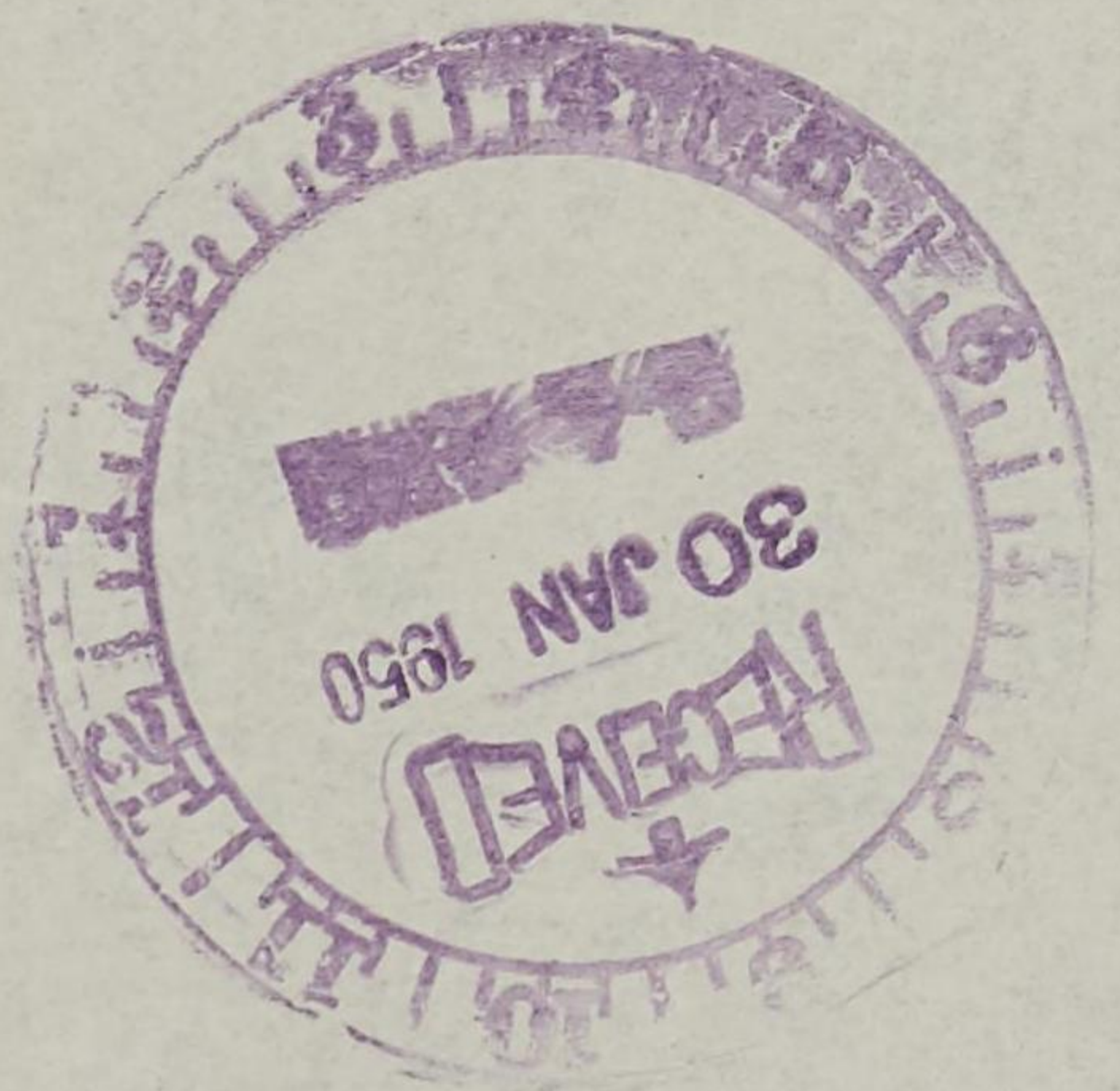
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GENERAL HEADQUARTERS
FOR EAST COMMAND
CHECK SHEET

Do not remove from attached sheets
The following are the items to be checked
Subpart 1 of the attached sheets

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CONFIDENTIAL

GENERAL HEADQUARTERS, FAR EAST COMMAND
ADJUTANT GENERAL'S OFFICE
RADIO AND CABLE CENTER

INCOMING MESSAGE

Confidential
EMERGENCY

G-4 ROUTING	
ADJ G-4	
ASST ADJ G-4	
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OPERATIONS	
CONST & FAC	
SUPPLY	
RETROUVEU	
PERSONNEL	
ADMINISTRATION	A

FROM : DA (PMG) WASH DC
TO : SCAP TOKYO JAPAN
NR : W 99002

Do you have report dtd 7 mar 47 by Capt J D Giddings
Army ref alleged illegal disposal Govt property in Philippines?
From V-J Day to date above report. If report available reqst
copy sent most expeditious means to PMG.

