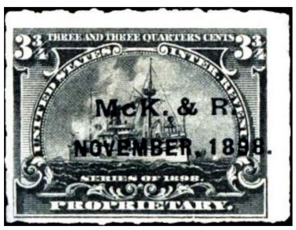
McKesson & Robbins
Wholesaler & Manufacturer

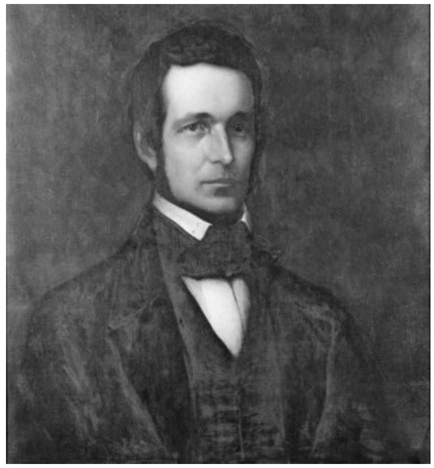
Five (5) BDR Recognized Type Cancels For McKesson:

Two (2) Handstamped



Three (3) Printed

McKesson & Robbins (McKesson), now known as McKesson Corporation, is presently ranked in the Fortune 500 report as the ninth largest business in the United States. It has held a position among the top ten companies on that list for more than five years, and has existed, depending on the source one consults, since 1828 or 1833. Just like Sterling Drug, Inc.(Sterling), the modern McKesson was constructed by knitting together numerous smaller companies, many of which existed at the time of the Spanish-American War and cancelled battleship revenues in their own names to indicate payment of tax on their products.[1] This article is devoted to the creation of both McKesson and those constituent companies which also cancelled battleship revenue stamps. Since these stamps were issued over one hundred and twenty-five years ago, as with the history of Sterling, it primarily tracks the tales of the personalities and their families who had the vision to create these companies and ends at the point when guidance of these entities passed into the hands of paid corporate managers.



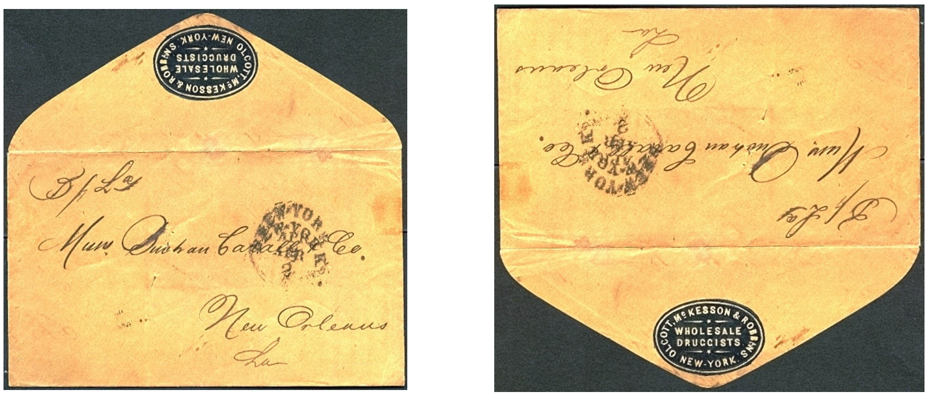
Charles M. Olcott

In January, 1833, John McKesson (1806-1893) joined with Charles M. Olcott (1804-1853) to operate a pharmaceutical business in New York City under the name "Olcott & McKesson." They used the goods, fixtures and a storehouse lease that they had purchased from an older, retiring wholesaler, U. H. Levy. McKesson had trained for more than ten years with a druggist, John Bradhurst, who had been in business for fifty years. Because of the association of McKesson's name with the current company, the 1833 date is commonly regarded as the time of this company's founding. However, some sources date its origin to the retail pharmacy that Olcott himself had previously opened in 1828. He had studied to be an apothecary and clerked for four years with a firm called Warner, Prall & Ray.

John McKesson Sr. & Daniel C. Robbins

In the following spring of 1834, Olcott and McKesson hired as their clerk Daniel

C. Robbins (1815-1888), who had apprenticed as an apothecary for six years in Poughkeepsie, NY. The story is told that McKesson advertised for a clerk in the Monday morning issue of a New York City newspaper and Robbins did not present himself to McKesson until Wednesday morning. When McKesson asked him why he had waited so long to apply, Robbins replied that he lived in Poughkeepsie and had begun walking to make his application as soon as he viewed the ad in the paper on Monday. McKesson was sufficiently impressed with Robbins' grit to hire him.



1840c Olcott, McKesson & Co. Stampless Cover

The company grew. In 1835, after buying out another retiring druggist's firm, W. N. Clark & Co., and taking as their partner its junior partner, Philip Schieffelin (1815-1883 - himself a scion of another family deeply involved in the pharmacy business which will receive its due in this column eventually), the firm re-grouped as "Olcott, McKesson & Co." This arrangement lasted for five years until Schieffelin withdrew on January 1, 1841. He had married McKesson's teacher's daughter, purchased that drug business from Bradhurst's heirs, and then promptly renamed it Philip Schieffelin & Co.

Olcott, McKesson & Co. Stoneware Jar

Robbins replaced Schieffelin in the firm of Olcott, McKesson & Co, which then swiftly bought out the business of Olcott's teachers, Warner, Prall & Ray, as its third acquisition. In 1842, the firm moved to another larger location where in a 1904 letter an old timer recalled his interactions with its members:

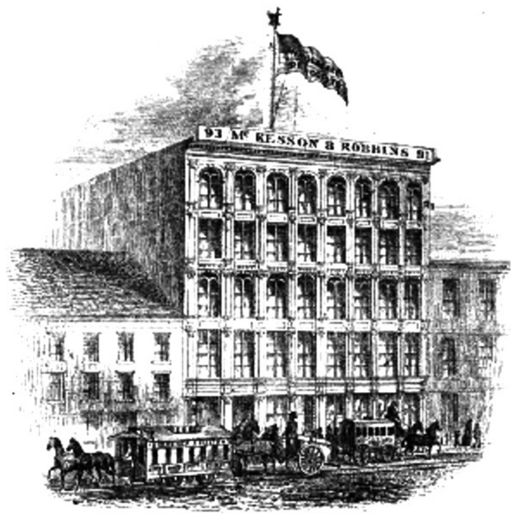
> There was a young man in the office of Olcott & McKesson of the name of Robbins. The boys called him a 'dandy'—he was so neat in dress and nice in manners; but he was a hustler, even in those old days. John McKesson, of the firm, was called by his friends in the drug trade 'Johnnie' McKesson, on account of his lovable and kindly nature. He was a gentleman of courtly manners and was ever spoken of with loving respect.

The business continued in this location until it was burned out in 1850, and while the building luckily was insured and easily replaced, the fire caused a reorganization of the firm and another name change to Olcott, McKesson & Robbins. After Olcott died in 1853, the company continued as McKesson & Robbins, the name it chose to retain thereafter for many years through multiple subsequent personnel changes.

