

EXHIBIT I

EQUIPMENT RENTAL

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On the subject of equipment rental, it should be born in mind that MacVoy had already set up procedures in Savannah at the time of Committee hearings and was already renting equipment from Rockledge and Park Avenue. MacVoy will take a position that aside from the practice of self-dealing, the ethics of which was pointed out to him by the Committee, the fact remains that the equipment was needed on the project and if it had been obtained from outside sources the Government would still have paid the same rates to outside parties and no criticism would have accrued to him and the rental paid is justified in view of the service performed. Attached hereto is a schedule setting forth the amount collected by MacVoy on equipment rental. The bulk of the figures used in computing this schedule were submitted pursuant to the request by the Committee by John Milton, MacVoy's attorney. A comparison of the cost and total rent to date speaks for itself. Reference should be particularly made to station wagon No. 3 with an appraisal of \$750 and a rental of \$2400 a year on which MacVoy to date has received \$3,316.64. To make room for this item MacVoy terminated a station wagon which was then on rental from A Savannah dealer at \$3 a day at an option to purchase at \$345.* Another interesting item is equipment No. 14, a 10 ton Mack truck, which MacVoy indicates he paid \$2000 for, put on the project at a value of \$2750 and a rental of \$500 per month on which he has collected to date \$5,685.37. Deutsch, the auditor

* The Maritime Commission had authorized MacVoy to purchase 2 station wagons at Government expense.

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advised that equipment No. 55 appeared on the project which MacVoy offered to rent for \$200 per month and upon further investigation it was found to be former equipment No. 14, which is stripped down so that only the chassis remained and on which the Maritime Commission had put tires costing \$90 and it now carried a transit-mix body which was the property of the Maritime Commission. In other words, the Maritime Commission at this point really owned more of the truck than MacVoy did. The whole subject of equipment rental will resolve around the actual damage done to the Government and there is included in the cost of facilities, rentals aggregating \$15,132.72 which are included in the cost of MacVoy's original facilities which may or may not be fully reimbursed to him depending what an actual audit will show. Immediately upon obtaining a new contract on which the Maritime Commission would pay the bill, MacVoy charged the rentals against the new facilities. Mr. Wilton states that the date of May 11 is "merely a coincident" and that the original facilities were complete on that date. MacVoy thereafter has submitted purchase orders for the rental of equipment from Park Avenue Storage up to the end of the year of \$26,922.13 and for Rockledge, Inc., \$6,563.66. These rental charges are presently under discussion by the Maritime Commission and may or may not be reimbursed in total. The Maritime Commission by virtue of the rental amendment dated October 8 entered into a contract with Park Avenue and Rockledge, under which the rental payments were to be computed to avoid recapture as follows: An allowance would be made for depreciation and an additional service charge would be added to cover insurance, taxes and general overhead, which service charge would be a percentage of the appraised valuation to be agreed upon. However, the rental ceilings as established by CPA were taken as being the

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total amount of allowable rental and a straight line of depreciation was deducted and the balance called service charge. These CPA ceilings are, of course, maximum prices and in the opinion of the Maritime Commission were not exorbitant when a short term contract for the construction of facilities was contemplated. However, now it appears that the same equipment will be used in the actual barge construction so that as a long term proposition, the rates are exorbitant according to the Maritime Commission officials. They contend in their own defense, however, that they were negotiated on the basis of a short term facility contract. The attached schedule of rental rates does not anticipate the amount to be paid MacVoy for equipment rental in the construction of barges and the portion chargeable to actual ship construction has been allocated as an accounting entry and the rentals reflected indicate the total rental irrespective of where it was charged.

In addition to the rental payments to Rockledge, we must consider the insurance requirements which have been negotiated through Rockledge, Incorporated. These consist of pre-keel insurance and marine insurance which have been underwritten by the American Marine Insurance Syndicate and payments aggregating \$40,000 have been made to Rockledge, Inc., on which the usual commissions would be approximately 20%.

Among the items of suspended vouchers, a number of items can be noted for MacVoy Court Apartments and Franklin Mortgage and Title Company. The claim being made that these charges are for telephone calls made through the switchboard at that location by the Newark office. All such items have been suspended by Deutsch until it has been determined where the Newark office is located and whether the calls were justified.