NO SIG

REVISED (29 Jan 50)

ACTION : G-4

INFORMATION : COMMANDER IN CHIEF, CHIEF OF STAFF, G-1, G-2, AG,
PROVOST MARSHAL

NOTE: This msg passed by AG Rad & Cable Ctr via courier to
CG FEAF TOKYO JAPAN for info.

NOTE: This msg passed to Comm Ctr for electrical transmission
to CG PHILCOM (AF) CAFPB LUZON PI for info.

48787

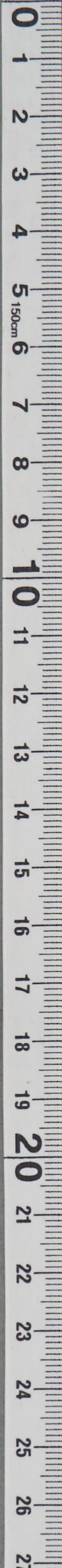
Confidential
EMERGENCY

TOO : 282156 Z
MCN : 56486

Consult Crypto-Center before declassifying.
Paraphrase not required. Handle as correspondence of
classification carried hereon per paragraphs 17 a (1)
(2), and 41 c (2) (3), AR 380-5, 15 Nov 49.
Paraphrase not required. Handle as correspondence of classification carried hereon
per paragraphs 51i and 60a, AR 380-5.

Incl # 1

1106²⁸



[Faint, mostly illegible text and markings on a pinkish paper. The text appears to be bleed-through from the reverse side of the page. Some words like 'RECEIVED' and '29 JAN 1950' are visible in a circular stamp near the bottom center.]

RECEIVED
29 JAN 1950

D R A F T

GENERAL HEADQUARTERS
FAR EAST COMMAND

OUTGOING MESSAGE

UNCLASSIFIED

FROM: CINCFE TOKYO JAPAN
TO: CG PHILCOM (AF) CLARK AFB, PI. ROUTINE

DA msg W-99002, 29 January to SCAP TOKYO, as
quoted below, is passed to you for action. Quote. Do you have report
dtd 7 Mar 47 by Capt. J. D. Giddings Army ref alleged illegal disposal
Gov't property in Philippines? From V-J Day to date above report.
If report available rqst copy sent most expeditious means to PMG.
End quote.

OFFICIAL:

APPROVED:

K. B. BUSH
Brigadier General, AGD
Adjutant General.

G. L. EBERLE
Major General, General Staff Corps
Assistant Chief of Staff, G-4

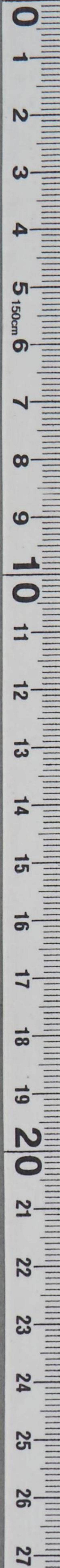
UNCLASSIFIED

NOT USED
JLR

D R A F T

see C-54671
to D/A.

Incl # 2



D R A F T

GENERAL HEADQUARTERS
FAR EAST COMMAND

OUTGOING MESSAGE

UNCLASSIFIED

FROM: CINCFE TOKYO JAPAN
TO: DA WASH DC. ROUTINE

Reference ur W-99002. No, repeat, no record available this headquarters of report dated 7 March 47 by Capt. J. D. Giddings reference alleged illegal disposal Government property in Philippines. Subject is believed to be administrative matter heretofore handled directly between Philippine Command and Department in Washington. Your W-99002 is being quoted to CG PHILCOM (AF) for action

OFFICIAL: APPROVED:

