

January 8, 1944

To The Truman Committee
Senate Office Building
Washington, D.C.

Attention: Mr. Rudolph Halley
Asst. Council for
The Truman Committee

Dear Sirs:

Having sat in on the hearings regarding the Miami Beach hotel situation to date and realizing the pressure that the Senators are working under, feel it best to reduce any testimony I might make, to writing this letter, which can be perused at any convenient time by the Senators without taking up public hearing time.

I hesitate to bring up the question of newspaper articles, as they have been given a lot of time, but I am enclosing a tear sheet from the Miami Daily News, December 21, 1943, which seems to me to indicate that Army personnel are still using the old familiar blackjack of the newspapers to make citizenry bow to their wishes, and the tactical strategy of "war on nerves" can be used on the home front as well as any other front. I refer particularly to the second paragraph of the clipping.

As in the original article about the hotelmen who "refuse to cooperate with the Government in their housing problems here", I think a careful investigation of the case cited in the balance of this article will prove that the facts are not any better founded this time than they were before. I am also enclosing two additional clippings which appeared shortly after the first mentioned one. These show that some of the saner heads in the Army command here realized the inadvisability of such publicity, and Brig. General Arnold N. Krogstad hastens to do what he can to correct this article.

During the testimony Friday evening, the Army personnel in explaining their methods of arriving at compensation that should be paid for hotels, mentioned that after appraisals were received they were not used entirely, but from these appraisal values the Army arbitrarily deducted a figure supposed to represent the value of the hotel furnishings that the Army did not use. I contend, first, that this is entirely unfair because the Army deprived the owner of the use of this furniture; secondly, the furniture was, at least, a temporary liability to the owner because he had to store it. In our

case, The Pancoast Hotel, we pay more per cubic foot for storage than the Army is paying rent for a luxurious hotel; thirdly, depreciation on furniture so stored goes on at an accelerated pace without compensation.

Another side-light, a subject which took up considerable time of the testimony, namely, how many feet were originally supposed to be allocated to a soldier in the hotels rented. The first yard stick we were given so that we might estimate approximate revenue the hotel would receive from the Government, was not on the basis of square feet but cubic feet. Later, the cubic foot idea was dropped and square feet only were talked. This was undoubtedly the only thing the Army could talk, though they first told the hotelmen the rooms would only hold a certain number of men, because the cubeage was so much. For when they actually commenced to use these buildings, they doubled or trebbled this theoretical occupancy, and naturally cubic footage compensation was too quickly proved a hallucination. So much for general remarks.

Now, for our own situation at the Pancoast Hotel. On July 23rd, 1943, I wrote a letter to Mr. Glynn O. Rasco, Executive Secretary of the Miami Beach Hotel Owners Association, a copy of which, I believe, was turned over to you for reference to the Truman Committee, together with pictures substantiating our story about kitchen equipment. I am now enclosing a copy of my letter of April 21st, 1943 to Major R. H. Dixon, Officer in Charge of the Pancoast Hotel Hospital bearing on the same subject.

Data on the Lease of THE PANCOAST

This building has an appraised value of \$845,000.00 as of October 12, 1942, according to the appraisal made by E. D. Keefer, M.A.I., a copy of which appraisal was loaned to the Real Estate Procurement Office of Miami Beach.

Our lease with the Government calls for an annual rental of \$80,500.00 and excludes from Army use one drug store and four small shops on Collins Avenue.

This lease was dated November 12, 1942.

Condition report worked up by the lessee is dated April 9, 1943. Copy of our comments on this Condition Report as written to the Post Engineer in charge, dated July 23rd, is also enclosed.

Our first rent was received nine months and one day after signing the lease, in spite of repeated efforts on our part to obtain at least partial payments on a property worth nearly a million dollars, possession of which was in the hands of the Government.

Contrary to our understanding, we were given no opportunity to accompany the Army personnel when this Condition Report was worked up. Great pressure was brought on us to vacate the building within three days, yet after exerting our best efforts to comply with this request, no use was made of the property for several weeks. About forty men were quartered in the Servants' Quarters, but the main building was simply used as a place for them to put in time. At first little effort was made to take care of the property properly, until one day the writer noticed a crew of colored men had been hired to scrub the front porch.

At the time we made the lease we asked that our kitchen equipment be excluded, but the Army insisted that most of it be left for their use. In less than six months it met the fate shown in the second set of photographs referred to above.

At the time of occupancy we were first told that no carpets were wanted. Then, the Army insisted that they remain in, so in an effort to comply with the Medical Corps desires, we went out and bought cheaper carpets and installed them, knowing that our own expensive carpets would soon be ruined if they remained in the hotel which was going to be devoted to hospital use. After a few months we were ordered to remove practically all carpets.

Arrangements were made with Colonel Fitch to reserve certain storage areas for our own use. These were left under padlocks and the padlocks repeatedly broken and contents of these storage spaces searched through and used as the breakers desired. We had to supply three new padlocks for one particular closet. Yet, we were told that we had no redress, that they took no responsibility for goods in these closets as there was a guard on the street and that our goods received the same protection that their goods did.

Bruno Weil in testifying for the Hotel Association made a statement that I would like to take exception to because we feel that the situation at the Pancoast Hotel does not parallel that of most of the other hotels that were Army occupied. He stated that none of the hotels at the Beach would ask for compensation of loss of good will. We feel, however, that since this hotel was used for a hospital that we have a good and just claim for loss of good will. The Medical Department chose for their needs the Nautilus Hotel, the King Cole, The Towers and the Gulfstream Apartments adjoining, and the Pancoast. These were all luxury type hotels, with the very finest clientele, and equipment to justify this clientele. The Medical Department wisely chose to purchase the Nautilus Hotel. The others are simply on a leased basis.

The Pancoast Hotel has been operated successfully for nineteen seasons and jealously built up one of the best reputations for resort hotel accommodations in the United States. One of the methods used was a continued comprehensive advertising program in which we have invested over \$268,000.00. After the first few years a large part of our advertising was what might be termed institutional advertising, and used solely for the purpose of strengthening and

abetting the good will that existed towards the Pancoast. During the ten years ending in April 1942 our average appropriation was over \$17,000.00 yearly. We feel that use of this type of hotel as a hospital absolutely eliminates the possibility of the Government's returning it to us in as good condition as they found it, no matter how hard they might try, and assuming full compensation will be received for physical damage, this other loss cannot be shrugged off. For the psychological effect of this hotel having been used as a hospital will be all that is necessary to make us lose a great part of our former clientele, and prospective guests will not even consider stopping with us for they will place us under the stigma of an ex-hospital. We all know that hospital odors will linger for years in the plastering and floors. Imagination alone though will be enough and rather than lie in bed and wonder what unfortunate soldier might have passed away in this bed, and in this room, and what agonies did he go thru, another hotel will be sought for a vacation spot.

The Congressional Record that was quoted during some of the hearings here regarding the purchase of the Greenbrier seems to the writer to point to the only just road out for the Government.

This I had hoped to give in the form of testimony before the Truman Committee, and should the Committee so desire I would be willing to make an affidavit to the facts stated.

Very truly yours,

J. Arthur Pancoast
President

JAP:J