



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

ATTN
120714

INTERNATIONAL DIVISION

B-210832

MARCH 4, 1983

Mr. D. P. McAuliffe, Administrator
Panama Canal Commission
APO Miami 34011



Dear Mr. McAuliffe:

Subject: Payment of Claims Against the Panama Canal
(GAO/ID-83-34)

During October 1, 1979 to March 31, 1982, the U.S. Attorney for the Canal Zone sent a number of final judgments against the Panama Canal Company by the U.S. District Court for the Canal Zone to the GAO for certification and payment from the permanent indefinite appropriation for judgments established by 31 U.S.C. 1304 (formerly 31 U.S.C. 724a; recodified by Public Law 97-258, Sept. 13, 1982, 96 Stat. 877, 917). The judgments were paid from account 20X1741 entitled "Judgments, U.S. Courts." A list of the claims forwarded, certified, and paid is attached. The question has been raised as to whether these payments should have been made from Panama Canal Commission operation and maintenance appropriations. This matter has been discussed with both your General Auditor and Chief Accountant and they have asked for our advice on this matter.

Judgments (including interest) against the Panama Canal Company, dissolved as of October 1, 1979, should not be paid from the permanent judgment appropriation. The judgment appropriation is available only when payment is not otherwise provided for. If a given judgment can be paid out of some appropriation or fund under the control of the agency involved, then payment is "otherwise provided for" and the judgment appropriation is not available.

Prior to dissolution, the Panama Canal Company, as a Government corporation empowered to sue and be sued, paid its own judgments. Under the Panama Canal Act of 1979, (Public Law 96-70), the Panama Canal Commission was made successor to the Panama Canal Company and its funds, and its liabilities. Thus, the funding source that would have been used to pay the judgments listed in the Attachment had they become final prior to the Company's dissolution still exists and is now within the control of the Commission. Therefore, Panama Canal Commission funds are available to pay judgments (including interest) against the former Panama Canal Company.

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Accordingly, we recommend that the Commission take action to reimburse the judgment appropriation (account 20X1741) for the payments erroneously made. The reimbursement can be accomplished by a transfer of funds or check payable to the United States Treasury.

As you know, 31 U.S.C. §720, requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. We would appreciate receiving copies of your statements to the Committees.

Sincerely yours,



Frank C. Conahan
Director

Attachment

PANAMA CANAL COMMISSION
JUDGMENTS PAID FROM "JUDGMENT FUND"

<u>COMMISSION NUMBER</u>	<u>NAME OF VESSEL OR PERSON</u>	<u>GAO NUMBER Z-28</u>	<u>GAO DATE</u>	<u>DATE OF ACCIDENT</u>	<u>AMOUNT</u>
18200	ACE HERO	31119	05-05-81	09-21-77	\$ 20,700.00
15825	AKADEMOS	24760	08-13-80	05-10-75	10,000.00
20243	AMELLA	33808	09-08-81	08-29-79	850,447.99
14770)	ANGELIC GLORY			06-29-74)	
14771)	BJORN RAGNE	31612	06-15-81	06-29-74)	1,604,324.92
16964	ARNOLD MAERSK	24401	05-19-81	02-09-76	26,000.00
15528	AUSTRALIS	24796	06-15-81	11-04-74	125,000.00
18166	Barge CHEPO	27562-0	11-04-80	08-09-77	5,000.00
19043	Barge CHEPO	27562-1	11-04-80	05-27-78	3,100.00
18762	CHRYSOVALANDOU DYD	28052	12-10-80	02-07-78	98,000.00
19937	COVE TRADER	33349	07-29-81	03-26-79	1,000,000.00
18190	DABE	25796	10-01-80	09-30-77	186,000.00
17881	DIMITRIO D.M.	28051	12-10-80	08-30-75	225,000.00
19320	EIBE OLDENDORFF	28050	12-10-80	10-24-78	46,663.70
18909	GLENPARK	31468	06-01-81	02-18-78	107,983.00
19818	GOLDEN PANAGIA	33172	07-02-81	02-01-79	195,318.50
15799	GREEN SPRINGS	Z1446680-7	08-11-80	11-13-74	15,000.00
18670	HOEON MALLARD	30750	04-21-81	01-06-78	60,000.00
18164	JANITA	31116-1	06-01-81	06-19-77	210,923.33
18167	JAPAN CARRYALL	31948	08-10-77	08-18-77	40,530.97
20143	JARILLA	31116-0	05-05-81	04-20-79	65,693.27
19343	JEAN	30742	04-17-81	10-02-78	45,000.00
20148)	KASTURDA			04-13-79)	
20145)	NUMBER FOUR	28053	12-12-80	04-13-79)	37,014.00
19678	KEYSTONER	Z0591524-10	02-13-81	01-31-79	85,000.00
18091	KING OSCAR	30755	04-21-81	01-27-77	1,751.39
18191	LIMA	25797	10-01-81	09-30-77	315,000.00
16781	MARGRETHE MAERSK	24795	08-08-80	12-28-75	12,500.00
17879)	MASTER NIGOS			05-11-77)	
18093)	MASTER NIGOS	22176	05-13-80	05-16-77)	475,000.00
14643)	MEDITERRANEA			05-25-74)	
17700)	MEDITERRANEA (Cargo)	24409	07-16-80	05-25-74)	446,345.00
18908	MORANT	24753	08-11-80	02-27-78	53,608.64
14737	NEWARK	24043	07-22-80	04-15-74	60,480.00
18570)	OVERSEAS ALASKA			11-23-77)	
18968)	OVERSEAS ALASKA			03-09-78)	
19036)	OVERSEAS ALASKA	33358	07-21-81	02-17-78)	274,977.00
20987	OVERSEAS CHICAGO	28049	12-10-80	12-02-78	8,190.00
19589)	OVERSEAS NATALIE			12-09-78)	
20144)	OVERSEAS NATALIE	31621	06-10-81	04-09-79)	54,587.22
19046)	OVERSEAS NEW YORK			08-09-78)	
19810)	OVERSEAS NEW YORK	31124	05-05-81	02-13-79)	129,607.89
19009)	OVERSEAS OHIO			04-07-78)	
19348)	OVERSEAS OHIO			10-15-78)	