K. B. BUSH
Brigadier General, AGD
Adjutant General

G. L. EBERLE
Major General, General Staff Corps
Assistant Chief of Staff, G-4

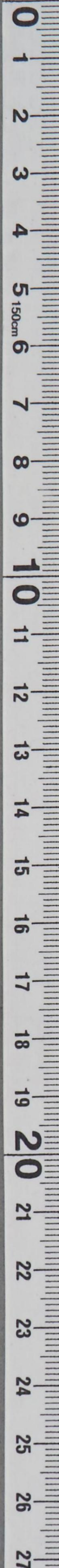
NOT USED
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UNCLASSIFIED

D R A F T

see C-54671
to D/A

Incl # 3



C O N F I D E N T I A L

GENERAL HEADQUARTERS
FAR EAST COMMAND

OUTGOING MESSAGE

CofS: EIA/wrb
Office & Initials

29 January 1950
Date

FROM: CINCFE TOKYO JAPAN

TO : DA WASH DC. EMERGENCY

(*54671*) Reurmsg W-99002. There is no repeat no record in this headquarters of report dated 7 March 1947 by Capt J. D. Giddings reference alleged illegal disposal of government property in the Philippines. Subject is an administrative matter directly concerning the then Army Command in the Philippines (PHILRYCOM) and the Department of Army in Washington.

OFFICIAL:

K. B. BUSH
Brig Gen, AGD
Adjutant General

*This radio dispatch
by G.S. Radio to Philcom
not sent*

COPIES TO:

- CinC
- CofS
- G-1
- G-2
- G-4
- PM
- AG

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MANILA, JAN. 28--(UP)--AN AMERICAN OFFICIAL IN CHARGE OF WINDING UP UNITED STATES GOVERNMENT DISPOSAL OF WAR SURPLUS PROPERTY IN THE PHILIPPINES SAID TODAY THAT THEFT OF \$2,000,000,000(B) WORTH OF SURPLUS GOODS WOULD HAVE BEEN IMPOSSIBLE BECAUSE THE TOTAL VALUE WAS ONLY LITTE MORE THAN HALF THAT FIGURE.

JAMES A. MCCONNELL, AREA DIRECTOR OF THE UNITED STATES SURPLUS PROPERTY DIVISION, SAID THE TOTAL PROCUREMENT COST OF SUCH GOODS TURNED OVER TO THE PHILIPPINE GOVERNMENT SINCE THE END OF THE WAR WAS ONLY \$1,112,000,000(B).

MCCONNELL MADE THIS STATEMENT TO THE UNITED PRESS IN COMMENTING ON PRESS DISPATCHES FROM THE UNITED STATES QUOTING GOVERNMENT SOURCES DENYING THAT \$2,000,000,000 WORTH OF PROPERTY HAD BEEN STOLEN IN THE PHILIPPINES.

MCCONNELL SAID HE NEVER SAW ANY ESTIMATE OF EVEN THE AMOUNT OF SUCH THEFTS BUT ACKNOWLEDGED THAT THERE HAD BEEN WIDESPREAD STEALING OF AMERICAN GOODS HERE. HE SAID, HOWEVER, REPORTS OF SURPLUS GOODS ROBBERIES MAY HAVE INCLUDED PROPERTY OTHER THAN SURPLUS.

MCCONNELL SAID, "THERE WERE PLENTY GOODS STOLEN HERE THAT NEVER WERE INTENDED AS SURPLUS."

PHILIPPINE CONGRESSMAN ARSENIC LACSON, MEMBER OF THE MINORITY PARTY, SAID HE BELIEVED THE \$2,000,000,000(B) FIGURE WAS "SUBSTANTIALLY CORRECT."

MORE

NEWS RELEASES RE PROPERTY IN PI

ADD SURPLUS PROPERTY MANILA X X X CORRECT

HE SAID, "THAT AMOUNT COULD HAVE BEEN REALIZED AND THE ESTIMATE OF LOS IS REASONABLE. THERE IS NO DOUBT THAT DEPOTS WERE LOOTED BY GI'S WHEN THE FOREIGN LIQUIDATION COMMISSION OF THE UNITED STATES GOVERNMENT WAS TAKING CARE OF THE EQUIPMENT AND EVEN WHEN THE PHILIPPINE GOVERNMENT HAD TAKEN OVER WITH THE ESTABLISHMENT OF THE SURPLUS PROPERTY COMMISSION."

