General Evidence
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IN THE MATTER OF THE "INQUIRIES ACT"

PART 1, REVISED STATUTES OF CANADA 1927, CHAPTER 99.

B E F O R E

THE HONOURABLE MR. JUSTICE H. I. BIRD, COMMISSIONER.

Vancouver, B.C.

September 24th and 28th, 1948.

PROCEEDINGS AT HEARING

(Pages 418 to 527)

GENERAL CLAIM AND CLAIM RE: MURIKAMI

application re Murikami 418 (On file)
do re Kantaro Kobayashi 420 (On file)
Gould Vessels appraisal 422-485
Matheson Canadian re vessels 486-491
McMaster vessels 491-527.

The Commissioner.

JOHN GOULD, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HUNTER:

Q What is your name, Mr. Gould?

A John Gould.

Q Mr. Gould, what is your occupation?

A Marine surveyor.

Q And what has been your experience as a marine surveyor? A. As a marine surveyor I have had -- I started marine surveying in Vancouver in 1914 and I have been surveying ever since.

Q And could you give us some specific examples for whom you have surveyed?

A Well I hve surveyed in the -- in the first place I was one of the surveyors for the San Francisco Board of Underwriters with Captain Cullington . We did all the work for the Board before they brought their own surveyors here and paid them a salary. We did the surveys on fees, and then Captain Cullington and I did all that work.

I wanted to necome a partner with Captain Cullington, and he did not want a partner, so then I opened my own office as a marine surveyor, and since then I have been surveying steamers and cargoes -- damaged cargoes and damaged steamers and making estimates of the amounts of repairs required and an approximate cost.

Q And had you some practical experience in relation to boats prior to taking on the occupation of a surveyor? A. Well, I served an

apprenticeship of seven years as an engineer and shipbuilder in Liverpool, England.

Q I see. A. And then I went to sea, -- until I left the sea I think in 1913 or '14. My last ships were with the Canadian Pacific oriental lines, the old Empress of China and the Mont Eagle and the Tartar and the Athenia.

Q And what was your occupation at sea?

A Chief Engineer. I started as second engineer and rose to Chief Engineer.

Q And you are still actively engaged in your profession--

A - as marine surveyor?

Q Yes? A. Yes, sir.

Q Now at sometime the Custodian asked you to survey certain boats. When was that?

A The Custodian?

Q Yes? A. I got a letter from the Custodian on the 7th February 1942, -- yes, February 7th, 1942.

Q May I see that, please?

MR. McMASTER: May I see it too.

MR. HUNTER: Q; This is a very general letter. I don't know that there is any point in filing it and perhaps your lordship would care to see it.

MR. McMASTER: I think it should be filed.

THE COMMISSIONER: Do you wish to have it filed?

MR. McMASTER: Yes.

THE COMMISSIONER: Have you any objection to its being kept of record here, as far as you are concerned?

A Yes, my lord.

Q You are content that it should be?

A Yes.

THE COMMISSIONER: What will be the next number, Mr. Secretary?

THE SECREARY : No. 43.

(LETTER FILED AS GENERAL EXHIBIT No. 43)

MR. HUNTER: Q: And did you have any other written instructions?

A No, I don't think I have. I don't remember getting any written instructions beyond that letter.

Q Well then, what verbal instructions did you receive in or about the time of that letter?

A Well, amongst my first instructions -- was to go down and see the -- the Custodian said ,"You know these Japanese better than I do. I want you to go down and see these Japanese and tell them we have taken their boats and they are in custody on the Fraser River and they are going to be sold"., and give them an opportunity --"tell them if they like they can sell the boats themselves. " Well, I went down to see these Japanese-- quite a number of them -- all that I could find in Jap Town on Powell Street, and I told them that their boats had been removed to the Fraser River and were in safe custody and were going to be sold, and they could sell them if they wished to. And they were all very indignant and they said, " No, we are not going to sell our boats. We will charter them to you, if you like", and I said, " All right, we will sell them then".

Q You say the boats were in New Westminster at that time?

A At that time the boats had all been removed to

New Westminster.

Q That was at what date?

A That would be early in February.

Q And who was guarding them in New Westminster?

A The Navy.

Q The Navy. Did you see these vessels in New Westminster at that time?

A Oh yes, I saw them from that time on. I went down two and three times a week.

Q And were these fishing vessels of the type -- were they the types of vessels such as you had been accustomed to survey?

A Yes, fishing boats. There were trawlers and codfish boats, and packers, -- different types of fishing boats on the Coast here.

Q And what had been your experience in appraising and surveying boats of that type?

A Well, I had been surveying them for years -- the same type of boat.

Q When did you first receive any instructions to appraise any boats from the Custodian?

Q Well, on the 7th of February I started right in and surveyed the boats, and as we made the survey we appraised the value in the usual way as we do for insurance companies.

Q And were you surveying all the boats at that time?

A Yes, surveying them all that were given to me.-- just as they were given to me, but I did not get a full list all at once -- I got certain appraisals

given me.

Q That is they gave you the names of the boats?

A Yes, and we had a lot of trouble in finding them because a lot of them only had initials, and there were three or four with the same initials, and some boats were surveyed three or four times until we were quite sure it was the boat we wanted.

Q Well, were you only surveying them at that time for damage or appraising them at the same time?

A Appraising them at the same time.

Q Did you have anything further to do with those boats at that time?

A No.

Q That is, you went down there and you made the survey and you appraised some?

A I appraised all of the boats that were given to me.

Q All the boats that were given to you?

A Yes.

Q Now when did you next receive further instructions? That is, up until this time you were surveying and appraising. When did you next redeive further instructions over and above that?

Q Well the next time we received instructions was when we took over the boats from the Navy, from the Disposal Committee.

Q Yes, and what were your instructions in regard to the takingover of those boats?

A Just as at first, to survey them and appraise their value.

Q And did you do that when they were still in New

Westminster or after they were removed to Vancouver?

A Well, I started in New Westminster and then I went to see the Custodian, and I said, " If you are going to have to sell these boats you won't get them all sold during the summertime, and I don't want to have anything to do with those boats in the wintertime", because we had put in one winter and there was tremendous damage to the boats when I was coming down the river that I saw and I said, "I think they should be moved to Vancouver and we can stop the theiving going on". There was a lot of thieving going on at the time in New Westminster, and I said, " They will be more convenient to see them in Vancouver", and then after that conversation with the Custodian, he decided it would be advisable to bring them to Vancouver; and we have all those boats that were left over by the Disposal Committee moved to Vancouver. And I had them on the different wharves and different places and had a crew of men looking after them in the daytime. They had to be pumped out because they were leaking badly, and I had two night watchmen and we had these boats over in the Royal Vancouver Yacht Club and in the Harbour basin and at the shipyards, some of the Vancouver shipyards and some boats at Wright's Shipyard and these men had to go around all through the day.

I had a special boat rigged up with pumps on board and in case of a fire we could pump it out and and they would go round with these pumps and pump them out.

THE COMMISSIONER: When was it you started to move the boats from the Fraser River to the Vancouver Harbour?

A I got my authority on August 1st, my lord, 1942.

Q MR. HUNTER: And when were the boats actually moved?

A Well, within the month. I think they were moved during the latter end of August and early in September. You see we could move only six or eight of them at a time -- no tow boat would take more.

Q Yes, I see.

THE COMMISSIONER: Q; There is one further question I would like to put, Mr. Hunter: From February 7th, 1942 to the 1st of August, 1942, were you acting under the Custodian's instructions, or under the instructions of the Fishing Vessel's Disposal Committee?

A The Custodian's, my lord.

MR. HUNTER: Actually whilst the witness is not in a position to say what he was appraising at that time the specific list he was given were enemy vessels. The witness of course, did not know that.

Q Now are you able to make any general statement as to the condition of these boats on the 1st of August, 1942?

A Oh,yes. Their general condition as I would put it -- it was just a hull and the engine. There was nothing else in them. The boats were stripped and they had been in the river for the winter before and they were in very poor condition. They were badly weathered. The paint was all off them and they were covered with barnacles so we had to dock quite a number of these boats -- haul them on themarine ways and

scrape them and give them a coat of proper paint, and in many cases had to caulk them so as to keep them tight.

Q This was when you moved them to Vancouver or before?

A After we moved them to Vancouver.

Q Now you appraised all these vessels and we have seen copies of your appraisals. For instance, I shall produce one here. This I believe is not a case under dispute, but I am producing it merely as a copy for the witness, my lord.

THE COMMSSIONER: As a sample.

MR. HUNTER: As a sample of the appraisals made, my lord.

Q I notice on this one it is dated August 14,1942.-- there you are at the very bottom of your appraisal-- there are two lines -- one is called " Valuation" and the other is called " Estimated market value". The first one is for $175.00 and the other is for $220.00.?

A. Yes.

THE COMMISSIONER: You might extract that from the file and put it in. It may be of some help to us later.

(DOCUMENT MARKED GENERAL EXHIBIT No. 44)

Mr. HUNTER: Will you just look at that, Mr. Gould , and explain just what the significance is of those two lines?

A Well, the first valua tion is my valuation of the boat. That was her value as far as I was concerned. The value of the boat -- the estimated market value is the value that you would -p that a ship broker would put on the boat, because he has certain expenses and commission to pay and at different times of the

year it is easier to sell boats.

Now when we had these boats there was a glut of boats on the market. There were all these Japanese boats, and the brokers had boats too, so the market value was low at that time of the year, but the real value of the boat is the first valuation.

My valuation of the boat in this case was $275.00 and I figured the fair market value would be $300.00.

Q $175.00 isn't it? A. Yes, $175.00.

Q You say that is the general market value, and the other is the value which a broker would put on it. Is there any other way you could describe that?

