

DECLASSIFIED
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TREASURY FUNDS, COMMONWEALTH, DISPOSITION OF
(CORREGIDOR DEC 41 - APR 42)

MISC - 40

16 June 1945

Memo for - Mr. M.G. Tucker, Manila

Re-Disposition of Commonwealth Treasury Funds
in Corregidor, Dec. 1941 to Apr 1942.

1. Vault in Corregidor. The Commonwealth Government had a vault in Corregidor, and in December of 1941, part of the Government Treasury funds were kept there.
2. Transfer of funds from Manila. When the Commonwealth Government moves its site to Corregidor from Manila, it brought along with it Treasury Funds in paper and silver, and deposited same in the vault on the island.
3. Above information hearsay. I have no direct personal knowledge of above facts. My statement is based on information gathered at Corregidor from Government officials when it was transferred from Bataan to the Office of the President of the Philippines on S/D in February of 1942.
4. Condemnation of Currency. Soon after moving into Corregidor, President M. L. Quezon foresaw the advisability of destroying the paper currency held in the Government vault against the eventuality that it fell into the hands of the enemy as a result of the fortunes of war. A condemnation committee was appointed by the President to do this work. On the committee were then Vice-Pres S. Osmena, Sec J. Abad Santos and Maj. Gen. Basilio J. Valdes.
5. My assignment to Corregidor. On 19 Feb 1942, Pres Quezon and his party being about to be evacuated from Corregidor, the three members named ~~above~~ were substituted in the Committee by then Lt. Col. Manuel Roxas, Col. Howard Smith and Col. R. G. Jenks.
6. New Committee appointed. On 19 February 1942, I reported to the Office of the Pres. on SD and all the facts and figures from that date on are personally known to me, and are given here to the best of my recollection.
7. Receipt signed by new Committee. The new Committee made an inventory of the vault, - without checking the contents of each case, however - and signed proper receipts, the original of which was handed to Pres. ~~Osmena~~ Osmena.
8. Procedure adopted by new Committee. The new Committee proceeded with the work of destroying the Treasury funds in the vault, the following procedure being adopted and invariably followed:
 - a. Authority was first issued, in the name of the Pres. by Lt. Col. Manuel Roxas, in his capacity as Acting Sec. to the Pres., to the condemnation Committee, to destroy the paper currency contained in a given number of cases, showing the markings of each and the total amount and the different denominations of the bills contained in each.
 - b. Upon receipt of this authority, the three members of the Committee then proceeded to the vault, using their respective separate keys to the main door of the vault, opened same and, in the presence of each other,

withdrew the boxes mentioned in the President's paper, checked the contents of each box, emptying same into improvised furcases prepared just outside the vault, set the paper currency on fire and watched it burn to the end.

c. A certificate of destruction was then prepared in writing, giving the markings of each case and the totals and denomination of the currency just destroyed. This certificate was signed by all three members, each of whom kept a copy of same.

d. Later, when frequent enemy raids made it unsafe to burn the paper currency out in the open, provisions were made to have all condemned bank notes clipped with scissors into small pieces, clippings being collected in empty boxes and later burnt at leisure outside the tunnels. Lateral No. 16, off Malinta tunnel was set aside for this purpose, a number of enlisted men doing the work under direct and constant supervision of a group of Finance Officers, one member, at least of the Committee being present at all times.

9. Changes in the Committee. When Col Manuel Roxas left Corregidor, on 22 Mar 1942, he was substituted in the Committee by Lt. Col Edwards, Finance Officer Fort Mills, and authority for destruction was issued in the name of the Pres. over my signature by written delegation issued by Col. Roxas before he left. When Col. Smith left Corregidor on 7 April 1942, he was substituted by Lt. Col. Jardeleza, FS, PA.

10. Silver currency. By written instructions issued by President Quezon before he left, the silver currency, totalling, as I now recollect, seventeen million pesos, was to be handed to Gen. MacArthur, on his call, for destruction. Around the middle of April, upon order of Lt. Gen. J. M. Wainwright, who had succeeded Gen. MacArthur, I turned the silver over to Major Gen. Moore, Commanding Gen., Fort Mills, who ordered same thrown into the sea off Corregidor.