McKESSON & ROBBINS,
IMPORTERS & JOBBERS OF
DRUGS,
MEDICINES, CHEMICALS,
FANCY GOODS, PERFUMERY & DRUGGISTS' ARTICLES,
Nos. 91 & 93 Fulton St. & 82 & 84 Ann St.
NEW YORK.

In 1855, the firm moved again to a new building located on Fulton Street in lower Manhattan which it had designed to meet its needs: five stories in the front and six stories in the rear, together with a basement, sub-cellar and vaults, and bearing the first ornamental iron-front in New York City. An 1868 history of New York City described story-by-story the use the company made of the building. The sub-cellar and vaults were used for storage. The basement contained the so-called "wet' and "dry" departments where orders were assembled and the broken packages of raw goods used to constitute these orders were stored. The first floor contained the company's business office in front and the receiving, packing and shipping departments in back. Two steam elevators were used to move goods up and down the building. The second floor contained "a complete assortment of Druggists' Sundries and Druggists' Fancy

Goods ...[and] all goods pertaining to the business of the Apothecary and Druggist which require display and exhibition; and the four upper floors are exclusively devoted to dry stock, including dry, crude goods, and medicinal and other preparations in dry packaging.”



The White House

The Fulton Street building became known as the White House and served as McKesson’s headquarters for the next eighty years. Besides acting as an importer and wholesaler, McKesson had begun early to market products under its own McKesson & Robbins name, and as the manufacture of these goods expanded, the complex came to include parts of several other neighboring buildings.

1865c MeKesson Cover

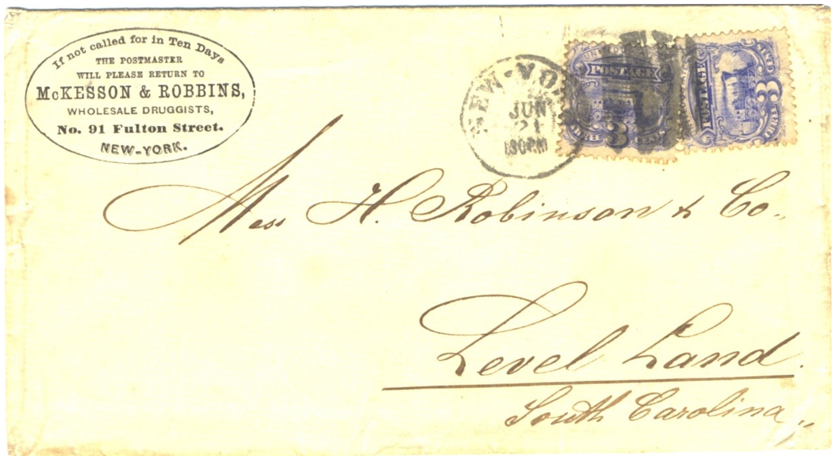
After 1870, because it particularly focused and specialized in the recently developed process of coating pills with gelatin - both to stabilize them and make them more uniform - the laboratory came to occupy the two upper floors of the main building. By then, McKesson was filling orders from Vermont to Alabama and from New York to California. It even had its agents on the frontier, and had established a reputation so sound that another story passed down through the ages is that two westerners desiring to enter the drug store business dispatched a bag containing $20,000 in gold dust to McKesson with the message: "send us complete stock." Addressing the Vermont Pharmaceutical Association in the fall of 1873 on the question of what preparations of botanical remedies give the best results, one doctor reported:

> McKesson & Robbins' gelatin coated pills are not subjected to drying, as is evinced by their color and internal consistency, which is undoubtedly a superiority over sugar coated pills.

1871c-1876c
McKesson Cancel Stamped on Various Values of U. S. Government Proprietary Revenue Stamps - First Issue Printed on Two Different Kinds of Papers

From a review of the extant literature of the period, it appears that McKesson was the quiet partner who managed the business while Robbins was the public face of the company, a pretty scrappy character who joined professional associations and seems to have continually debated in print with his contemporaries. He perpetually clashed with his own peers over professional matters, in particular, the subject of tariffs imposed on imported drugs, still deemed superior to American manufactured drugs at that time. In 1915, recounting the history of the first fifty years of the American Pharmaceutical Association ("APA"), a reporter wrote concerning a report on tariffs Robbins had prepared in 1867 for the Association:

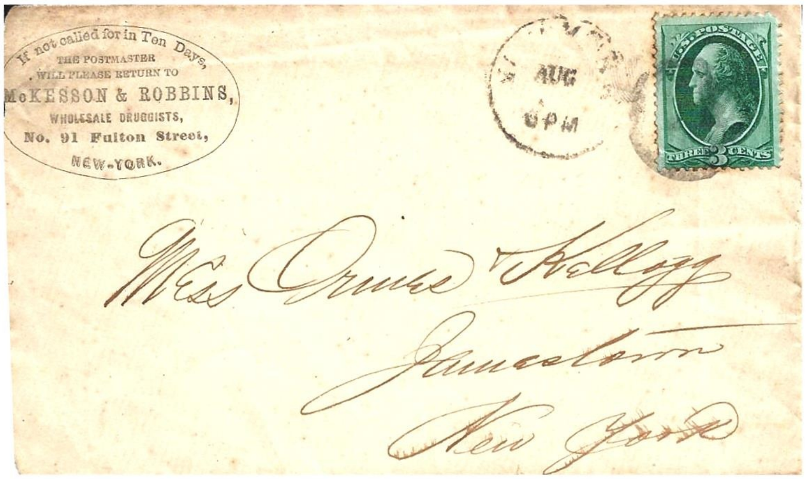
> The report closes with a complete list of importations, giving the quantity, value and duty and the revenue, and advocates the cancellation of all revenue laws and inspection of imports.
>
> It can easily be understood that a report of this kind caused some discussion and gave rise to a great many remarks. While, in a general way, Mr. Robbins was supported by the older members of the Association it was yet thought that his language in some places was too strong and that his demand that all drug laws should be repealed could not be well supported by the entire Association.
>
> It was pointed out to him that the desire to have drug laws gave rise to the formation of the Association, and that no other body of men in the United States had been more active in inducing Congress to enact these laws than the American Pharmaceutical Association. Now to demand that all these laws be repealed would be to annul the whole history of the Association, and even if some of the laws were bad or badly executed,—if some of those entrusted with their carrying out had proven to be dishonest, and turned them to selfish purposes,—it must yet be admitted that an enormous amount of good had been done by these laws and that the demand for their repeal would not be in harmony with the history of the Association. After a lengthy debate the matter was referred to a committee under the chairmanship of Mr. W. A. Gellatly, who later on brought in the following resolution, which was adopted:
>
> "*Resolved*, That in accepting the valuable and interesting report of the Committee on the Drug Market, this association does not endorse the portion referring to the utility of the law requiring the examination of foreign drugs before entry at the custom house (a law intimately connected with the origin of this body), believing that, however imperfect the law may be, its comparative fruitlessness has mainly arisen from the inability and unfitness of the agents appointed to execute its provisions."