A Well, you might say that one was a minimum -- and the maximum value -- you might say -- I would say that I would not sell that boat for less than my valuation, but if you could get a fair market value for it, let it go for that, but not let her go for less than the $175.00.

Q Well, is it a fair thing to say the first figure is a minimum and the second figure a maximum?

A I think so. I think that would be a fair way of explaining it.

THE COMMSSIONER:Q:I gather from what you said previously, Mr. Gould, that its value -- the market value depends on demand and supply?

A On demand and supply. The supply when we had these boats was away above the demand. We had too many boats.

Q Yes, I see.

MR. HUNTER:Q:I wonder if we could just get the details

of the way you look after these boats, Mr. Gould. When you first appeared on the scene, the Navy I presume were looking after these boats, is that correct?

A Yes.

Q And then later on the Custodian took them over? Now when the Custodian took them over, who actually acted for the Custodian so far as taking over the physical possession of the boats was concerned?

A The Navy still had the physical possession of the boats. They looked after the boats. I only went there and showed my credentials to the officer in charge, and I told him that I had come to look at a certain number of boats and survey them for the Custodian -- for the Navy.

Q Well, later on the Custodian took over these boats from the Navy? A. Not when they came to Vancouver.

Q Well, prior to that time. You say the didn't come to Vancouver until the end of August. What I am trying to find out now is, were you the person who took these over for the Custodian, or who did?

A I didn't take them over for the Custodian until August 1st.

Q Yes. A. The boats were in charge of the navy and the Disposal Committee all the time they were in Westminster -- although I was over there examining them -- my own boats.

Q But you say you took them over on August 1st?

A Yes.

Q Was that the exact date or was it in or about that time?

A That was the date of the letter that I received, to take the boats over.

Q Now how did you take them over?

A I went to Westminster and saw the officer in charge there and showed him the letter I had to take these boats and he said "all right, what are you going to do with them ". And he said, " We will look after them until you move them". And I asked him if he would look after them until we moved them, and they looked after the boats until I arranged with the Custodian to get them towed to Vancouver. The Navy was practically in charge and the Disposal Committee was in charge of all those on the Fraser River. They had all their equipment there and everything and I had no equipment there at all.

Q Did you have any personnel there?

A No.

Q So the Navy was in charge until you had them moved to Vancouver? A. Yes.

Q And then in Vancouver, what did you do to maintain these crews? A. I took on a crew of eight men in the daytime and two watchmen at nighttime, and we kept the boats afloat and turned the engines over daily -- pumped them out and looked after them generally.

Q And when you say you turned over the engines, you mean you just turned them over --

A Yes, turned them over so that the piston would not make a groove in the cylinder where it was rusty.

Q And what facilities did you have to show people through those boats -- that is prospective customers?

A Well, I had a Mr. Thompson there; and when I wasn't there myself anybody who came down to look at the boats Thompson would show them through them and I myself would take them over the boat and show them the boat and tell them that was the boat "as is" -- as was.

Q Was this a full time occupation for you at that time?

A No.

Q You merely supervised it, and Thompson I suppose, that was a full time occupation for him?

A Yes.

Q Now, Mr. Gould, when you make an appraisal of a boat will you describe just how you go about it?

A Well, in an appraisal of a boat you go around the hull -- for the hull you go around with a file -- a long file with a sharp end --just like the end of a chisel and the other is a box wood handle and you just go around and tap along the hull and find out where there are any soft spots in the boat which you can tell by the sound and then you turn around and stab in to the planking and you find rot -- you go all over the hull in that way -- and the stern post and all around the deckhouse -- where it is facing onto the deck and you find the boat has dryrot-- or if it is in good condition or whether she is weathered; and then you examine the engine to see if there are any fractures or flaws and you get the make of the engine and the value of the engine.

You know the value of a new engine of that type and that horse power and you find from the license or the owner of the boat, how old the engine is and how old the boat is and from that you deduct so much. We take 10% for the first year and 5% thereafter and you deduct that off the original price of the boat and you call that the appraised value of the boat at the present day.

Q Well, that would not necessarily be the fair market value? A. Well, it may not be themarket value, but that is what I would say, if anyone wanted that boat off me, I would sell her for that price, but if I could get more, I would, but I would sell her for that price.

Q Is that the first figure?

A Yes, that is the first figure.

Q And it is really the cost price less depreciation?

A Yes.

Q That is on the basis of 10% off for the first year and 5% off for every subsequent year?

A Yes, of course, if she is weathered, you take more off and then if she has much dry rot you take more off.

Q Well, I presume that you would take more off in time.

A A fishing boat value after five years is about 50% and in 20 years you can say she is worth nothing. A fishing boat you give her 20 years life.

Q In other words this depreciation that you mention here is only applicable to fishing boats, or is it applicable to all boats? A. It is applicable

to all boats.

Q In the same proportion?

A In the same proportion -- that is, all wooden boats.

Q Well now, having arrived at this depreciated amount, or rather this cost less depreciation amount, which you say -- which you have referred to as the minimum price, how do you then arrive at the larger price?

A The market price?

Q What you call the market price?

A Well, you take your extra expenses in that a broker would want, and the market price of the day. Now boats will sell for more in the spring then they will in the A utumn. You try to sell a boat today and you don't find many buyers for it, but if you wait until the spring you will find people wanting boats and then we get a higher price. A boat you would sell in August for $200.00 you would probably get $300.00 for in the spring of the year for the same boat.

Q Now you have described how you go about making an appraisal. Did you adopt this same method of appraisal for all the boats that you appraised for the Custodian? A. Yes.

Q That is every appraisal you made for the Custodian was individually made?

A It was individually made. Each boat was examined individually and reported on individually.

Q Now when you were making a ppraisals over there did you ever run into a man named Murphy?

A Oh, yes, Murphy -- I think he wwas representing the Navy.

Q I see. A. The Canadian Navy.

Q And what was he doing there?

A He was appraising the value of the boats for the Disposal Committee. I think that was his position.

Q Yes? A. He and a Mr. Alger went around together.

Q And did you ever see them making their appraisals?

A Oh yes, they were making appraisals when I was making appraisals.

Q Did you have a chance to observe their method of making appraisals?

A Yes. I did not consider their appaisals were as complete as mine.

Q Perhaps you could tell us how they appraised?

A Well, in many cases they just went aboard a boat. The boats were all moored alongside of each other. I would be on one boat and they would be on another and they would open the engineroom door and look in and say, " All right, $250.00","$300.00" , but whether they made any further reports I have never seen them, but my surveys, I made a report on all surveys.

Q Now at the time you appraised these boats you say they were just hull and engine. Do you mean they did not have any equipment at all?

A They equipment had been practically stripped off all of them. There were no magnetos. There were no batteries, and some of the generators even had been taken off the boats, and there were no anchors and no lights or no life-saving apparatus. The boats were stripped. It was simply a hull with an engine in it when we got them.

Q Now at that time did you inquire as to where this equipment had gone?

A Yes, I made many inquiries and there were not very satisfactory. But I did find that the Navy -- I think they admitted that they had removed all the batteries out of the boats. Their idea was if they left the batteries in the boat it would be easier for somebody to come along and steal the boats, because you see they would be able to start up the engine with the battery and if they had no battery they could not start up the engine.

Q And did they tell you where these batteries were?

A The batteries were in Westminster and I saw hundreds of them, but we never got any of them.

Q Did you ever make any offer to get them back from the Navy? A. Yes, we asked for the batteries for the different boats, but they didn't know which boat they had taken them out of. Some had three or four and others had only one battery and you cannot tell by looking at a boat how many batteries he had in the engine room, and we did not know whether we had to ask for one battery or four batteries for the different boats.

Q Well, even if you didn't know that they would have still been better with one battery than with none, wouldn't they?

A Yes, but they were not disposed to give us any batteries, because they said all the batteries would be used up for the boats belonging to the Disposal Committee.

Q I don't quite recall that one?

A They said most of the batteries that they had taken were belonging to the boats that the Disposal Committee had.

THE COMMISSIONER: Are we concerned with that, Mr. Hunter. Is that not simply a matter of the Navy having refused to deliver, as far as we are concerned?

MR. HUNTER: I think so, my lord.

Q Now you say you have seen these batteries?

A Yes.

Q And what about the other equipment, the anchors and lights and so on?

A Oh, I never saw any of that.

Q Now when you first went over there in February, 1942, was any of the equipment on the boats at that time? A. No.

Q That is, from the very first time you saw the boats?

A From the very first time I saw the boats, the boats were stripped.

Q Mr. Gould, I produce another one of these sample appraisal. The first is the name, "T.T." and it shows your valuation of $25.00 and then it shows estimted market value -- no market value. I wonder if you would just explain it to us. Just explain what was the reason for that?

A Well, I think that is in the remarks at the bottom. The vessel was waterlogged and the whole thing was in very poor condition; absolutely rotten; and the engine was disconnected and several parts missing. No one would buy a boat like that. It was worthless,

but if you could sell it for junk you would possibly get $25.00 for it.

Q Well the reason I produce that, it does not seem to bear out this theory of minimum and maximum price?

A Well this is an exceptional case, I think. We had two or three cases like this. You could not get anyone to buy her as a boat, you could simply only sell her as junk.

MR. HUNTER: I will put that in.

(DOCUMENT MARKED GENERAL EXHIBIT No.45)

MR. HUNTER: Q: Have you a list of the boats that you appraised at the time that the Custodian took over, or after the Custodian took over?

A Yes, I think so.

Q H aveyou it with you?

A I beg your pardon?

Q Have you it with you?

A No, I haven't got it with me. Were those the boats-- you were talking of the boats that we took over from the Navy?

Q Yes? A. Oh yes, I have that with me.

Q May I see that, please?

A Now all of these boats -- there are three or four boats at the bottom -- in fact, seven or eight that are marked as being at the shipyards in Vancouver. They were at the Wright Shipyard and the Vancouver Shipyard.