11. Disposal of Treasury Funds. During the period of 19 February to 29 April 1942, the entire contents of the Treasury vault was disposed by

- a. Disbursement, duly authorized, cover -
 - (1) Advances to P.A. Finance Officers;
 - (2) Advance to Betan Provincial Officials;
 - (3) Payment of salaries to Phil. Government personnel stationed at Corregidor.

b. Cashing of U.S. Treas. warrants issued by Col. J. R. Vance, Finance Officer, U. S. Army. (all these warrants were destroyed by me in Corregidor after they had been credited to the Treasurer of the Phil. in Washington, D. C.)

c. Destruction by Condemnation Committee.

12. Balance Left. When I left Corregidor on 29 April 1942, the Government vault had been completely emptied, all the currency it had contained having been disposed of as per pars. 10 and 11, above. The only funds left on that date were the sum of ₱17,000.00 turned over to Lt. Col. Jardeleza who was left in charge of the Pres. Office in Corregidor, and the sum of ₱20,000.00 which I took with me to Mindanao on instructions of Col. Roxas who, shortly before, had been promoted to the rank of Brigadier General. Both sums were for possible emergency disbursements. Lt. Col. Jardeleza received the balance left with him, on his own accountability, while the sum of ₱20,000.00 delivered by me to Gen Roxas in Davao, was burnt by him at Malaybalay, Socké Bukidnon, on 7 May 1942, in the pro-

sence of the Provincial Treasurer and other Provincial officials, who signed a certificate to that effect.

12. Funds taken by the President. When Pres Quezon left Corregidor on 19 Feb 1942, he took with him a number of U. S. Army foot lockers containing, as I recollect, seven million pesos, for distribution to the Visayan Provinces. I cannot now definitely recollect whether this sum was turned over to the Pres. by the First Committee, (Pres. Osmena, Sec. Abad Santos, and Maj. Gen. Valdes, or by the Second Committee (Gen. Roxas, Col. Smith and Col. Jenks). My recollection of the amount of the Pres. withdrawal is also uncertain.

14. Jewelry found in vault. About the latter part of April, when only a few more boxed of paper currency were left in the vault, I discovered there one cardboard box with no markings, which was not shown in the inventory. I took this ~~xxxxxxx~~ box in to the tunnel and opened it in the presence of Lt. J. Vargas, Jr., Lt. M. de Leon and several Finance Officer, PA, and found it to contain jewelry which Lt. Vargas identified as belonging to some Manila families who had placed same in the Philippine National Bank for safe keeping. I was informed that his box had been turned ~~over~~ in to High Com. Sayre when he left Manila for Corregidor. Although we were not responsible for this jewelry, I turned same over to Col. Bowler, Adjutant Gen., Fort Mills, who placed the box in the Fort Mills safe located in the lateral leading into the Hospital tunnel.

15. Daily Record. From the date the Second Committee (Gen. Roxas et al) took over from the First Committee (Pres Osmena and others) I kept a Daily Record showing all business done at the office of the Pres. of the Philippines. This Daily Record showed in detail all disbursements and destruction of Government funds and contained proper vouchers and certificated covering same. Daily Records for the earlier period (probably from 19 Feb to 15 Mar. 1942) were mailed to Joaquin M. Elizalde, then Resident Com. for the Phil. at Washington, D. C. In this first batch of Daily Records there were included the file copies of the receipts signed by the Second Committee when it took the Treasury vault over from the first Committee.

~~xxx~~ With the exception of the group of Daily Records, all other records up to and including 29 Apr 1942, were taken along by me when I left Corregidor on that date. Prior to surrender, these Daily Records were ~~secreted~~, on or about 5 May 1942, in an earthen vase, cemented close with a china plate, which was ~~secreted~~ embedded in cement five feet underground in ~~xxxx~~ Mindanao.

I plan to fly to Mindanao next week to recover this vase to be able to present these Daily Records, which include originals of all Condemnation Certificates and all voucher supporting disbursements made.

16. Final Audit. Before leaving Corregidor, I closed my book as of 28 April 1942, and had all my accounts audited by the Finance Officer, Philippine Army. The original of this Final Audit is attached to the Daily Record for that date and is among the papers buried in Mindanao.

17. Next report. As soon as I return from Mindanao, I will give you a Supplemental Memorandum. Unless these papers have been tampered with in the three years that have elapsed since they were secreted underground in Mindanao, I expect to give you then a complete detailed report of all transactions, which I have endeavored to review here strictly on recollection of facts, figures and dates.

(sgd) JOSE RAZON
 Maj., Inf, PA.