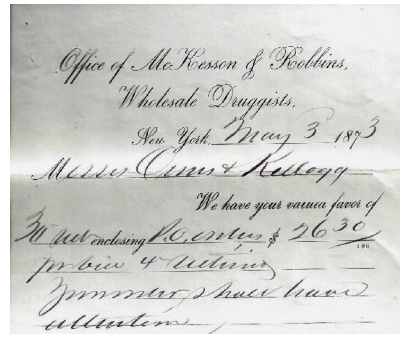


1869 McKesson Cover

In 1875, Robbins chaired a committee of the New York City APA named to make recommendations for changes to tariff laws. Philadelphia's APA chapter also appointed a similar committee which rendered its report first. Robbins filed a report that diverged so greatly from Philadelphia's that he titled it a "response." When the APA published it, it included a "note" with it emphasizing the overall agreement between the cities:

> *Note.*—At the close of this letter, the thought occurs, that from this correspondence, the inference may be drawn, that New York is specially commercial, and therefore, as opposed to certain localities like Philadelphia, &c., in antagonism with manufactures, than which there can be no greater mistake, for, as Governor Bigler of Pennsylvania has remarked, in a recent address, soliciting the co-operation of New York with Philadelphia in the coming Centennial; "the State of New York far surpasses all the other States of the Union, in the sum and importance of her manufactures, which were said to amount in 1870, to the gross total sum of $900,000,000," but unlike Philadelphia and some other localities, our manufactures are more various and more identified with commerce; or, to put the case more clearly, Philadelphia and her followers want a monopoly of the Home market or protection from Foreign competition, while New York desires that the Revenue basis shall be so adjusted that she, as well all sections of the country, can manufacture and export the labor and products of the country to other countries.




Office of McKesson & Robbins,
Wholesale Druggists,
New York May 3 1873
Messrs Orms & Kellogg
We have your valued favor of
enclosing
$ 26.30

1873 McKesson Cover & Credit Memo

Robbins equally had no trouble speaking his "truth" to power. Addressing the Ways & Means Committee of the House of Representatives in 1874 on his view of federal customs laws, Robbins said:

> We have a complicated tariff, with a very objectionable system of laws, made to support stupid legislation, and, as a matter of course, to carry out such enactments no honorable man will serve.

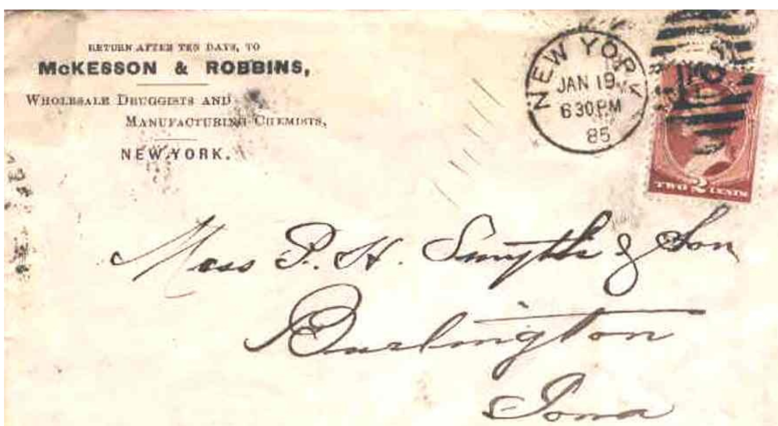
It is doubtful that Congress was more amenable to criticism then than it is now. Nevertheless Robbins did not pull his punches. Of course, on this particular subject, at least, Congress paid no more attention to Robbins than did his colleagues.

McKesson Cancels on U. S. Government Second Proprietary Issue

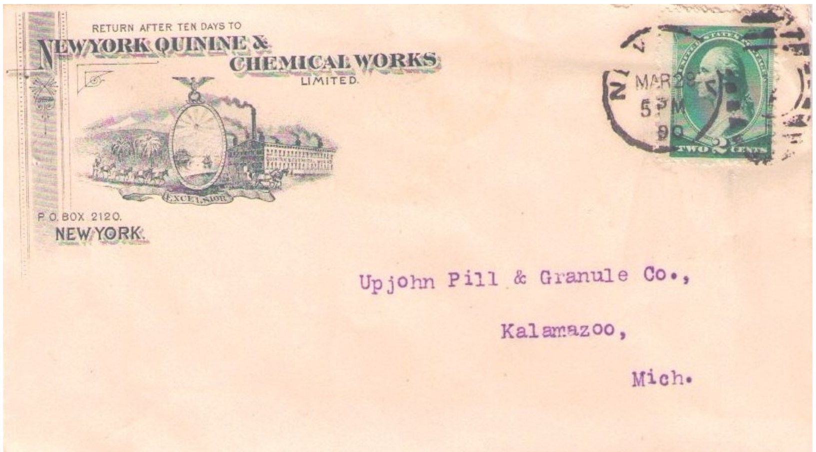
Robbins did not even refrain from quarreling with his own colleagues. In 1885, a dispute between Robbins and McKesson's son, John McKesson, Jr. (1840-1924) even wound up in New York Police Court. As reported in the New York Times, first Robbins countermanded instructions given to some clerks by McKesson Jr., by then an employee of the company for some thirty years and the senior working McKesson. Robbins then threatened to hit him, but was restrained by his own son, Dr. Charles A Robbins (1855-1889). He then tried to have McKesson Jr.'s desk moved to another floor away from the company offices, a move which McKesson Jr. claimed to acquiesce in to avoid trouble. When McKesson Jr. then attempted to sit at another desk, Robbins told him he couldn't, and McKesson Jr. suggested that maybe Robbins would permit him to sit at Robbins' own desk. As reported by the New York Times on May 10, 1885, McKesson Jr. testified the following exchange then ensued:

> "'You impudent young puppy!' he exclaimed, taking hold of my ear and twitching it."
>
> "All this happened in sight and hearing of people in the store. He forbade my buying or selling for the firm and was very insulting about it. Similar scenes were repeated on Saturday. On Tuesday there was a quarrel, and on Wednesday he laid violent hands on me to make me go up stairs to my desk, and he gave orders in the store that my orders were not to be respected."
>
> "Did he hurt you when he pulled your ear?" asked Lawyer Fettrich.
>
> "He hurt my feelings and made my ear tingle too."

Nevertheless, without a formal adjudication, the dispute was resolved by both parties promising to "keep the peace."