THE COMMISSIONER: This is a list of the vessels you took over from the Navy under the instructions of the Custodian? A. Yes.

MR. HUNTER: I would like to clarify that. Is this a list

of the vessels you actually took over or is it an inventory of vessels you made prior to taking over?

A No, that is a list -- that is a copy of the vessel s - - or the list that I got from the Disposal Committee.

Q Again I want to be pretty definite on this. Do you mean you got this list from the Disposal Committee?

A I think the Custodian got the list and turned it over to me and I made a copy of it. There is a letter from the Disposal Committee.

Q And as far as you know this list was made by the Japanese Fishing Vessels Disposal Committee?

A Yes, as far as I know.

Q And this is an inventory made by you?

A No .

Q I don't know that that proves very much, my lord. Do you want this list filed.

THE COMMISSIONER: Q; Having received that list, did you check the vessels you took over against the list and can you say that the list shows all the vessels you took over? A. Oh yes, we checked over all the vessels. We took down all the vessels that are on that list.

Q Yes? A. But a number of those vessels had been sold, while they were in Westminster before they were in Vancouver.

MR. HUNTER: Q; Yes, sold by whom?

A I don't know, but either by the Disposal Committee or else by the Custodian.

Q So that all the vessels shown on this list were not brought to Vancouver?

A No, they were not all brought to Vancouver. Some of

them were sold in Westminster.

THE COMMISSIONER: That will be exhibit 46.

(DOCUMENT MARKED GENERAL EXHIBIT No. 46)

MR. HUNTER: Q; Now at the time you received that list, Mr Gould, had you appraised any of the vessels in that list, or were they appraised after you received that list? A. No, I had appraised the best part of them.

Q Prior to that? A. Prior to getting that list, yes. I appraised them in Westminster while they were afloat there.

Q Now having taken these vessels over to Vancouver, or had them taken over, you had a number of them taken out and scraped and copper painted?

A Yes.

Q Now at the time you made these appraisals, you have stated that a great many of them were in bad shape?

A Yes.

Q Now after a boat had been repaired in Vancouver Harbour, and scraped and painted, did you reappraise it?

A No. Oh, no, we only did what was absolutely necessary to get the baot afloat, and there would not be any difference in the value of the boat really.

Q Why do you say that a boat that had been repaired would not sell for more?

A Well, she was not repaired. She was just temporarily caulked and painted -- just tempoarily repairs -- just to keep her afloat.

Q Well, are you able to give an opinion as to the comparative condition of the boats when they were

sold from Vancouver as compared with the condition they were in in New Westminster?

A Yes, I suppose we had spent on an average about $12.00 for painting and probably four or five dollars recaulking.

Q THE COMMISSIONER: Did you put caulking on all the vessels? A. On a big majority of them, my lord.

Q MR. MUNRO: Do you know how those repair accounts were dealt with in connection with the owner of the vessel? Was it charged to him or charged to the government?

A I don't know.

MR. HUNTER: Q; These repairs that were made were made by some shipyard, were they?

A Yes.

Q Not by your personnel, is that right?

A Yes.

Q And the paint and so forth would be supplied by the shipyard?

A Yes, and paid for.

Q Did the shipyard send you bills for them or did they send them to the Custodian?

A I think I received the bills and O.K'd them and turned them over to the Custodian to be paid.

Q Do you recall how those bills were made out? Were they made out individually?

A They were made out individually for each boat.

Q Well I could probably check that up. Or you will find that out for me. Now the repairs that were made in Vancouver, could you have kept the boats afloat without

them? A. No, no. We had to haul these particular boats out and paint them and recaulk them to keep them afloat. We did the bad ones that way and the others we just kept afloat by pumping them out.

Q What would have happened if you had not pulled those boats up and painted them?

A Oh, they would have sunk.

Q That is quite definite, is it?

A Yes, quite definite.

THE COMMISSIONER: Q; Are you able to say, Mr. Gould, whether these repairs had become necessary in consequence of the boats having been left out for a period of time in the Fraser River and subject to winter conditions or were these inherent defents in the vessel? A. No, I don't think they were inherent defects in the vessel, I think they were due to the treatment they got in the Fraser River.

MR. HUNTER: Q; Did you ever make any survey to determine what was missing from these vessels?

A Ny inquiries?

Q Any surveys or inquiries -- that is, did you try to ascertain what was missing?

A Well, I knew what was supposed to be on a boat of that type, or that style; and it wasn't there, so I simply put it down as missing.

Q I see. Were you ever retained to make any survey of that type of vessel by anyone?

A Before? Do you mean outside of the Custodian?

Q No, no, in regard to these vessels. In other words, did anyone at any time retain you to go and survey these vessels and say what was missing?

A Yes, yes, I think I made a list of the missing parts on quite a number of the boats.

Q For whom? A. For the Custodian.

Q Do you remember when that was?

A I cannot remember the date, no. I think the date will be on that list that I gave him.

Q I have here a sheet dated December 7th,1942, and signed by you, Mr. Gould. Would you explain to us what this is? A. Yes, that is the price of the different boats,-- the price of a new boat and the approximate price of the hull and the engine and an approximation; and the reduction of the valuation that I made, and then in the note at the side here it says pretty much what I have told you, it says, "The life and insurance life of these boats 25 years" ; and that is why I took those reductions off the boat. It was all on account of their age -- the age of the boat and the age of the engine.

Q Well, just what does that sheet represent. What was the purpose of making that sheet?

A The sheet was made at the request of the Custodian. He asked me if I could get one made up and I made it up.

Q Well, why is the specific information on that sheet?

A The reason for the specific information on that sheet, is to verify what valuation I have put on the boat.

Q That is supposed to be a check against the appraisals

you had previously made?

A Yes.

Q And you were asked to explain your appraisal in relation to a certain previous appraisal?

A Yes, and I gave the value of the boat new and the value at the present time and the deductions I had taken off on account of the age of the boat and the condition of the boat and the engine.

Q And you were just asked to do it in relation to those specific boats on that sheet?

A Evidently.

Q That is complete. That is not just one of many sheets?

A No, not as far as I know. That is the only sheet I made out. Those are the only boats I was asked about.

Q May I see that again. Do you know why you were asked to do that?

A No.

THE COMMISSIONER: Q; Under the column, "price of hull", I take it that is either the initial cost of the hull or the cost of the hull new?

A It says there, "new" -- price of new hull; price of new engine.

Q Yes, I did not read that. Thank you. Do you wish to put this in, Mr. Hunter?

MR. HUNTER: I think so, my lord.

THE COMMISSIONER: That will be exhibit 47.

(DOCUMENT MARKED GENERAL EXHIBIT No.47)

MR. HUNTER: Q; You first saw these boats in February of 1942? A. Yes.

Q And at that time you have stated they were stripped?

A Yes.

Q Now what was the condition aside from stripping at that time. Were they weathered, or were they not?

A Yes, they were weathered -- they were. Some of them were very badly weathered, and some of them were leaking and some of the engines w ere very badly rusted and some of them were not so badly rusted.

Q Do you know when the Navy had taken them over?

THE COMMISSIONER: I think we have had it in evidence already. It was done soon after Pearl Harbour-- about a month or two.

MR. HUNTER: Q: What I am trying to find out is, how they got weathered so quickly?

A Well, I don't know when the Navy took them over. I believe they took them over almost immediately after Pearl Harbour. I think it was in October 1941, wasn't it?

Q No, it was in December.

Q I was wondering whether it was due to the fact that some of them were under water?

A I may have that in my office, that information.

Q Were some of these boats under water when you first saw them?

A Some of them?

Q Yes?

A. No, none of them were under water. None of them were waterlogged.

Q Were any of them lying on bottom?

A A lot of them were leaking badly.

Q Were any of them lying on bottom?

A Hauled out on the bank?

Q No, on the river bottom -- were any of them resting on the river bottom?

A No, they could not rest on the river bottom , and whether they were anchored in 20 feet of water --

Q I see. It was deep water?

A Yes.

Q I think this is a good time for a break. I am pretty nearly through, but I would like to check up on my notes.

THE COMMISSIONER: Very well, we will adjourn for a short time.

(PROCEEDINGS RESUMED AFTER SHORT RECESS)

JOHN GOULD, resumes stand.

DIRECT EXAMINATION CONTINUED BY MR. HUNTER:

Q Mr. Gould, when these vessels were taken over by the Navy in December, do you know whether or not that would have been at the end of the fishing season?

A That was practically at the end of the fishing season for that type of boat -- yes, November and December.

Q Do you know whether these vessels had redeived from the owners the usual maintenance after the fishing season? A. From their appearance they had not.

Q I see, and having been towed to New Westminster, was there any other reason that you know of why the deterioration had set in so rapidly?

A Well, the boats had not been -- the boats had finished the fishing season --

Q Yes? A -- and they would naturally during the winter time -- the Japs would have

repainted their boats and overhauled their engines, but that was not done so that would have helped the deterioriation considerably.

Q What kind of a winter was it in '41 -'2?

A Pretty severe.

Q Would you say it was more than the average?

A Yes, I think it was colder than the average.

Q And is there any other thing that you can think of that might account for this deterioriation?

A No, only the lack of the overhauling of the boats before they were taken over by the Navy and the severe treatment they got in the river.

Q And that would make for rapid deterioriation?

A That would make for very rapid deterioriation.

Q I see. That is all. Is there anything that you wish to ask, my lord?

THE COMMISSIONER: No. -- well there is one question I would like to put prior to your cross-examination, Mr. McMaster:

Q In the making of the appraisals, which you did on the instructions of the Custodian, was there any difference in the method of carrying out the appraisal than your normal practice in dealing with similar work under instructions from Insurance companies or owners or otherwise?

A No, my lord.

Q That is all.

MR. HUNTER: Perhaps we could get that absolutely clear.

