The Spanish bibliographer Pascual de Gayangos claimed in England that around 1835 he saw a copy of the Shakespeare First Folio in the Valladolid palace of Count Gondomar, erstwhile Spanish ambassador to the court of King James, but that the volume was later destroyed. However, accounts of the discovery are dubious and the relevant scholarship gives grounds for different interpretations. Eric Rasmussen suggests that Gayangos stole the Folio and then made up a story about its destruction. By reviewing the scholarship and offering new documentation, this article seeks to show that there is no verifiable evidence that Gondomar owned a First Folio; that both the uncertainties and contradictions involved in the discovery and the external evidence suggest that this copy never existed; that, therefore, Gayangos could not have seen or stolen it; and that, although it remains a mystery why he should have invented the story, there may be ascertainable reasons why he did so.