LACSON, WHO IS A MEMBER OF THE NACIONALISTA PARTY, SAID SEVERAL UNITED STATES ARMY MEN AND A FEW FILIPINOS MADE "MILLIONS" IN SURPLUS PROPERTY.

MCYONNELL EXPLAINED DISPOSITION OF SURPLUS PROPERTY BEGAN ABOUT MARCH OR APRIL OF 1946 ALTHOUGH THE BULK SALE AGREEMENT WAS NOT SIGNED UNTIL SEPTEMBER 11 1946.

THE DISPOSITION OF SUCH PROPERTY REMAINING WAS OFFICIALLY ENDED SEPTEMBER 30 1949 WHEN THE QUALITY AND VALUE OF THE REMAINING GOODS MADE THE COST OF HANDLING THEM PROHIBITIVE. SPECIAL ITEMS ARE STILL BEING TURNED OVER UNDER SPECIAL AGREEMENT.

--HC1635P--

WASHINGTON, Jan. 29- (UP)- THE WASHINGTON POST CALLED FOR CONGRESSIONAL INVESTIGATION OF THE "SCANDALOUS LOSS" OF \$2,000,000,000 (B) WORTH OF UNITED STATES MILITARY EQUIPMENT IN THE PHILIPPINES.

THE EDITORIAL SAID THIS MIGHT ENCOURAGE PHILIPPINE GOVERNMENT RESISTANCE TO CORRUPTION IN THE ISLANDS' OWN AFFAIRS.

IT SAID : " LOOSE MANAGEMENT OF UNITED STATES PROPERTY IN THE PHILIPPINES, AS ELSEWHERE IN THE PACIFIC, HAS UNDOUBTEDLY CONTRIBUTED TO THE WAVE OF POST-WAR CORRUPTION THAT HAS BEEN EXPERIENCED IN THE ISLANDS.

"MISMANAGEMENT OF SUCH A VAST STOCKPILE OF MATERIAL IN A COUNTRY THAT IS JUST GETTING ITS POLITICAL INSTITUTIONS ESTABLISHED IS INEVITABLY A DEMORALIZING INFLUENCE. IT INVITES CORRUPTION. "

THE POST SAID CONGRESSIONAL INQUIRY WAS THE "MOST DIRECT WAY OF GETTING TO THE BOTTOM OF THE SCANDALOUS LOSS. "

WASHINGTON , JAN. 29--(UP)--PHILIPPINE FINANCE MINISTER PIO PEDROSA TOLD THE UNITED PRESS THAT HE WOULD WELCOME UNITED STATES INVESTIGATION OF ALLIED SURPLUS PROPERTY SCANDALS "TO PUT AN END ONCE AND FOR ALL TO A TROUBLESOME RECURRENT GOVERNMENT HEADACHE."

PEDROSA SAID, " I CAN ASSURE YOU THAT PRESIDENT QUIRINO WILL BE ONLY TOO HAPPY TO PROSECUTE ANY GUILTY FILIPINOS TURNED UP BY AN INVESTIGATION." BUT HE SAID THAT HE THOUGHT THAT VARIOUS RECENT VERSIONS IN THE PRESS OR OTHERWISE ABOUT \$2,000,000,000 (B) WORTH OF PROPERTY BEING STOLEN OR GOING ASTRAY IN THE PHILIPPINES WERE "EXAGGERATED."

HE CONFIRMED, HOWEVER, THAT THE PHILIPPINES REALIZED ONLY ABOUT \$45,000,000 (M) IN DISPOSING OF SURPLUS PROPERTY ASSIGNED BY THE UNITED STATES TO THE PHILIPPINES WITH A GUARANTEED RESALE VALUE OF \$100,000,000 (M).

PEDROSA WAS REACHED AT BALTIMORE MD BY PHONE ON THIS SUBJECT. HE IS WITH PRESIDENT ELPIDIO QUIRINO THERE.

WHEN ASKED ABOUT REPORTS THAT THE UNITED STATES SENATE AND THE ARMY INTELLIGENCE DIVISION OF THE DEFENSE DEPARTMENT ARE CONSIDERING INVESTIGATION OF THE MATTER, PEDROSA SAID HE HAD BEEN TOLD NOTHING ABOUT IT IF IT WAS TRUE.