THE COMMISSIONER: Yes, if it needs to be clarified.

MR. HUNTER: Possibly it doesn't.

[redacted]:

Q The instructions which were received from the Custodian's office were practical verbal. What were those instructions?

A To survey and appraise the list of boats that they gave me.

Q And when you were told to do that, what did you try to obtain? A. The usual survey for a boat of that type. I go and survey her and take my instructions with me, and survey the hull thoroughly. Of course, she was afloat and I could not survey below the water line. All these boats were afloat at that time, and I examind the engine.

Q And the value you arrived at, what type of value was that supposed to be?

A That was the present day value considering what the boat would cost you, and an appraisal value -- and the difference -- the price of a new boat and the price of the boat at that time and her age and her condition. It was very poor and there was no overhauling done since the fishing season had finished. That all had to be taken into account and the tremendous number of parts missing.

Q When you surveyed them, did you survey them as is?

A Yes, as is.

Q You did not try to arrive at an appraisal of what the boat would be worth in good condition?

A No.

Q That is probably superfluous.

CROSS EXAMINATION BY MR. MCMASTER:

Q This was a very difficult task that you undertook for the Custodian?

A I beg your pardon?

Q This was a very difficult task that you undertook for the Custodian?

A Test?

Q Task? A. In which way?

Q Considering the number of boats involved and the time you had to do it?

A There was no time limit. I was only able to do so many boats each day, and I took my own time.

Q And how many boats did you do each day?

A It all depended on how long it took us to find a boat. Sometimes we would only do one boat a day and sometimes three and four.

Q And you stated you did some appraisals between February 1942 when you received your first instructions and around the end of July or beginning of July when you were instruc ed to take the boats over.

A Yes, the boats I think were all practically surveyed by the end of August.

Q Did you do more than one survey on any boat?

A Some of them we had to, because we were not quite sure it was the right boat -- the same initials , there would be four or five boats with the same initials on them -- the same numbers, and we could not tell which boats they were.

Q Were you surveying continuously from February 1942 when you were first instructed up to August 1st, 1942 when you were instructed to take the boats over?

A Yes, I was surveying, of course not continuously, because I had my own business to attend to.

Q Was this your main concern during this period -- was this the biggest job you had to do during that period? In other words, were you taken away by this job from other business a great deal or not very much?

A No, I spent a great deal of my time during August and September surveying these boats.

Q Yes? A. Most of my time was taken up surveying these boats at that time, yes.

Q Now between February and August --

A Yes.

Q -- what portion of your time was taken up with this work? A. Oh, I would say aboyt 50% roughly.

Q And have you any record of how many boats you surveyed between February and the 1st of August?

A Yes, I have, but I haven't got it with me.

Q You have, but you haven't it with you. Have you any recollection as to approximately how many days?

A Yes, I have the dates in my note books when I surveyed the boats and I could get those.

Q But you don't recall approximately at the moment what it would be? A. No, I don't recall at the moment approximately what it would be.

Q What were the verbal instructions you received when you got your general letter of instructions in February of 1942? A. To survey and appraise the

boats.

Q Which boats? A. The boats belonging to the Custodian.

Q And did he give you a list of what those boats were at that time?

A He gave me a list at different times. I didn't get a full list in the beginning, because I don't think he had a list of all the boats at that time. He knew all the boats at that time -- but he would give me a list of half a dozen or a dozen boats and then I would get another list of the boats he would want me to survey and I went on from February to August doing that.

Q Have you any idea of how many lists of boats you received from February to August?

A No, I could not say how many lists I received.

THE COMMISSIONER: Government counsel has told us that Mr. Gould, unknown to himself was engaged on appraisal of enemy owned vessels up to the time the list of the vessels which were to be moved from Westminster to Vancouver was given, and I take it that can be a matter that can be established by evidence if you are not content to take counsel's ~~evidence~~ statement.

MR. McMASTER: That is quite satisfactory, my lord.

Q Now, witness, you gave us a list, which has been filed as an exhibit, of boats which were turned over by the Japanese Fishing Vessel Disposal Committee, and most of which were in the Fraser River, and most of which you said were at various shipyards. You recall that list that you filed, I presume?

A Yes, the list that I got shows eight or nine boats in Vancouver Harbour and all the rest were at Fraser River.

Q The list I now show you, Exhibit 46, does that list include all of the boats that you appraised?

A There are two sheets of that list.

Q Does that listing include all of the boats that you surveyed?

A There are 42 boats here and 63 here and these boats are in Vancouver here and all of these other boats are in New Westminster.

Q Did you appraise all of those boats?

A Yes, I appraised all of those boats.

Q Except the ones that had been sold?

A Yes.

Q Do you know how many have been sold?

A No.

Q You don't recall? A. No.

Q Did you appraise any other boats besides the boats which appeared on that list?

THE COMMISSIONER: Under the instructions of the Custodian?

Mr. MCASTER: Under the instructions of the Custodian, yes.

A I appraised some boats up in Prince Rupert.

Q In addition to these?

A That are not on that list.

Q Yes? A. And I think that the boats at the Nelson Bros. Fisheries are on a separate list. I appraised all those boats.

Q Now where are the boats that are on the Nelson Bros. Fisheries. Where were they kept?

A They were at the Nelson Bros. Shipyards at Queensbury Island.

Q That is in Westminster?

A Yes, on the Fraser River.

Q You made certain comments with regard to boats that were in Coal Harbour, that were brought around to Coal Harbour? A. Yes.

Q As to their condition?

A Yes.

Q Do those same remarks apply to boats that were at Nelson Bros Fisheries?

A The same remarks apply.

Q Yes, were they likewise in --

A In poor condition.

Q In poor condition and ready to sink?

A Yes, just the same. They were taken away from the Japanese before any repairs were done and they were all weathered and in poor condition.

Q And were they all stripped as well?

A Yes.

Q And the boats you saw in Prince Rupert, where were they?

A Well, they had been hauled up onto the beach. They had been so badly battered about in the river, that the Navy had to haul them up on the beach and they were all up on the beach when I surveyed them.

Q Now did you survey any other boats that you can recall at any other place?

A Yes. The Navy supplied me with a patrol boat and I went around for three or four days to the different

canneries looking for Japanese fishing boats, and I found two or three only and they were accounted for.

Q Now I take it all the boats on Exhibit 46 , the list I just showed you, all the boat s at Nelson Bros. Fisheries Cannery and the boats at P rince Rupert, and th ese other miscellaneous boats you have just mentioned-

A Yes.

Q -- they were all surveyed after the 1st of August,1942?

A No, the boats in Prince Rupert they would have been later. It might have been in Septe ber of October in 1942 and some of the boats were in '43.

Q Well, my question was this -- they were all surveyed after the 1st of August 1942?

A Oh yes, they were all surveyed after the first of August.

Q Nlw did you make any inqurieis as to the date and amount of purchase of any of these boats?

THE COMMISSIONER: The purchase price?

MR. McMASTER: Q: Yes, the purchase price?

A Personally?

Q Yes. In other words, did you make any inquiries as to when theowner of that boat had acquired the boat?

A Well, do you mean as to the age of the boat?

Q No, asto how long the previous owner -- the Japanese owner -- who would be the owner at the time you appraised it -- as to how long he had had the boat himself? A. Yes. I made quite a number of inquiries about quite a number of the boats but they were very, very unsatisfactory, because the only way I could do it would be to write to Victoria, Nanaimo and Prince Rupert, and I went to

the Registry office in Westminster and Vancouver and got a number of the boats, but these Japanese were very peculiar. They would take a boat over -- they would buy a boat from another Japanese and they would not reregister it, and you would find a boat belonging to one Japanese that was registered under the Japanese name of the first owner.

Q But I suppose you did not make any inquiries from any of the owners themselves?

A No, I didn't see any of the owners.

Q And you didn't write to any of them?

A No.

Q Now was the license the only place where you ascertained the age of the hull and the engine?

A Was the what?

Q Was the license the only place from which you ascertained the age of the hull and the engine?

A In some cases, yes, it was -- on the license, but you could not depend upon it because as I say the Japanese just changed over amongst themselves and they did not bother about re-registering the boat, and the only place you could get it was the Registrar's date on the bottom of the license and then you did not know really if that was the correct way. The only way that I had of figuring the age of some of these boats was from my own experience and their own condition.

Q Well, how many boats would that apply to?

A Oh, quite a number of them. I could not tell how many.

Q To the majority of them?

A To the majority of them, yes.

Q And how did you ascertain whether any repairs of a major nature had been made to the boat since they had been built?

A Well, you can always see from the inside of the boat -- or inside of the hull, if any new planking had been put in and you can tell the difference between the original planks and the different things that you examine.

Q Now witness, when you did find on examination there was some evidence of dry- rot--

A Oh yes, there was evidence of dry rot in quite a number of the boats.

Q I am sorry -- when you did ascertain some evidence of dry rot did you pursue it to see the extent of the dry-rot? A. Yes.

Q Would you say that would be true in every case?

A Yes.

Q Now in placing your value, I take it that you reduced the value if there were any parts missing -- for instance from the engines ?

A Yes.

Q And by how much would you reduce your value if there were parts missing?

A The cost of the new --

Q The cost of replacement cost?

A The cost of renewing the part.

Q And if there was any damage to the hull?

A If there was any damage, -- any dryrot or damage to the hull you would figure on cutting out so many planks and putting in so many new planks, and you would figure on that.

Q And howmuch did you reduce your appraisal when you

found there was any gear missing?

A The value of the gear.

Q So your appraisals represent the boat as it was when you saw it, with any parts missing or any damage that it then had done to it?

A Yes.

Q Now subsequently when these boats were sold, if the Custodian was unable to get an offer as high as your appraisal, were you approached and asked to reduce your appraisal?

