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Outer Banks History Center

'What happened to the gold?'

'Capture, by Confederate Steamers, of the propeller "Fanny," in Pamlico Sound,' by Frank Leslie in The Soldier in Our Civil War.

Posted: Tuesday, July 15, 2014 9:37 am

NEEL KELLER | 0 comments

Local historian Mel Covey of Frisco is making preparations and raising funds to launch two archaeological explorations in Waves later this year. The two projects will examine different aspects of the Union forces' campaign to seize the northern half of Hatteras Island late in the first year of the Civil War.

[Part two of a series]

The first will take place on land and will center on verifying and documenting the structural features of Camp Live Oak, a Union fort that was being constructed on Hatteras Island -- and would have been the largest fort in eastern North Carolina -- until the Union forces abandoned it on Oct. 5, 1861.

The second project will take place at sea and will focus on the Confederates' capture of the USS Fanny, a gunboat and troop transport ship. "There is no wreck of the ship itself," Covey told the Sentinel, "but

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there is a lot of stuff that she threw overboard -- as well as an anchor that she left behind -- and we hope to locate those. However, no artifacts will be removed from the water.

"I know that she was anchored behind the fort. So, now that I know where the fort is, I know where to look to find the anchor and the other artifacts. And I have a pretty good idea where she was captured."

Anchored offshore from the fort, the Fanny was surprised by three Confederate vessels, the Curlew, the Junaluska and the Raleigh, attacking from the northwest. In a battle lasting only 35 minutes, the Fanny tried to escape to the south, briefly ran aground on a shoal and was captured about five miles south of the fort.

"The magnetometer that we'll be towing out behind the boat," Covey explained, "will help us locate the anchor. Some of the other things she threw overboard will not be so easily found." These include food stuffs, 30,000 to 40,000 rounds of musket cartridges and most likely some cannon balls.

Covey noted that it was the civilian crew that was busily throwing armaments overboard during the battle, not the 40 soldiers. "The officers would not let the captain throw the cannons off the bow," Covey said. "They knew they were about to be captured and that, if they threw those cannons overboard, they would be treated poorly. So there was a significant role reversal there."

Another item that will not be detected by the magnetometer -- if it is still down there in the Pamlico Sound -- is a fortune in gold.

Covey cited possibly conflicting motives -- and perhaps loyalties -- among the Union troops on board the Fanny and the civilian captain and his five crew members, who were operating the boat under a charter with the Union Army. One theory, Covey said, is that the captain -- John Morrison -- was actually a Confederate sympathizer and part of a "conspiracy" to have the Confederates capture the boat.

"I think that's utter nonsense," Covey said, "and his actions really prove that he wasn't. But that doesn't mean they didn't throw some stuff overboard that they would have wanted to go back and get later."

If political allegiance was not a factor, Covey said, there may have been another "ulterior motive" at work: an interest in making off with the gold.

"It was Oct. 1," Covey said, "and there were approximately 700 Union troops at the fort that were due to get paid on the first of the month." Covey added that he believes Col. Rush Hawkins, the Union commanding officer, decided to wait until the end of the day before paying the soldiers in order to get the most work out of them in building the fort.

"That was the reason they were there in the first place," Covey said, "so it makes a lot of sense." Pausing, Covey added, "Unfortunately the Fanny was captured in between. One of the accounts says that there was \$30,000 worth of 'specie' onboard. Specie is gold in its raw



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form."

Covey explained that \$30,000 in gold in 1861 -- multiplied by 60 -- would be valued at \$1.8 million today. "But another account says there was between \$30,000 and \$100,000 in gold onboard -- which would be worth millions today. So we don't know exactly how much gold there was -- and we don't know what happened to the gold."

Adding an extra element of mystery to the incident is the fact that, while the soldiers and his own crew were captured onboard the Fanny by the Confederates, Morrison took a launch and escaped to the Union side of the island, where he was arrested. Later held at Fort Monroe in Norfolk, Morrison was questioned but never charged.

"With all the accusations -- especially of being a 'Confederate sympathizer' -- 'Captain Johnny' was very closed-mouthed and had very little to say in his own defense. The only explanation I can think of is he didn't want to say much. He just wanted to get back to that gold.

"This is all conjecture. And we may never find the gold. But my question is: 'What happened to it? And is it still out there?'"

Noting the work that has started on marking the 75-mile Civil War Trail trail running from Manns Harbor to Ocracoke, Covey reflected, "Historians have finally latched on to the importance of this and are re-examining the role this area played in the first year of the Civil War. They're rewriting history, and it all revolves around what happened on Hatteras Island in 1861 and Roanoke Island in 1862. Robert E. Lee had to dispatch 20,000 to 30,000 soldiers here to protect his rear, when formerly it had been secure."

Pausing, Covey added, "If that doesn't seem significant, think of what General Lee could have done with an extra 20,000 or 30,000 men at Gettysburg! That's why this is important militarily."

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