MORE

ADD PEDROSA WASHINGTON XXX TRUE

"IT IS NONE OF OUR BUSINESS IF THE UNITED STATES WANTS TO INVESTIGATE ITS NATIONALS IN SURPLUS IRREGULARITIES," HE COMMENTED. "BUT I THINK IT WOULD CERTAINLY BE WORTH WHILE FOR IT TO CONDUCT AN INVESTIGATION FROM ITS OWN END."

HE SUGGESTED THAT THE INVESTIGATION, HOWEVER, MIGHT BE CONDUCTED THROUGH A JOINT PHILIPPINE-UNITED STATES GOVERNMENT AGREEMENT.

ASKED ABOUT SURPLUS SCANDAL ALLEGATIONS CIRCULATED FROM NEW YORK DURING THE PAST TWO DAYS, ARMY UNDERSECRETARY TRACY VOORHEES ACKNOWLEDGED THAT THE ARMY HAD LONG BEEN AWARE THAT THERE WERE CERTAIN IRREGULARITIES BUT HE OFFERED THE EXPLANATION THAT THEY RESULTED FROM THE ARMY'S RESPONDING TO PUBLIC DEMANDS BY MOVING ITS TROOPS TOO QUICKLY OUT OF THE PHILIPPINES.

~~REDACTED~~ WHEN ASKED ABOUT THE SUPPOSED ARMY REPORT GIVING DETAILS OF THE ALLEGED SURPLUS SCANDALS, VOORHEES SAID THAT NO COPY WAS AVAILABLE IN WASHINGTON.

HE SAID THAT THE REPORT WAS AT LEAST THREE YEARS OLD AND THAT THE ONLY COPIES EXTANT TO HIS KNOWLEDGE ARE IN TOKYO, MANILA AND THE ARMY RECORDS GRAVEYARD IN ST. LOUIS.

THIS REPORT DIFFERED FROM THE STORY TOLD THE UNITED PRESS BY SENATE EXPENDITURES COMMITTEE STAFF MEMBERS. THEY SAID THAT ARMY INTELLIGENCE TALKED TO THEM ABOUT THE MATTER AND GAVE EVERY INDICATION IT HAD THE REPORT AT ITS FINGER TIPS.

MORE

THIRD PEDROSA WASHINGTON XXX FINGER TIPS

THEY SAID THAT ~~SM~~ AS FAR AS THEY WERE CONCERNED, THEY HAD SO FAR STARTED AN INQUIRY, NOT AN INVESTIGATION. THEY SAID THAT THE INQUIRY HAS TWO GOALS:

- 1) TO DETERMINE IF THE COMMITTEE WOULD HAVE JURISDICTION TO INVESTIGATE IN THE PHILIPPINES;
- 2) IF SUCH AN INVESTIGATION WOULD BE JUSTIFIED.

.....

SANTA ANITA, CALIFORNIA, JAN. 29.--(UP)--PONDER, WINNER OF THE KENTUCKY DERBY LAST SPRING, UNLEASHED A GREAT FINISH TO WIN A SMASHING VICTORY IN THE \$100,000 SANTA ANITA FUTURITY STAKES, ONE OF THE LEADING EVENTS OF THE UNITED STATES WINTER RACING SEASON.

....:DI 1020AM....

201 Giddings
X 607
X 4007
X 891 PI

Hand carried to Ck

CONFIDENTIAL

Capt Giddings Report Reference Alleged
Illegal Disposal Government Property
in Philippines.