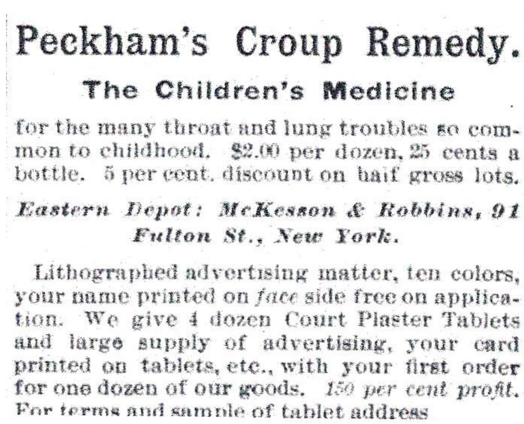


1885 McKesson Cover



1890 New York Quinine & Chemical Works Cover

In 1885, the firm also opened a specialty subsidiary for the manufacture of quinine. Extant records do not fully explain the precise events, but suggest the following circumstances leading to its creation: In the early 1880s, one Alexander Boehringer (1847-1897) and his brother, then residing in Milan, Italy, had purchased quinine manufacturing plants in Mannheim, Germany, Paris, France and Milan, Italy, thus assembling a virtual monopoly of all European quinine production. In 1884, they apparently had arranged to lease their Milan factory to another American wholesaler whose own U.S. production facility had burned down. However, Boehringer met with a sudden finanacial reverse (perhaps the cancellation of that contract), causing him to turn to Dr. Charles A. Robbins, Daniel's son, with an offer to sell and transship the entire Milan factory to Brooklyn. Soon Daniel and Charles Robbins announced a new partnership with Boehringer to be called the New York Quinine & Chemical Co. Charles devoted all his energy to the new company and his place at McKesson was assumed by his brother Herbert D. (1863-1947) who had recently graduated college and begun work at McKesson.


Peckham's Croup Remedy.

The Children's Medicine

for the many throat and lung troubles so common to childhood. $2.00 per dozen, 25 cents a bottle. 5 per cent. discount on half gross lots.

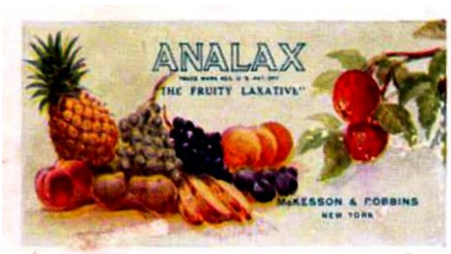
Eastern Depot: McKesson & Robbins, 91 Fulton St., New York.

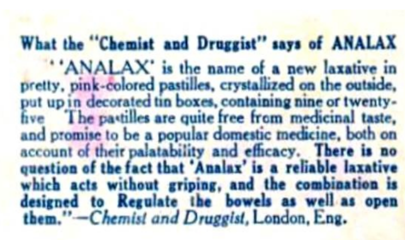
Lithographed advertising matter, ten colors, your name printed on *face* side free on application. We give 4 dozen Court Plaster Tablets and large supply of advertising, your card printed on tablets, etc., with your first order for one dozen of our goods. *150 per cent profit.* For terms and sample of tablet address

1890 McKesson Trade Journal Ad

For thirty-five years, McKesson & Robbins prospered under its namesakes. Robbins, the younger man, died first in 1888 at age 73. After returning from Florida, where he had taken his ailing wife for her health, he went for a walk at his home in Brooklyn and dropped dead from a heart attack. McKesson died five years later, in 1893 at age 87. As good quiet managers are, he was lauded for his capacity for hard work, his perseverance, his good judgment, his averseness to speculation and his economy.

Two Sample McKesson Products Through The Years:
1) Analax



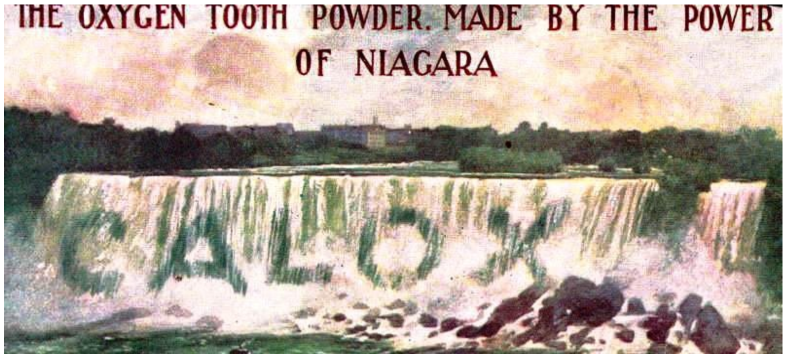

What the "Chemist and Druggist" says of ANALAX
"'ANALAX' is the name of a new laxative in pretty, pink-colored pastilles, crystallized on the outside, put up in decorated tin boxes, containing nine or twenty-five. The pastilles are quite free from medicinal taste, and promise to be a popular domestic medicine, both on account of their palatability and efficacy. **There is no question of the fact that 'Analax' is a reliable laxative which acts without griping, and the combination is designed to Regulate the bowels as well as open them.**"—*Chemist and Druggist*, London, Eng.