A In one or two cases I was.-- where the boats were sold in '43, and my appraisal was made in '42, they asked me to revalue the boat, so I went down and had another look at the boat and found she was weathered considerably more and wrote them a letter, saying the value I had placed on the boat in August might be reduced by so much money -- I forget how much it was, but they have the letters.

Q Well you say whenever there was an acceptance of an offer that was lower than your original appraisal you re-examined the boat?

A When I was asked to. There were very few cases.

Q But in every case of that kind you revalued the boat?

A Yes.

Q Before accepting an offer less than your original appraisal? A. Yes.

Q I am ging to refer to a case under 117. I would like to refer to Exhibit No. 11 in case No. 117, my lord.

THE COMMISSIONER: Yes.

MR. McMASTER: Q: Witness, is this the letter that you wrote to the Custodian's office on January 9th, 1943?

A Yes, that is perfectly correct.

Q I refer to Exhibit 9 in the same case, 117,.

THE COMMISSIONER: The mere reference to Exhibit 11 is not very helpful to me.

MR. M cMASTER: I am going to refer to it again, my lord.

Q Is this the exhibit 9 in this case -- the survey you made of that boat?

A Yes.

Q -- in December 1942? A. Yes.

Q Thank you. Now in this appraisal that you made on the boat Tunji 3 -- did you make any mention in that appraisal of their being any dry rot in that boat?

A I don't think so. Oh yes, there is -- (Indicating). Yes, there is dry rot there.

Q Now before you wrote the letter, which is Exhibit 11 in that case, and which I had better read, my lord -- the letter of January 9th,1943, which is addressed to Miss Sullivan, Royal Bank, Vancouver (Reading same)- you wrote that letter --?

A Yes.

Q The appraisal which you had made on that boat in December 1942, was $4500.00.

A Yee.

Q At that time you considered that to be the minimum amount that you would have been prepared to accept for that boat?

A Y es, I put that value in.

Q Now did you re-examine the boat before you wrote this letter of January 9th,1943?

A Yes, I examined her again and found more dry rot.

Q Were you unable to find or ascertain the amount of dry rot? A. Dry rot is a very, very hard thing -- it extends very quickly in damp and wet weather and you cannot really tell until you open it up how far it has extended. You will find dry rot in one plank and when you take that plank out you will find it has gone down into the plank below, or the one up above, so you cannot tell until you take the plank out -- onee you look for dry rot how much dry rot there is, because you will find it spreading all over the boat.

Q And how extensively would you have to remove the planking in order to discover the dry rot?

A Oh, I don't know. Do you mean as to cost?

Q Yes? A. Oh, it would probably cost -- it might cost $15.00 or $20.00.

THE COMMISSIONER: What is the difference in the price?

MR. McM ASTER: The difference between $4500 and $3500,-- $1,000.

Q Now witness, on the second occasion when it was indicated to you that there was dry rot in the boat --

A Yes, there was some rot.-

Q Did you have the planking removed to ascertain what the dry rot was?

A No, I didn't go into the boat at all.

Q Now there was some cases, weren't there, witness, when you were asked to reduce your appraisal and you refused to do it?

A Yes.

Q Why did you refuse to reduce the appraisal?

A Why did I refuse to reduce the appraisal?

Q Yes, why did you refuse to reduce it?

A Because of my second examination of the boat, I thought my appraisal was correct.

Q And you say in every case you re-examined the boat?

A Yes.

Q Now you have mentioned, or have explained the difference in your appraisals between your appraised value and the market value?

A Yes.

Q Would that difference be a matter of percentage difference; that is to say, on your boat, should there be a difference between your appraised value and the market value of say 15 per cent. or 20 per cent., or would it differ as between different boats?

A Yes, it would be different in different boats, and more expensive boats. It would be different--slighly different. It would all depend. One is my valuation of the boat, and the other is the market value from a boat-broker's point of view.

Q Well, I take it you are suggesting the difference between your valuing and the market value would be the commission that the broker would expect to earn?

A Partly.

Q Is there an established commission. Is there a usual commission a ship-broker is expected to get?

A Well, in those small boats, there is supposed to be, but they make an agreement with the owner of the boat. They make an agreement with the owner of the boat, what they will sell the boat for.

THE COMMISSIONER: In answer to the question I put to him, the variation between his first price and his second price, to a degree depended upon market conditions at the time the sale was made. He thought the sale could be made--

MR. McMASTER: Q: Now, witness, I have a case that has been heard, in the transcript of the evidence, Case No. 362--and it indicates on one of your appraisals, the value was placed at $500.00, and the estimated market value was placed at $1250.00. Can you explain the difference between the estimated market value and the appraisal, in that case?

A I would have to look that up in my book, and find out why there was that difference. What is the name of the particular boat?

Q The "Camrose II" apparently.

A Oh yes, that boat. I think I remember that boat. She is 20 years old.

Q And you would say the minimum price you would expect in that case is $500.00?

A Yes.

Q Now, on the basis of the depreciation that you give, would the boat not be worth anything at that time?

A Oh, I wouldn't say it would not be worth anything, but after 20 years, when you come to take and put a very low valuation on that boat, that is 20 years old--it would not be a high valuation.

Q Nevertheless, you think its market value would be $1250.00?

A I would like to look up my notes before I would answer that question.

Q Well, in any event, that is the only explanation we have. You cannot explain such a discrepancy?

A Not at the moment.

THE COMMISSIONER: We will give you an opportunity, over the luncheon adjournment, to check your notes on it.

A I beg your pardon?

Q I say I will give you an opportunity, over the luncheon adjournment, to examine your notes.

MR. HUNTER: Q: Mr. Gould, would you have to go out to your home, or to your office, to get that information?

A To my office. That is the "Camrose II"?

MR. McMASTER: Yes, that is the "Camrose II". Were you aware at the time you appraised these boats, of the value that had been placed on them by the Japanese owners, before they left?

A No.

Q Were you aware of the values that had been placed on them by the Japanese appraiser for the Japanese fishing vessels disposal committee?

A No.

Q Now on what occasion, or in what connection had you had occasion, prior to being retained by the Custodian, to appraise fishing boats?

A For the last -- for 20 years past, before that, I had been personally appraising fishing boats for insurance companies.

Q For insurance purposes?

A Yes.

Q Now, have you appraised any boats for the purpose of advising--fishing boats, that is--for the purpose of advising a vendor of the price he should be able to obtain?

A No.

Q Have you ever appraised fishing boats for the purpose of advising a purchaser of the price he should pay for the purpose of acquiring it?

A Yes, I have done that. I am doing it at the present time, for the D.V.A.

Q Well, I am speaking of prior to that.

A Yes, prior to that.

Q If a man wanted to buy a fishing boat?

A Yes, if a man wanted to buy a fishing boat, he would occasionally come to me and ask me to look it over, and see what it was worth.

Q I would suggest to you, Mr. Gould, that that was only occasionally.

A I beg your pardon?

Q I would suggest that was only occasionally?

A It was part of my business.

Q But it is only occasionally that a fisherman gets the advice of an appraiser on the value of his boat?

A Yes.

Q And it would relate to large boats?

A No, not necessarily, to small boats too.

Q Would you agree that most of the fishing boats,

and particularly the smaller ones, are sold by the fishermen one to the other, without the benefit of a broker, or an appraiser?

A Yes, very often they are.

Q And did you endeavour to relate your appraisals, in any way, to sales of other boats at the time you made your appraisal?

A No, you don't do that. You take the measurement of the boat, and the value of a new boat, and a new engine, and then the age of the boat you are going to value, and deduct that from the other.

Q That is your method of appraisal?

A Yes.

Q But to determine the market values, would you not consult the price at which comparable boats are being sold?

A Oh yes, you take the market value at the time.

Q Well, that is what I asked you: if you tried to ascertain the price that boats were being sold for at that time?

A Yes, boats that were being sold at that time.

Q Did you do that?

A Yes.

Q From what source did you obtain the information?

A From different boat-brokers--I would just find out what they were selling boats for.

Q Can you give me the names of some of the boat-brokers?

A Well, Jack Gilmore was one, and I think Charley Hudson was another.

Q Now, where is Jack Gilmore now?

A Jack Gilmore, I think he has sold out to McCall, Wall & McComish (?).

Q What was the name of his boat brokerage firm before that?

A Jack Gilmore--just Jack Gilmore.

Q And Charley Hudson?

A Yes.

Q And he is carrying on business under his own name?

A He is carrying on business now.

Q Now you just applied the information that you got from those sources in a general way as to what the market value was. Is that right, or did you try to find comparisons for any particular boats?

A No, in a general way--I found out what the market value was. The market at that time was very low, because there were far more boats for sale than there were buyers.

Q Now, what factors in the market of 1942, at the time you were making most of these appraisals, would you say would depreciate the market values of boats?

A Well, I think it was just the percentage I have given on my survey report--the difference.

Q I am sorry. You did not get the question, Mr. Gould. What factors in the market--

A What?--

Q What factors in the market--what things that were going on in the market of 1942 would depreciate

the value of boats?

A The number of boats that there were for sale, and the number of buyers.

Q Now, the number of boats that were for sale-- was there a large number, or a quantity of boats for sale besides what the Custodian had to offer?

A There were quite a number of brokers who were making a living by selling boats.

Q That would be mainly sales by the brokers?

A Yes.

Q And it is on the basis of that that you would make the statement that there was a glut in the market in 1942?

A Yes.

Q Were there any other factors which you say would depreciate the value of boats?

THE COMMISSIONER: Just before you go on to other factors, could the witness tell us the market condition which he has described, dependded largely on the fact that there were a great many Japanese boats for sale, or was the market depressed in consequence of boats owned by persons other than the Japanese?

A No, I think the market was depressed by the number of Japanese boats on the market.