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20191)	OVERSEAS OHIO	33368	07-21-81	08-02-79)	\$ 229,891.20
20189	OVERSEAS WASHINGTON	31113	05-05-81	09-05-79	32,160.16
19034	PAN DYNASTY	30185	03-11-81	03-16-78	536,232.00
18848	PORT CAROLINE	28928	02-17-81	02-16-78	264,727.03
20122)	QUIDNET			07-29-79)	
20352)	QUIDNET (Cargo)			07-29-79)	
20121)	SEATIDE	33343	07-21-81	07-29-79)	100,000.00
16930	ST. LOUIS	Z-454-22	08-12-80	03-07-76	189,000.00
16467)	SEALAND GALLOWAY			01-08-76)	
16881)	SEALAND GALLOWAY	25770	10-01-80	01-09-76)	1,800,000.00
18126	SHING ON	31645	06-16-81	07-13-77	160,00.00
18066	SOPHIA II	29929	02-17-81	08-10-77	406,877.18
20136	STAR ALCYONE	28047	12-10-80	04-30-79	27,496.24
20242)	STAR CAPELLA	33809	08-26-81	08-29-79)	
20273)	STAR CAPELLA (Cargo)	33807	08-26-81	08-29-79)	1,209,631.86
17877)	STAR CARIBOO			02-06-77)	
18428)	STAR CARIBOO	24588	08-27-80	11-11-77)	79,687.00
18095	STRAAT HONG KONG	34050	09-10-81	06-07-77	94,736.80
18827)	TARPON SEALANE			03-16-78	
20400)	TARPON SEALANCE (Cargo)	30184	03-11-81	03-16-78	1,040,926.00
16900)	TAUROS	24754	08-11-80	08-05-73	8,190.00
20190	THERMOPYLAE	0138407-3	03-13-81	08-28-79	35,000.00
19619	TINOS	31644	06-16-81	02-05-79	188,083.51
14644)	TITUS	24410	07-16-80	05-25-74	1,235,000.00
16585)	TITUS (Cargo)	24406	07-14-80	05-25-74	15,586.00
19037	TOHBI MARU	24762	08-11-80	04-17-78	71,901.48
17876	TOYOTA MARU NO. 14	22176	05-13-80	05-11-77	300,000.00
17216)	TRADE ENDEAVOR			08-30-76)	
17502)	TRADE ENDEAVOR			10-06-76)	
17366)	TRADE ENDEAVOR	30758	04-21-81	10-08-76)	285,923.37
18761	UNION	27659	11-13-80	01-27-78	176,492.84
16289	UNION MELBOURNE	333822	09-11-81	09-24-75	863,881.54
18802)	WASHINGTON TRADER			01-29-78)	
19012)	WASHINGTON TRADER	2257846-11	04-16-81	06-23-78	72,165.91
19817	WORLD AGAMEMNON	33172	07-02-81	02-01-79	161,889.80
18782	WORLD COMMANDER	24408	07-14-80	01-05-78	45,200.00
17500	WORLD MEDAL	27559	11-04-80	10-03-76	36,000.00
16977	WORLD PROVIDER	24759	08-11-80	06-14-76	11,953.20
UNK	STELLA SOLARIS	3780-0	05-15-82	12-30-78	1,651,197.45
20272	Rosa Emelina Alvendas	28860	02-11-81	02-11-81	1,000.00
19782	Michael Brennan	22982	05-22-80		1,000.00
19839	Carlos E. Buchanan	27010	09-26-80		500.00
16711	Leroy Campbell	24967	09-22-80		2,500.00
20045	James A. Collins	28946	02-12-81		12,500.00
15912	Cecilia Estripeaut	Z2454685	03-28-80		60,000.00
19782	Doris Brennan	UNK	UNK		26,500.00
20686	William C. Lashley	23164		06-13-80	1,000.00
18903	Robert W. Lavallee	19710		01-14-80	1,000.00
18116	Johann G. Meyer	20690		07-02-80	25,000.00

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18573	Clayton R. Swalstad	27544		11-04-80	\$ 1,000.00
20069	Luis A. Vence	23708		05-21-80	12,500.00
15064	Arthur C. Payne	31937		07-01-81	79,295.47
9394	Thomas E. Green				75,000.00
13758	Vincent E. King				12,000.00
15163	Lee E. Good				10,000.00
16642	Bonnie P. Broussard				7,600.00
19953	Julian P. Ramirez				541,036.11
111915	PIAKO			03-19-74	3,657.33
132833	TENNESSEE			11-12-78	<u>7,000.00</u>
	TOTAL				\$ <u>19,104,666.30</u>