19th Century Trade Card

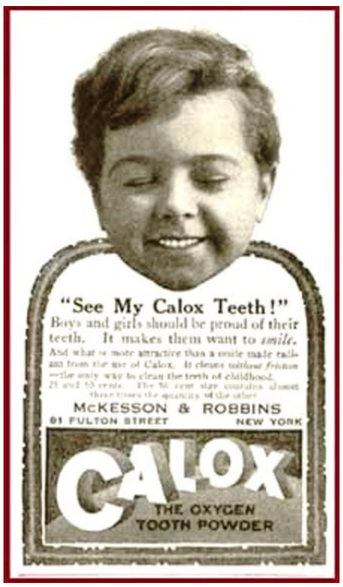
1926 Ad

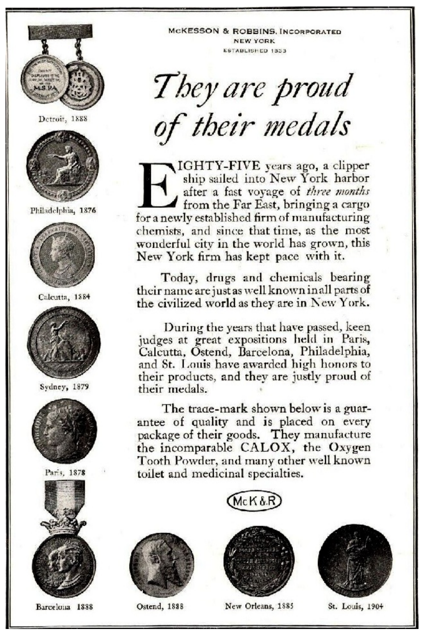
20th Century Packages

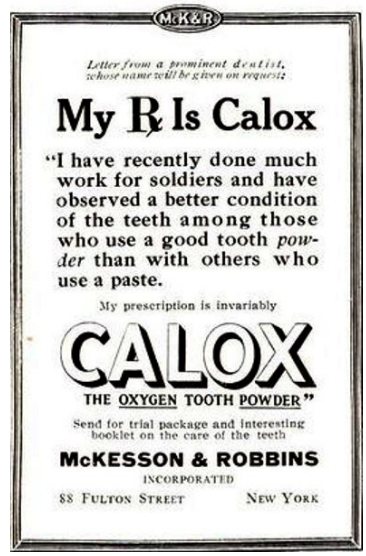
2) Calox



19th Century Trade Card

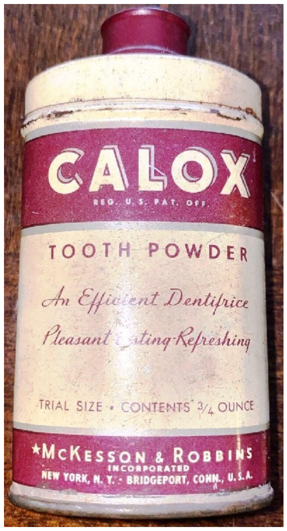


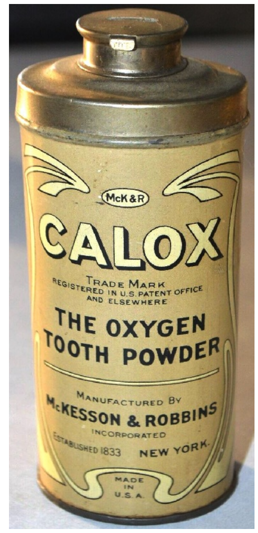




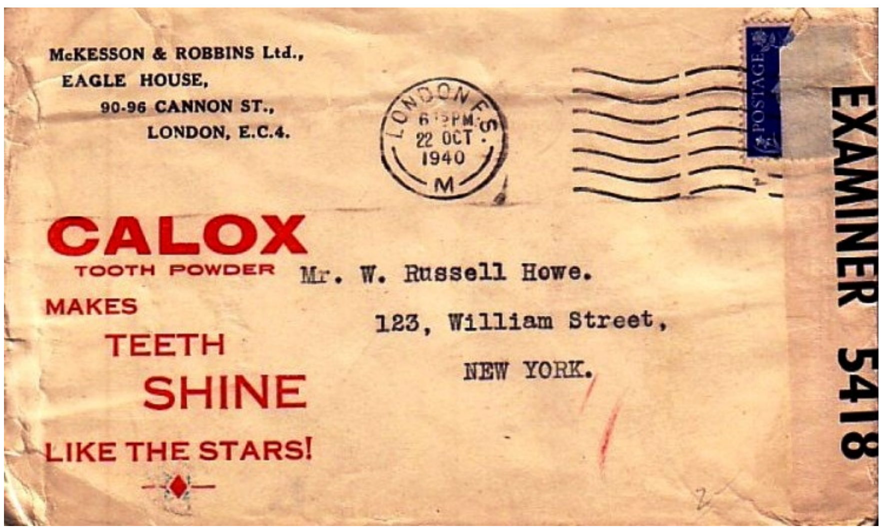
1916 & 1918 Calox Ads

American Bank Note Company Speciman Printing of Poster Stamp to be Used to Seal Calox Packages





20th Century Calox Tins



1940 Inter-Company Mailing between English and U.S. McKesson Offices Featuring Calox Ad on Censored English Cover

1941 Calox Ad

Spanish-American War "Battleship" Revenues

Documentary

Proprietary

Handstamped Cancels

Possible Ink Initial Cancel

Printed Cancels

Full Month & Year Red & Black Cancels

Abbreviated Month, Date and Year Red & Black Printed Cancels

Full Month, Day & Year Red & Black Printed Cancels

JOHN MCKESSON, JR.

SAUNDERS NORVELL

McKesson Cancel on 1914 U.S. Proprietary Revenue Issues

The second era of McKesson's history was guided by the next generation of the namesake partner's families, John McKesson, Jr. and Herbert D. Robbins, although there was one notable change in management with the addition of Saunders Norvell (1864-1949). He had recently retired from his own hardware business, met John McKesson, Jr. during a European trip just before the outbreak of World War I, and, seeing an outlet for his still abundant business capabilities and acumen, bought into the partnership. In the prosperous time just before the U.S.'s entry into the War, he enlarged McKesson's sales staff from 20 to 50, and also oversaw negotiation of exclusive distribution contracts for its growing manufacturing business with many smaller regional wholesale drug firms. While heretofore McKesson, as a wholesaler, had dealt directly itself with the retail drug stores, these contracts placed the main responsibility for dealing with the retail outlets on the regional wholesalers. The contracts marked the beginning of a serious shift of McKesson's business plan at that time from a being a wholesaler and only secondarily a manufacturer to its becoming primarily a manufacturer and only secondarily a wholesaler. In 1917, when McKesson incorporated, McKesson, Jr. was named President and Norvell became Chairman of the Board. Although already beginning to lay more emphasis on manufacturing, when Prohibition began in 1920, McKesson took advantage of that portion of the law which permitted wholesale druggists to sell alcohol for medicinal purposes to boost its sales of alcohol.

McKesson Cancel on 1919 U.S. Proprietary Revenue Issue

McKesson Cancels on Narcotics Tax Revenue Stamps
(At First Current U.S. Documentary Revenue Stamps Overprinted for Narcotics Tax Use)
After Narcotics and Proprietary Medicines Placed on Separate Tax Schedules

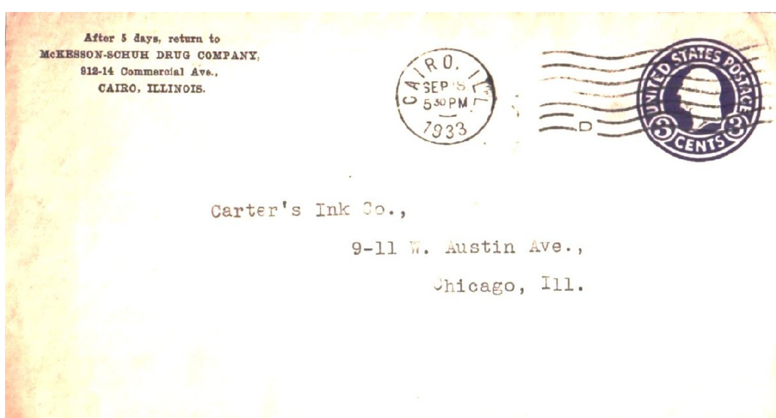
New York Quinine & Chemical Works Cancel on Narcotics Tax Revenue Stamp

Still, in the post-World War I era, despite its enormous sales, McKesson's own corporate history states that "it was not a profitable company,"[2] which led it to seek additional ways to make itself more lucrative. Meanwhile, it continued to expand its network of regional wholesalers who sold its products exclusively. In 1924, as the company was completing its re-evaluation of its operations, John McKesson, Jr. fell ill and died. Although contemporaneous reports stressed that the decisions were made prior to McKesson Jr.'s death, shortly after that event, McKesson discontinued its direct wholesale operations entirely and split the remaining business into two separate companies. Norvell and Herbert D. Robbins took the McKesson name, its proprietary medical formulas and its manufacturing plant, while McKesson Sr.'s remaining sons took the New York Quinine & Chemical Co. subsidiary, its factory and its narcotics patents. Contempory articles stressed that the two companies, while entirely friendly to one another, were to be completely separately owned and operated. Two years later, in 1926, Norvell and Robbins merged McKesson with a drug manufacturing concern called Girard Co. of Bridgeport CT. While Norvell and Robbins retained executive titles and remained as directors of the merged company, it was F. (Frank) Donald Coster, president of Girard who became its active head as president of the new McKesson, and he promptly moved its manufacturing headquarters to Bridgeport CT. He also began working toward creating single unified corporate body out of the many McKesson wholesaling contracts.