MR. McMASTER: Well, if I recall rightly, at that time, some 800 or 900 vessels had been disposed of by the Fishing Vessels Disposal Committee?

A Yes.

Q And those boats were off the market?

A Yes, and so were the buyers.

Q Now, what factors, in the summer of 1942, would you say would have enhanced the value of boats in 1942?

A What value?

Q What factors in the market of 1942 would have enhanced the value of boats, or were there any?

THE COMMISSIONER: Now, that is becoming pretty involved, is it not?

MR. McMASTER: Q: Well, I will put it this way: isn't it true that there was an exceptionally good salmon season in the summer of 1942?

A Yes.

Q Which would require a number of fishermen, and fishing boats?

A Yes.

Q And is it not true that there were restrictions on building new wooden boats, in the summer of 1942, as to the obtaining of lumber?

A I think there was. I think there was a restriction on building new boats then, because they could not get the lumber.

Q Yes, that is right. And was there not a restriction on the importation of engines from the United States, or other countries?

A Yes, I think there was.

Q And is it not true that the engine manufacturing concerns in Canada were busy with war contracts, and it was therefore difficult to get engines, even made in Canada?

A Yes.

Q Now, would you not agree with me that those things would tend to push up the market price of boats in the summer of 1942?

A It would only push it up to a certain extent that there were buyers for the boats, and there were not enough buyers for the boats that we had.

Q So in your opinion, and in making your appraisal, you did not consider those factors affected the market value of the boat with which you were dealing?

A No, no.

Q Did you take those factors into consideration at all, in making your appraisal?

A Oh yes, we considered them, in a general way. We had to.

Q But you did not apply them?

A But there were not the number of buyers on hand. We went for weeks and weeks, and did not have an inquiry for a boat.

Q Now, youhave given us a description of the condition of the boats when they were down in Coal Harbour, and I gather from that, a large number of them had to be pumped continuously, to keep them from sinking, isn't that what you stated?

A Yes.

Q And it was necessary to put certain repairs on them, to keep them from sinking?

A Yes.

Q Were those boats in that condition when they were

in the Fraser River, on August 1st, 1942?

A Yes, they were in the same condition. The Navy was pumping them out, the same as we were.

Q And were they in the same condition when they were towed from FraserRiver into Coal Harbour?

A Yes, the pump men pumped them out, and they were responsible--if the boatsfilled up when they were being towed around, they would put the pump on it, and pump her out. I did not hear of that being done, but that is what they would do, because they were responsible for bringing the boats in.

Q Now you mentioned you had certain work done on these boats in the way of scraping and painting them. Did you have any other work done on the boats?

A No, we only did what was absolutely necessary to keep the boats afloat. We simply cleaned them and gave them a coat of paint below the water-line, and caulked them, where necessary.

Q Can you tell me of any major repairs that were made to boats when in Coal Harbour?

A No, I don't think we did any major repairs.

Q So the maximum expenses in relation to scraping, painting and caulking, to the figure you gave us, was roughly around $20.00, maybe?

A Yes, about that.

Q I take it, in addition to being retained as an appraiser, you were also instructed by the Custodian to take general charge of these boats in Coal Harbour?

A Yes, we had to look after them.

Q And were you responsible for the payment of the watchmen and the docking charges, and all that sort of thing?

A Me responsible?

Q Yes? A. No.

Q I don't mean personally. I mean were you in charge of that?

A Yes. I okayed all the bills that went in. They came into my office first, and I had a rubber stamp, "certified for payment" which I signed, and sent that in to the Custodian's office, and they paid all the accounts.

Q You have no knowledge of what proportion of those accounts were charged up against any particular boats? A. No.

Q Do you know, witness, whether, in fact, after these boats had been purchased, the purchasers were entitled to go to the Navy Stores and to have the equipment replaced, and to have any damage repaired?

A No, I don't know anything about it, but I know that the boats that were sold would have to have--some of them, $200.00, $300.00 and $400.00 spent on them, before they would be useful as fishing boats.

Q In any event, when you were appraising them, you did not take into account that the purchaser might have to have some of that work done for him by the Navy, at the Navy's expense?

A In the sale of boats?

Q Yes? A. Yes.

Q Have you ever had any experience in the sale of a fleet of boats?

A A fleet--a whole fleet?

Q Yes. A. No.

Q Say 10 or a dozen?

A In the sale of single boats, yes.

Q Now, did you also supervise the sale of these boats, as well as watching them?

A No, I had nothing to do with the sale of the boats whatever.

Q Were you around the boats at all, at the time the prospective purchasers came and looked at them?

A Oh yes.

Q And are you able to say--

A I showed them the boats.

Q Oh, you showed them the boats?

A I showed them a great number of the boats, when they came down, and Thompson showed them the other boats, when I wasn't there.

Q And did you point out to them the good features of the boats?

A I didn't need to. They knew what these fishing boats were. They were fishermen, and I told them the boat was "as is".

THE COMMISSIONER: You were not there to puff the sale? A. No.

MR. McMASTER: Q: You told them the boat was "as is"?

A Yes.

Q In other words, it was up to them what they got?

A Yes.

Q Now, when you sell a boat "as is", is it not true, particularly when the boat shows some sign of not being in good condition, you are likely to get a lower price than if you can give some warrantees?

A Yes, that is quite possible. You would get a lower price if you cannot give a warrantee or guarantee--well, that is, as a rule, but not on these boats. When I sell a boat, and the man comes and sees the boat afloat, and he says he will give $1,000.00 for the boat, but he wants it hauled out, to see the bottom of the boat--and there were one or two of these boats that were hauled out, and they found that they were damaged underneath, and there were temporary repairs put on them, and we told the buyer, when he came down, he would have to do something about it.

Q In other words, you warned him of the defects?

A Yes, we warned him of the defects.

Q And there was not any warrantee given at all that the boat was sea-worthy, however?

A No.

Q In any instance, can you recall any of the purchasers asking to have these boats put up on the ways, so that their hulls could be examined?

A Oh, there were a number of them came and asked to have the hulls hauled up, but we would not do it, and they left the boats, and they would not buy them.

Q So you do not know of any instance where the purchaser had a full opportunity to inspect the boat? A. No.

THE COMMISSIONER: Q: Could he have done so, at his own expense?

A I beg your pardon?

Q Could he have had the boat hauled out, at his own expense?

A Oh yes, he could have had the boat hauled out at his own expense.

MR. McMASTER: Isn't it usual for the purchaser of a boat, if he wants to examine a boat, he has to pay the expense of having it hauled out to be examined? A. Yes.

Q Now, I would like to refer to Exhibit 45, if I may. Witness, this is Exhibit 45, being the appraisal that my learned friend produced to you, where you show the valuation at $25.00, and show no market value. How did you get that boat around from the Fraser River?

A How did I get her around from the Fraser River?

Q Yes.

A I didn't get her around. I examined her where she was water-logged.

Q Well, this report was made where--on the Fraser River?

A It must have been made on the Fraser River.

Q Did you leave the boat there?

A I could not move it; it was water-logged.

Q It was water-logged, and she stayed there?

A Yes.

Q I wonder if my friend has the file there, and can advise me what that boat sold for?

A Well, that boat--

Q I am sorry. I am asking Mr. Hunter for the information.

MR. HUNTER: The boat was sold for $25.00.

MR. McMASTER: Q: Now, several times you have mentioned the difficulty of keeping these boats afloat, witness. How general does that apply to the boats that you appraised?

THE COMMISSIONER: The question is not clear to me, Mr. McMaster, and I don't know whether it is to the witness.

MR. McMASTER: Q: You mentioned the difficulty of keeping the boats afloat. Now, of all the boats that you appraised, what percentage of them did you have difficulty in keeping afloat?

A I would say roughly about 75 or 80 per cent. of them were leaking.

Q Might I have Exhibit 47, please. Now, witness, I am referring to Exhibit No. 47, which is a list of certain vessels referred to you by the Custodian? A. Yes.

Q In which you were asked to set out the manner in which you had appraised those particular boats.

A Yes.

Q That was the purpose of the list?

A Yes.

Q And I observe on it you state "that in the foregoing

analysis, the prices of hulls and engines are pre-war prices."

A Yes.

Q Now, is that the basis on which you appraised all of the boats?

A Yes.

Q Is it not true that the price of hulls and engines had materially increased since the outbreak of war?

A Not in '42.

Q You say there was no increase?

A No, if there was, it was very, very small. I don't think there was any increase.

Q You state that "Despite the fact that it was hard to get lumber--"

A Yes.

Q "--to build new boats?

A Yes.

Q And you state that, despite the fact--that you agree it was hard to get engines, the price had not increased?

A It was hard to get engines, and hard to get lumber, but there was very little alteration in the price of boats, because there were so many boats to sell.

Q Wasn't there an increase in the price of lumber--that is, boat lumber, between 1939 and 1942?

A I really don't think there was. I don't think there was very much difference in the price of lumber.

Q Was there an increase in the price of engines; that

is, marine engines, between 1939 and 1942?

A I don't think so. I know, for insurance purposes, we started to add 33 per cent. about 1936 or 1937. They had an immense number of engines in stock, you know.

Q The Department--and in 1946 and 1947, you said in 1936?

A Yes, 1946 and '47.

Q You don't know of any increase in that period?

A No.

Q And you did not know of any at the time you made the appraisal?

A No.

Q Now, did you see any of these vessels prior to February, 1942, when you first received your instructions?

A No, not to survey them.

Q Well, did you see them at all?

A Well, I had seen them around the Harbour.

Q That is, individual boats?

A Yes, but I never examined them.

Q Did you see them massed in the Fraser River, prior to February, 1942?

A Did I see them--?

Q Massed together in the Fraser River, prior to 1942, when you had instructions?

A No.

Q Now I take it you don't know anything of the type of supervision the Navy exercised between December, 1941, and when you first saw the boats?

A No.