G-4

C/S

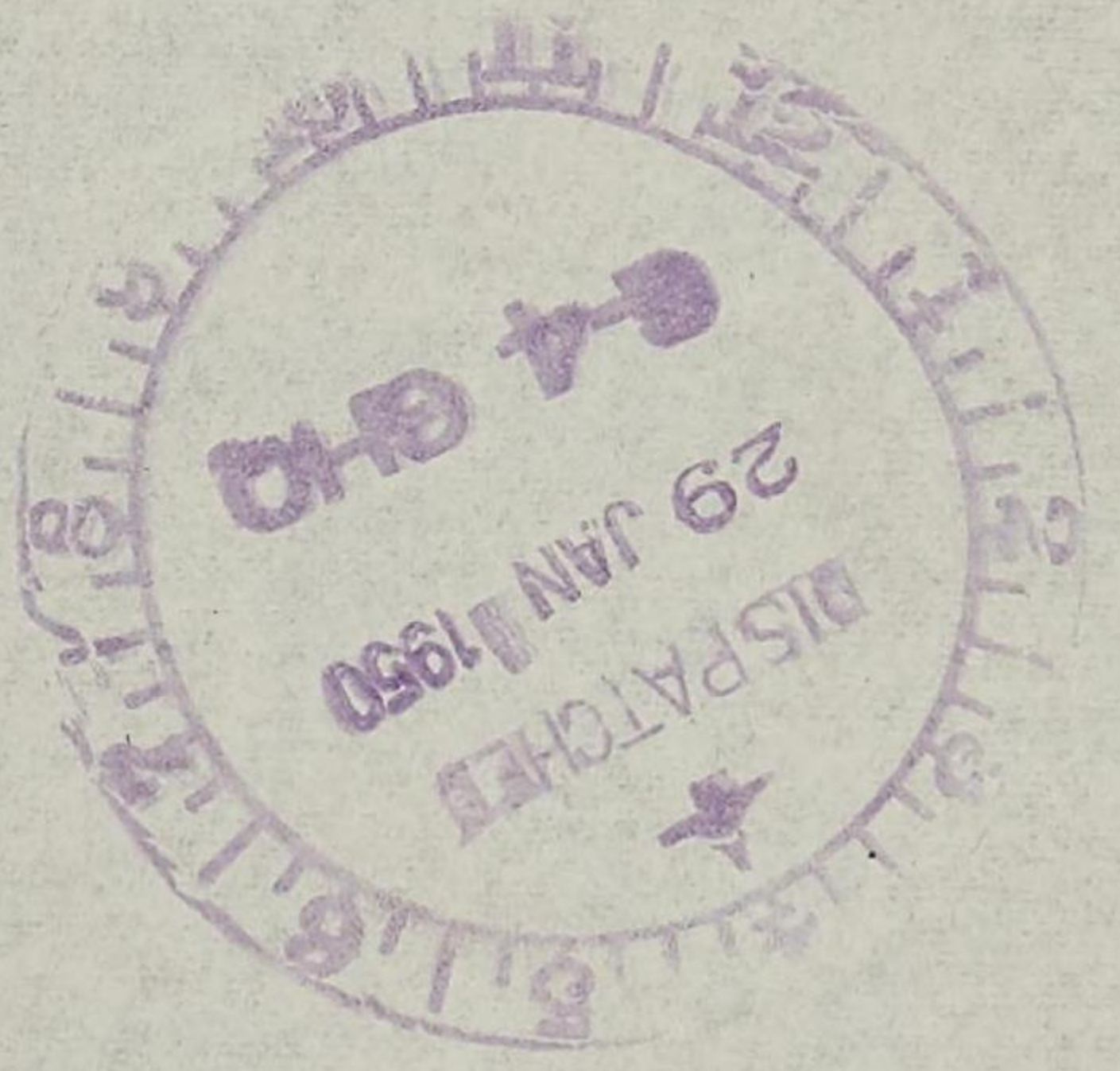
29 JAN 1950

1. Reference attached message from D/A (W99002) and oral conversation C/S and G-4 this date.
 2. A search of AG, Provost Marshal, and G-4 files this date reveals no record of subject report.
 3. An attempt on the part of the undersigned to discuss the subject with General Christiansen disclosed that he is playing golf and will not be available until this evening.
 4. If dispatch of message cannot be delayed until General Christiansen's return, it is recommended the attached draft messages to D/A and Philcom (AF) be approved for dispatch.
- 3 Incls
1. Msg from D/A
 2. Msg to Philcom (AF)
 3. Msg to D/A

----- G. L. E. -----

by G-4 ROUTING

A C/S G-4	
D AC/S G-4	
EXECUTIVE	
① PLANS & POLICY	<i>mm</i>
OPERATIONS	
CONST & FAC	
SUPPLY	
PETROLEUM	
PERSONNEL	
② ADMINISTRATION	<i>R27</i>



Hand carried to Sqs (Col. Chikes) at 1530, 29 Jan 50
by Col. Rash

mm (E)
P/P

CONFIDENTIAL

1107

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Authority NND 975029

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