F. Donald Coster

In 1928, when (as shown in the Sterling articles) merger mania hit its peak, Coster, as McKesson's president, determining to focus on distribution again, finally oversaw the consolidation of the network of regional wholesale distributors into a single McKesson entity. This consolidation was accomplished by chartering a new McKesson corporation in Maryland as a stock holding company, shares of which were offered to the public by no less a sponsor than Wall Street's famous Goldman, Sachs. In anticipation of the merger the old (now-Connecticut-based) McKesson also allowed its shareholders to purchase additional stock. The proceeds of both these offering were then used to purchase the outstanding shares of the wholesale distributors to be absorbed, with the old Connecticut McKesson swapping its shares for shares in the new Maryland McKesson holding company.

1893 Schuh Wholesale Druggist Cover



1933 McKesson-Schuh Drug Co. Cover

As it passed into McKesson's control, each previously independent distributor was renamed by adding the name McKesson in front of that distributor's name, so that, for example, the Schuh Drug Co. became the McKesson Schuh Drug Co. The first round of acquisitions was completed in September, 1928 and was so successful that Coster carried out a second round of acquisitions principally in March and April, 1929. From time to time throughout the rest of 1929 and on through most of the 1930s, McKesson issued more stock to make further acquisitions of additional wholesalers. Although now a single consolidated company, McKesson operated much as its predecessor did with the new subsidiaries retaining much management autonomy in the manner of the British Empire, as the company history puts it,[3] at least for the first few years.

1933 100 Year McKesson Anniversary Toothpaste Sale Ad
and 1934 Trade Publication Albatum Ad

The creation of a single, unified McKesson holding company for wholesale distribution of pharmaceutical goods drew government scrutiny instantly, much more than the Sterling consolidation of manufacturing capacity going on at almost the same time. The Federal Trade Commission (FTC) began to investigate whether McKesson's consolidation of so much of that distribution network violated antitrust principles, and actually issued an antitrust complaint against McKesson on December 27, 1929. However, possibly because of the degree of autonomy the new subsidiaries were left to exercise, when combined with the the darkening economic outlook after the stock market crash on Black Monday, October 28, 1929, meant that the FTC's investigation did not proceed with either vigor or rigor. Ultimately, the agency dismissed its complaint in 1932, leaving McKesson as free to proceed with empire building as

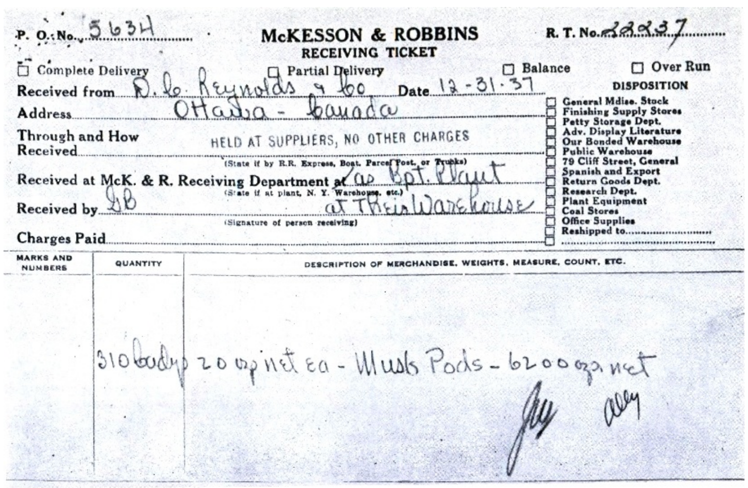
Sterling had been.

1934, 1935 & 1936 McKesson Liquor Division Ads

McKesson's appetite expanded and it formed further subsidiary companies to handle different aspects of its business including foreign trade. With the end of Prohibition, McKesson also broadened its liquor trade and even itself dabbled in the distilling business. In 1934, the structure of McKesson was entirely rearranged as the holding company morphed into an operating company by retiring the stock of the subsidiaries and assuminng centralized control of the entire business. Throughout the Depression, McKesson seemed to prosper, although, for all the profits the company appeared to show, it paid very little in dividends. But times were generally tough and no one asked too many questions.

F. Donald Coster

Yet trouble did eventually visit McKesson, although it arose from an entirely different and unexpected quarter. As the 1930s progressed, F. Donald Coster appeared to be a dynamic genius with impeccable credentials. The 1937 edition of *Who's Who In America* stated that he hailed from Washington, D. C., possessed an M.D. and a P.H.D., was a graduate of Heidelberg University, as well as a director of the Bridgeport Trust Co. and a member of the Black Rock Yacht Club, among the most exclusive. All was not as it seems, however, and suddenly on December 8, 1938 the Corporation Counsel of the city of Hartford, CT, as a stockholder of McKesson acting of behalf of all other stockholders of McKesson, filed a petition with the federal District Court of Connecticut, sitting in Hartford, seeking the appointment of a receiver to administer the affairs of McKesson. As shock and consternation spread throughout the financial world, the petition was immediately granted on a showing that over $10,000,000 of McKesson's reported assets in the form of inventory and accounts receivable were fraudulent and fictitious.



P. O. No. 5634 McKESSON & ROBBINS R. T. No. 22237

RECEIVING TICKET

☐ Complete Delivery ☐ Partial Delivery ☐ Balance ☐ Over Run

Received from D. C. Reynolds & Co Date 12-31-37

Address Ottawa - Canada

Through and How Received HELD AT SUPPLIERS, NO OTHER CHARGES

(State if by R.R. Express, Boat, Parcel Post, or Trucks)

Received at McK. & R. Receiving Department at as Bpt. Plant

(State if at plant, N. Y. Warehouse, etc.)

Received by GB at Their Warehouse

(Signature of person receiving)

Charges Paid

DISPOSITION

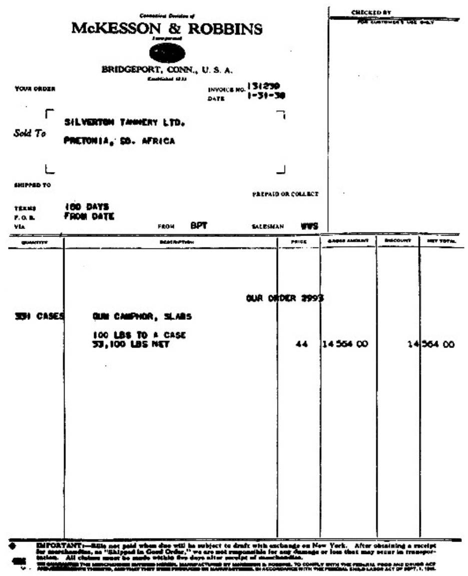
☐ General Mdise. Stock
☐ Finishing Supply Stores
☐ Petty Storage Dept.
☐ Adv. Display Literature
☐ Our Bonded Warehouse
☐ Public Warehouse
☐ 79 Cliff Street, General
☐ Spanish and Export
☐ Return Goods Dept.
☐ Research Dept.
☐ Plant Equipment
☐ Coal Stores
☐ Office Supplies
☐ Reshipped to

MARKS AND NUMBERS	QUANTITY	DESCRIPTION OF MERCHANDISE, WEIGHTS, MEASURE, COUNT, ETC.
	310 bdys	20 oz net ea - Musk Pods - 6200 ozs net

EXHIBIT 20.—Receiving ticket for a purported purchase of foreign crude drugs. (Size 8⅝" x 5⅝".)