Q Now, witness, is it not true that the fishing season in this Province varies: that is to say, there are certain types of fishing that is carried on at certain seasons of the year?

A Yes.

Q And those seasons run through pretty well the whole of the year, that is, in almost any month in the year, there will be some type of fishing that is being carried on?

A Yes, but the most of these fishermen finish their fishing in about November, and start again in March.

Q What kind of fishing?

A All kinds of fishing. Next month you will find them all collecting in Coal Harbour, and in the upper reaches of the Inlet, by Second Narrows Bridge--you will find hundreds of those boats being repainted and overhauled for next season's fishing, which starts in November.

Q I put it to you that most of that work is done in November, on the fishing boats.

A Well, November, December, January and February.

Q But a large portion of it is done by the fishermen in November?

A A good portion of it will be done in November, yes. They take lots of time to do their repairs. A great many of them do their own repairs.

THE COMMISSIONER: Mr. McMaster, are you getting close to the end of your cross-examination?

MR. McMASTER: Yes, my lord, with the exception of the one matter that the witness is going to get further information on, and I think we might adjourn for luncheon now, and I will not be very long after luncheon.

THE COMMISSIONER: We will adjourn now, and resume at 2 o'clock, and if you can get the information you spoke of earlier, I wish you would do so over the adjournment.

(PROCEEDINGS ADJOURNED UNTIL 2:00 P.M.)

I hereby certify the foregoing t
be a true and accurate report of
the said proceedings.
E. Bligh
Deputy Official Stenographer

(2:00 P.M. PROCEEDINGS RESUMED).

JOHN GOULD, resumed stand, and testified further as follows:

CROSS/EXAMINATION BY MR.McMASTER CONTINUED:

Q Mr. Gould, just before the adjournment we were referring to the case of the"Camrose 11".

A Yes.

Q You were going to look.

A I looked and I found that my survey report is exactly the same as you have got. The only reason I can give is that I looked through my note book and I could not find a note for the "Camrose 11", but I think there has been a mistake in the name of the boat. I do not think that I would survey a boat for $500.00 when she was worth considerably more.

Q Have you the appraisal that you made there?

A Yes, sir, it is just the same. She was a wet cod fish boat. Now, I got my boats divided between fishing boats and the wet cod fishing boats. I will have to look them up, All through the wet cod fishing boats to see if I can find another boat.

Q Now, I am advised by the Custodian that boat sold for $1700.00. Can you explain that, and your appraisal was $500.00?

A No, only that there has been a change in the name. I may have made a mistake in the name of the boat. I will have to go through my note books again to see if I have another "Camrose 11" or a boat that would fit in to the survey report,

because that boat got quite a good report, seeing there are only two push rods missing.

Q This survey that you have just produced now says that. A: Yes, that is a copy of what you have.

Q I am sorry. Now,I want to get this clear: Do I understand that this is the proper survey report of the "Camrose 11" but that you put the wrong valuation on it by mistake?

Q Either that, or else I have got the wrong name of the boat on that survey report.

Q Having regard to the information on your survey report, can you judge whether $500.00 would be your appraisal for a boat of this type in this condition? A: For a boat of that type, the wet cod fish boat type, yes.

Q You would say $500.00?

A Yes, considering her age.

MR. McMASTER: I think I better have this marked as an exhibit.

THE COMMISSIONER: Well, that is an exact copy.

MR. McMASTER: I don't think I have it. I don't think there was perhaps the original of this report, so I think this ought to go in.

THE COMMISSIONER: Might it not be preferable, Mr. McMaster, if your further cross-examination on this subject should be postponed until Mr. Gould has an opportunity to investigate his records further.

MR. McMASTER: Perhaps that will be wiser, my lord.

THE COMMISSIONER: His answer indicates to me that he is searching his mind for some possible explanation of this discrepancy.

THE WITNESS: Yes, my lord.

THE COMMISSIONER: Q: And you would like to find out the reason for it. Am I right on that?

A Yes, I think there is some discrepancy, some mistake made either in the name of the boat or in the valuation of the boat.

THE COMMISSIONER: Supposing we leave that over.

MR. McMASTER: Yes. I wish you would file that.

THE COMMISSIONER: We can file this in the meantime.

(DOCUMENT MARKED GENERAL EXHIBIT NO. 48)

THE WITNESS: What about my having a copy of it?

THE COMMISSIONER: Once it is marked, I will hadd it back to you.

THE WITNESS: Thank you, my lord.

THE COMMISSIONER: To be returned once you have completed your investigation.

MR. McMASTER: Q: Mr. Gould, assuming that the Custodian made a fair distribution of the charges for the keeping of these boats; that is, the actual wharfage charges and watchmen and for all the boats that were down in Coal Harbour and charged against each individual boat, the scraping and painting and caulking that was done on that boat, could you understand how those charges would amount to between $850.00 and $450.00 on any one boat? A: Well, I suppose the men's time was divided amongst all the boats.

There were ten men altogether. There would be two night watchmen and eight men that were working seven days of the week. They were there on Sundays also, looking after the boats.

Q How many boats would there be that this would be charged to?

A There would be 50 or 60 boats there.

Q So that the charge per day would not be very great per day?

A I really don't know. I did not have anything whatever to do with the payment of the men or anything, or any of the financial arrangements.

THE COMMISSIONER: Referring to this document, Exhibit 48, when you mentioned Case No. 117 this morning, you referred to the fact that the valuation by Mr. Gould was $500.00 and that his survey showed a market value of $1250.00. Now, that is not the case. Exhibit 48 shows the market value to be $550.00.

MR. McMASTER: My lord, that is the information which was given by the Crown at the hearing of Case No. 362.

THE COMMISSIONER: Case 362. That is right.

MR. McMASTER: At page 10. The information given by the Crown is an appraised value of $500.00 and the market value was $1250.00.

THE COMMISSIONER: Well, the document does not support that statement.

MR. McMASTER: That is correct; I see it does not.

THE COMMISSIONER: Likewise, it is open to the inference

that Government counsel, in giving the figure of $1250.00, if he did so, was mistaken, or it may be that it has been improperly transcribed.

MR. McMASTER: It is possible, my lord. I still, in those circumstances, if it is a proper survey and if his estimate of the market value is $550.00, I would like his explanation as to why the boat would sell for $1700.00.

THE COMMISSIONER: And do you know when it sold for that price?

MR. McMASTER: October, '43(?).

THE COMMISSIONER: This appraisal was in August. That is a matter that perhaps Mr. Gould can assist us with later.

MR. McMASTER: Yes, I would like him to be quite sure this is the appraisal on the boat in question.

THE COMMISSIONER: I think Government counsel had better check the transcript and perhaps by tomorrow let me know whether that $1250.00 is supported by anything that appears in the Custodian's records.

MR. HUNTER: There is nothing in the file. I have just read it through. I don't know where the $1250.00 came from.

MR. McMASTER: It is in the transcript. It certainly is there.

THE COMMISSIONER: Give me the original transcript for Case 362. Telephone Miss White and ask her to bring up the case file 362. Where was it heard?

MR. McMASTER: Heard in Nelson.

THE COMMISSIONER: You may take this with you in the meantime, Mr. Gould, and you might hand it back.

MR. McMASTER: Q: Witness, you suggested this morning that the market in August of 1942 was abnormal, by reason of the sale of a large number of boats, some 800 by the Japanese Fishing Vessels Disposal Committee in the four or five months immediately preceding it? A: Yes.

Q In your estimation, if that sale had not taken place; in other words, if these boats had not been thrown on the market, the Japanese Fishing Vessels Disposal boats, what would be the increase in your estimate on the average of the market value of the boats that you dealt with?

A I should say about 25%.

MR. McMASTER: That is all, my lord.

THE COMMISSIONER: Any re-examination, Mr. Hunter?

MR. HUNTER: Just one question.

Q Mr. Gould, at the time that the Custodian took over those boats, there were some which were already with companies for repairs. Is that correct, at that time on the 1st of August, 1942? A: When he took them over in '42?

Q Yes, when the Custodian took over the boats.

A In February.

Q No, no, the Custodian took over the boats from the 1st of August, '42. At that time there were some boats you mentioned on that list of boats

you filed, which were in drydock or in for repairs at that time? A: Yes, sir.

Q That was in Vancouver, was it?

A That was in Vancouver.

Q Who had put them in there for repairs?

A I had -- oh, those boats -- excuse me -- those boats which were in the Wright Shipyards for repairs and the Vancouver Shipyards for repairs had been put in either by the Navy or the Disposal Committee.

Q Did you have anything to do with the repairing of those boats?

A No, nothing whatever.

Q Do you know what repairs they underwent?

A No, I don't know what the repairs were. I examined the boats while they were there, after the repairs were all finished.

Q And you would not know whether those particular boats the repairs were large or small?

A No.

RE-CROSS EXAMINATION BY MR. McMASTER:

Q Just arising out of that: Did you appraise those boats after the repairs had been done?

A I beg pardon?

Q You appraised these boats after the repairs had been done? A: Yes, I appraised those boats.

Q And those boats would not be in the category of boats you say you had to keep pumping to keep

afloat? A: No, they were not.

Q Can you identify those boats on the lists which you filed, the ones in the Wright Shipyards or Vancouver Shipyards?

A I think they are marked as being in the Wright Shipyard in pencil.

Q I see that those ones that are marked with the straight "X" were in Mercer's Shipyards, Lulu Island. A: Yes.

Q And the ones with the "X" and the circle were in Wright Shipyards, Vancouver?

A Yes.

Q And the ones with just the circle were Vancouver Shipyards? A: Yes.

Q And there were ten of these altogether.

MR. HUNTER: May I see that.

MR. McMASTER: Q: With regard to those boats, did you take into consideration the fact that they had just been repaired?

A Took into consideration what the boat was worth when I examined her.