Phony McKesson Merchandise Receiving Ticket Pictured in 1940 SEC Investigation Report

By the next day, the federal Securities and Exchange Commission (SEC) - created early in Franklin Roosevelt's first term as President to monitor and curb the excesses of the financial industry after the stock market crash which have given rise to the Depression - had opened its own investigation of McKesson's finances predicated on the presumed falsity of McKesson's required SEC filings, and within days after that referred the matter to the Justice Department for the initiation of criminal proceedings. The most astounding fact quickly disclosed was perhaps the most shocking: F. Donald Coster did not exist. He turned out to be a con man named Philip Musica, born in 1877 in Naples, Italy, an immigrant to Brooklyn in 1883 with his parents, and already a felon twice convicted in 1909 and again in 1913 for operating phony corporations. With respect to both of these convictions, Musica had assumed sole blame for any involvement by other members of his family. Having curried favor with the authorities by acting as an informant in prison to clear the sentence imposed after his second conviction, and having tried unsuccessfully to pursue a career as a private detective under an alias, he had assumed another alias and amassed another fortune by setting up a pharmaceutical company which as Prohibition began was legally permitted to buy medicinal alcohol to manufacture hair tonic. Musica, by then conducting business under the name F. Donald Costa, sold this hair tonic to bootleggers who distilled it to recover the alcohol for use in illegal beer and liquor. With the profits from this company, he slightly modified his alias and set up the Girard Co. in Bridgeport to reproduce the same scam on a larger scale.


Connecticut Division of
McKESSON & ROBBINS
Incorporated
BRIDGEPORT, CONN., U. S. A.
Established 1833

YOUR ORDER
INVOICE NO. 131290
DATE 1-31-38

CHECKED BY
FOR CUSTOMER'S USE ONLY

Sold To
SILVERTON TANNERY LTD.
PRETONIA, SO. AFRICA

SHIPPED TO
PREPAID OR COLLECT

TERMS 180 DAYS FROM DATE
F. O. B.
VIA
FROM BPT
SALESMAN WWS

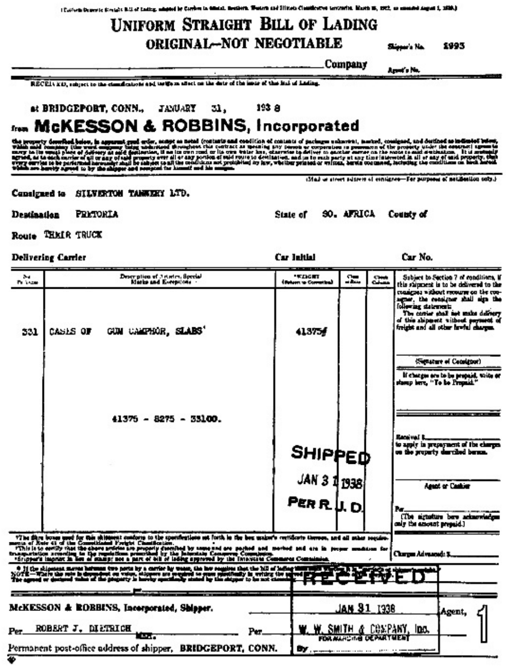
QUANTITY	DESCRIPTION	PRICE	GROSS AMOUNT	DISCOUNT	NET TOTAL
	OUR ORDER 2993				
331 CASES	GUM CAMPHOR, SLABS				
	100 LBS TO A CASE 33,100 LBS NET	44	14 564 00		14 564 00

IMPORTANT:—Bills not paid when due will be subject to draft with exchange on New York. After obtaining a receipt for merchandise, as "Shipped in Good Order," we are not responsible for any damage or loss that may occur in transportation. All claims must be made within five days after receipt of merchandise.

EXHIBIT 11D.—Duplicate copy of an invoice for a purported sale of foreign crude drugs. (Size 8½" x 11".)

Phony McKesson Merchandise Invoice From Same

To create a phony business in a massive way requires help and Musica again turned to his family. At Girard & Co., Coster/Musica installed one of his brothers as treasurer under a second and different alias to oversee the keeping of both the public accounts to show to stockholders and outside accountants as well as the private accounts which tallied the profits he was generating for his extended family. Another brother under a third alias acted as shipping manager for the company to make sure that no one penetrated the farrago of invoices and other paperwork that surrounded and concealed the fraud. A third brother under yet another alias had already set up a separate company to generate the phony sales orders that Girard & Co. was ostensibly filling.



UNIFORM STRAIGHT BILL OF LADING
ORIGINAL—NOT NEGOTIABLE

Shipper's No. 2993

Company

Agent's No.

RECEIVED, subject to the classifications and tariffs in effect on the date of the issue of this Bill of Lading.

at BRIDGEPORT, CONN., JANUARY 31, 1938

from **McKESSON & ROBBINS, Incorporated**

Consigned to SILVERTON TANNERY LTD.

Destination PRETORIA State of SO. AFRICA County of

Route THEIR TRUCK

Delivering Carrier Car Initial Car No.

No. Packages	Description of Articles, Special Marks and Exceptions	*Weight (Subject to Correction)	Class or Rate	Check Column
331	CASES OF GUM CAMPHOR, SLABS'	41375#		
	41375 - 8275 - 33100.			

Subject to Section 7 of conditions, if this shipment is to be delivered to the consignee without recourse on the consignor, the consignor shall sign the following statement:
The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges.

(Signature of Consignor)

If charges are to be prepaid, write or stamp here, "To be Prepaid."

Received $ to apply in prepayment of the charges on the property described hereon.

Agent or Cashier

Per
(The signature here acknowledges only the amount prepaid.)

Charges Advanced: $

SHIPPED
JAN 31 1938
PER R. J. D.

RECEIVED
JAN 31 1938
W. W. SMITH & COMPANY, Inc.
FORWARDING DEPARTMENT
By

McKESSON & ROBBINS, Incorporated, Shipper. Agent, 1

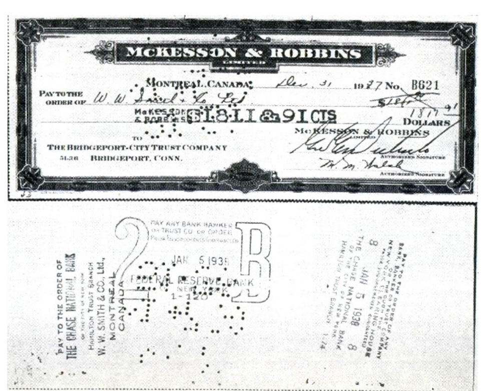
Per ROBERT J. DIETRICH MGR. Per

Permanent post-office address of shipper, BRIDGEPORT, CONN.

EXHIBIT 9.—Original bill of lading form for a purported shipment of foreign crude drugs. (Size 8½" x 11".)

Phony McKesson Shipping Bill of Lading from Same

The merger with McKesson allowed Coster/Musica to expand the scope of his fraudulent sales within the framework of a legitimate company which did manufacture and sell real pharmaceutical products. Had he not have been committed to making his and his family's fortune by conning others, the 1937 biography might have been real, since he seems to have possessed real business skill, and it is strangely ironic that McKesson genuinely grew and expanded under his leadership. But as agents for the FBI approached Coster's home on December 16, 1938 to execute an arrest warrant, they heard a gunshot. F. Donald Coster/Philip Musica had committed suicide rather than face criminal proceedings yet again.



McKESSON & ROBBINS
MONTREAL, CANADA Dec. 31 1937 No. BG21
PAY TO THE ORDER OF W. W. Smith & Co. Ltd.
$1811.91
McKESSON & ROBBINS
THE BRIDGEPORT-CITY TRUST COMPANY
BRIDGEPORT, CONN.
PAY TO THE ORDER OF THE CHASE NATIONAL BANK
W. W. SMITH & CO. LTD.
MONTREAL CANADA
JAN 5 1938
FEDERAL RESERVE BANK

EXHIBIT 225.—Check in payment of guaranty fees. (Size 8½" x 3½".)

McKesson Check Written to Cover Fees Associated With Phony Transactions from Same

Coster/Musica confined his double-dealing manipulations to that part of McKesson's business that dealt with crude drugs, which involved McKesson Maryland, now the operating center of the McKesson empire, the old McKesson Connecticut entity, now the manufacturing division of the company, McKesson Canada, the core of the foreign sales, and the outside separate company run by the Musica brother that created the purported orders for the crude drugs. Even though the fraud seems never to have touched any of the wholesale drug divisions or the liquor subsidiaries, still when the final audit of Coster/Musica's leadership of McKesson was completed, the balance sheet showed that of McKesson's reported $90,000,000 of assets, roughly $21,000,000 did not exist, and by means of the phony transfers and payments among the tainted parties, approximately $3 million seems to have landed in the pockets of the Musica family.

Philip Musica and his Brothers Pictured in December 17, 1938 New York Times

1934 McKesson Envelopes Addressed to George E. Dietrich, a Musica Brother Alias

Since all of Coster/Musica's dealings had touched neither the wholesale drug or liquor divisions of McKesson, the corporate history of McKesson avoids the entire scandal, never cites the name Philip Musica and focuses in one sentence on the period 1939 to 1941 during which the company made a "quick recovery ... from the disclosure of the fraudulent operations of its then president, F. Donald Coster."[4] Taking a more studied view of the mess, the SEC conducted a thorough investigation between January and April, 1939 which involved collecting the testimony of some 46 witnesses and ultimately led to the printing of a 489 page report in 1940 that laid out in minute detail the layers of paperwork surrounding the fraud. However, because of the quirk that McKesson's legitimate operations were barely impacted, while the transactions themselves in the crude drug division were reviewed in detail, the focus of the report was less on McKesson's errors and much more on the shortcomings of no less an accounting firm than Price Waterhouse & Co., that had been hired by Coster/Musica as the outside auditors for both the Girard Co. and McKesson, and who, by dint of invoking "standard accounting practices," had remained unaware of the true nature of Coster/Musica's dealings during the entire fifteen years that he conducted his sham dealings. The most cogent recommendation the SEC could make was that the outside auditor of any company must verify that company's records by actual inspection of items like claimed inventory and accounts receivable rather than accepting the company's records verbatim.[5]

Continuing Full Scale Operations Immediately After the Coster Scandal, these are Contemporary U.S. REGULAR POSTAGE STAMPS Precanceled for Bulk Advertising Mailing Bearing Faint Additional Stamp of McKesson's Initials & Date Per Postal Regulations

To bolster its account of McKesson's quick recovery, its corporate history cited the words of an "executive of one of the prominent creditors ... [who in conversation with a bankruptcy trustee stated] ... if you were to liquidate it would be the greatest catastrophe for the drug industry. McKesson is necessary to the function of distributing of drugs in this country."[6] If there were any doubt as to the need for McKesson's continuation, it had repaired its financial standing sufficiently to clear receivership and return profitably to private management by July, 1941. The onset of World War II vastly boosted demand while creating its own shortages of both material and personnel. The company participated in the production of penicillin under a war-time license and, to perpetually shake off the slightest whiff of its former scandalous reputation, has proudly ever after noted that it received a citation from the War Production Board for that effort.

1942 McKesson Common Stock Certificate

This account of McKesson's history ends as it passes into the post-World War II era. As with Sterling, its story since then has become a great deal less personal - lacking any further creator dynamic or empire-building personality - and therefore less scintillating to chronicle than its pre-War history. Its leadership after 1941 has consisted of businessmen and medical professionals devoted to making the correct corporate decisions to promote the company's corporate well-being. It is sufficient to note that in McKesson's case the decisions have been good ones, and the company has continued to prosper and flourish, branching into the manufacturing of chemicals immediately post-World War II and into many other diverse areas and products thereafter, including, for a time, one as far afield as Armor All, the automobile protection coating. These days it has expanded into the health care management and medical technology fields, with a particular emphasis on medical imaging. Its present worldwide operations are probably best encapsulated by quoting a current financial website overview of its operations:[7]

McKesson Corporation is a health care services and information technology company. McKesson operates through two segments: The Distribution Solutions segment distributes branded and generic pharmaceutical drugs along with other healthcare-related products on a global basis worldwide. The segment also provides practice management, technology, clinical support and business solutions to community-based oncology and other specialty practices. In addition, the segment provides specialty pharmaceutical solutions for pharmaceutical manufacturers including offering multiple distribution channels and study access to oncology physicians. The Technology Solutions segment provides enterprise-wide clinical, patient care, financial, supply chain, and strategic management software solutions. per segment realignment, McKesson reported revenues through four segments: U.S. Pharmaceutical and Specialty Solutions, Internation, Medical-Surgical Solutions and Prescription Technology Solutions.

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1. It is earnestly hoped that researching and writing about McKesson and its constituent companies will not stretch to encompass the approximately five years that it took to complete the series of articles about Sterling (albeit contributing to the new version of the BDR did lengthen that process somewhat)

2. *The Road to Market,* New York: McKesson & Robbins, 1958, p. 41

3. Ibid., p. 47

4. Ibid., p. 50

5. However, the SEC also dutifully reproduced Price Waterhouse's rejoinder that since such cases of massive fraud were so extremely rare, the additional cost of conducting such painstaking audits was hardly justified, and that Price's standards were high enough already. Since this account concerns the history of McKesson rather than Price, Waterhouse, the debate must be left there and each reader must make his or her own judgment as to whether stricter accounting practices and mandates that the SEC might have mandated as legally binding but chose not to impose at the conclusion of its investigation might have prevented more and later shenanigans on the order of Bernie Madoff.

6. *The Road to Market,* New York: McKesson & Robbins, 1958, p. 51

7. Macrotrends. *McKesson Net Acquisitions/Divestitures 2010-2023*. Retrieved 1/28/24. https:www.macrotrends.net/stocks/charts/MCK/mckesson/net-acquisitions-divestitures.

x------------x