THE COMMISSIONER:

Q That was at a time after the repairs had been made? A: After the repairs had been made, my lord.

THE COMMISSIONER: That is all, thank you, Mr. Gould, with the exception of that one, probably, with regard to the "Camrose 11", and if you will be good enough to let Government counsel known when you have the information, he will have you

recalled. That is all we will require of you now, thank you.

Mr. Hunter, when you get an opportunity, you might look at page 10 of the transcript in ~~page~~ case 362.

MR. HUNTER: I will get out the file and see what it says.

THE COMMISSIONER: The difficulty arises out of a statement made by yourself at that time, apparently.

MR. HUNTER: There is probably something on the Claims File.

THE COMMISSIONER: Who is your next witness?

MR. HUNTER: Miss Mathewson.

FLORA MATHEWSON, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HUNTER:

Q Miss Mathewson, you were in the employ of the Japanese Fishing Vessels Disposal Committee.

A Yes.

Q In what capacity? A: Stenographer and office worker.

Q I beg pardon? A: Stenographer and general office worker.

Q As such, you were familiar with what went on in that office?

A As much as my -- what work came in contact with.

Q You have a list of vessels there, have you not? May I see it?

A (Produces).

MR. HUNTER: This is the list of vessels, my lord, showing vessels taken over from the Navy services, and it shows the list of those which were sold at the Fraser River moorings in August and September, '42 -- 15 boats. It then shows a list of those towed from the Fraser River to Coal Harbour, Vancouver, September 14th to the 30th. It then shows --

THE COMMISSIONER: Consisting of how many vessels?

MR. HUNTER: Well, the total is 119. I have not calculated the number towed over -- it says 78 boats, my lord -- I am sorry -- and then it shows the vessels at the shipyards where the Navy services had placed them, 9 boats. I think Mr. Gould said 10. This shows 9, and then in the custody of Nelson Brothers Fisheries, 51 boats. It shows the vessels taken over in Prince Rupert, Tuck's Inlet, 16 boats; Inverness Cannery, 1 boat; vessels found at various points around the coast, 21 boats; vessels lost while in custody, compensation paid to custodian, 6 boats; vessels reported but not found by Custodian -- it shows 6 boats there.

Q How was this list compiled, Miss Mathewson?

A By checking with the boats taken over at the different places.

Q Yes, and do you know whether this list contains all the boats that came into the Custody of the Custodian? A: To the best of

my knowledge, it does.

Q And how did you go about checking that to make sure? A: I checked Mr. Gould's list of boats taken over at the Fraser River and shipyards, the list of boats turned over to Nelson Brothers Fisheries by the Japanese Fishing Vessels Disposal Committee; the list of boats the Chief Naval Officer in charge of Prince Rupert said were in his custody in August, 1942.

Q Yes? A: And where a boat on one of those lists was not a Japanese owned boat or was not Japanese owned on August 1st, 1942, I considered that it was not a Custodian's boat; Any boat that had been released by Naval services or from Naval service custody by August 1st.

Q And those seized boats -- first of all, they were finally turned over to the Custodian?

A Yes, well --

Q Plus the ones at the cannery?

A You see, actually the Custodian took over physically from the Navy a number of boats at the Fraser River that had already been sold by the Committee but had not been delivered to the purchasers. He also took over at least one boat owned by a resident of Japan.

Q Well, when you compiled this list, then, did you take out of the list those that had been disposed of by the Custodian -- by the Japanese Fishing Vessels Disposal Committee?

A Yes, and I took out the enemy owned boat.

Q And the enemy owned boat?

A Yes.

Q How did you decide whether it had been disposed of by the Japanese Fishing Vessels Disposal Committee?

A By examining the records of the Japanese Fishing Vessels Disposal Committee.

Q What did you consider a disposal to be?

A A sale.

Q Where they had sold it?

A Where the Committee had sold it, or where the sale had gone through the Committee's records.

Q Why was the boat not delivered?

A A number of reasons; probably the purchaser had not got around to taking delivery.

THE COMMISSIONER: Will you clarify the situation, Mr. Hunter, with a view to showing whether Documents of Title had been delivered in the cases to which you are now referring?

MR. HUNTER: Yes, my lord.

Q Let us just go through these disposals by the Japanese Fishing Vessels Disposal Committee. You say where they had sold it. You say in some cases they have not handed over the boat. Now, how far had the sale gone? Had they received the money? A: Well, I could not say in each individual case right now, but certainly two of the boats had been sold by their owners in the previous May.

THE COMMISSIONER: Will you bring out how many of such

vessels there were, and I think in the circumstances we should have all the information that Miss Mathewson has with regard to each vessel.

MR. HUNTER: Q: Do you know how many vessels had been sold prior to the 1st of August?

A By the Japanese Fishing Vessels Disposal Committee?

Q Yes, that were still in the moorings. How many did you have to take out of the list?

A I could just guess right now. I could not give you the exact figures.

Q Can you give us an approximate figure?

A I think about half a dozen.

Q Can you check on those half dozen boats and be in a position to tell us just what would happen in the case of each boat?

A Yes, I can.

MR. HUNTER: Is that what your lordship's wants?

THE COMMISSIONER: Yes.

MR. HUNTER: Q: From the point of view of the actual sale, whether the money had been paid or documents of Title given, what was the position as of the 1st of August?

A Yes.

MR. HUNTER: That will probably dispose of that. The others are pretty clear cut; the Custodian has responsibility for those.

THE COMMISSIONER: I take it that is your purpose in putting in this document?

MR. HUNTER: Yes.

THE COMMISSIONER: You are acknowledging the Custodian's responsibility in respect to the vessels listed on that document before you now?

MR. HUNTER: Yes, subject to those never found, reported and never found.

THE COMMISSIONER: It would be marked as Exhibit No. --

(DOCUMENT MARKED GENERAL EXHIBIT NO. 49)

MR. HUNTER: That is the real reason I called Miss Mathewson, my lord, but there may be some question you would care to ask or Mr. McMaster, because she was on that Committee and when the Committee ceased to function, came over to the Custodian. She has always been reasonably well in control of the boat information.

THE COMMISSIONER: There is no further information I want to ask her about, with the exception of this one feature. Mr.McMaster, will you proceed with your cross-examination?

MR. McMASTER: My lord, I do not propose to proceed with the cross examination until the further information is supplied.

(Witness aside).

ALFRED IRWIN McMASTER, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HUNTER:

MR. HUNTER: My lord, in order not to inconvenience Mr. McMaster, I propose to take his evidence both in regard to the Fishing Vessels Disposal Committee and the Advisory Committee -- the

City of Vancouver Advisory Committee.

THE COMMISSIONER: Yes.

MR. HUNTER: Although I do not intend to cover the rest of the real property immediately, but I would like to save him the trouble of returning.

THE COMMISSIONER: If you can do so, I am sure Mr. McMaster will appreciate it.

MR. HUNTER: Q: Mr. McMaster, you were appointed to some position with the Japanese Fishing Vessels Disposal Committee?

A Yes.

Q What was that? A: Executive Assistant.

Q When was the appointment made?

A January, I think it was, in '42. I cannot tell you the exact date.

Q What were your duties there?

A To carry out the policies determined by the Committee itself, which consisted of Justice Smith, Commander Johnson, at that time, and Kimura, a Japanese, and all of the administrative work.

Q What was the function of this Committee?

A The function of the Committee was to take over and act -- perhaps the best way to explain it is as sales promoters of the ships that were taken into custody by the Navy that were owned by the Japanese or the Canadian Japanese, inasmuch as we had no authority over the alien boats; to put them in a position for sale, to white ownership with the outstanding objective of getting

them back into the fishing industry of British Columbia.

Q Those boats were not vested in you, were they?

A They were not vested in us.

Q Who had the custody of the boats?

A The custody was in the Navy, in the hands of the Navy.

Q That is, the Committee did not have custody?

A Not at any time.

Q What was your procedure about disposing of those boats? A: In the first place, in order to regularly dispose of them, we had to get them appraised. I should say that at that time that the boats were immobilized. I use that term advisedly -- by the Navy. There was a great mass of boats, over 1,000, at various points on the coast, and the majority of them were brought into a central point which was the Fraser River off Westminster, and it was the end of the fishing season. They had to be put in shape physically for fishing services that would naturally, in any case, be required for the usual annual overhaul. We had them distributed, or directed their distribution by the Navy to various shipyards to put them in shape. We had them listed and catalogued and then carried on a plan of advertising with that objective in view of having the white fishermen and the fishing companies buy the boats and really promote, in the great majority of cases, the sale between

the owners of the boats and the new owners.

Q Who appraised the boats for your Committee?

A Well, in the first place they were not appraised. It was a question of advertising that the boats were available and getting the owner and the prospective buyer together. There was quite a disparity, without going into a detail which I do not think the Court wants -- but there was quite a disparity in the viewpoint of the values; that was natural, between the original owner and the prospective buyer. I think the original owner naturally wanted the highest price he could get and the new owner thought he was going perhaps to get a bargain. I volunteer that. So that our job was really to get the two parties together, to try and tranquilize their ideas and a good many sales took place that way, but in view of the urgency of getting the boats into the fishing service -- it was a time when the food value of fish was very badly needed and we concluded the thing was getting pretty sticky and there was something wrong with the progress we were making, and we had then secured the services of a valuator who knew fishing boats and we had him go over the fleet and put his idea of valuation on them.

Q Who was your appraiser in valuing them?

A I think his name was Phillipson. He was a man highly commended for his knowledge of fishing boats particularly.

Q There was something said this morning earlier by another witness about Captain Murphy.

A Murphy was the Naval Officer who looked after claims and looked, I presume, after the boats physically for the Navy.

Q Some of these boats had been damaged?

A Yes.

Q There was a fund set up to repair them, was there?

A Well, that was not the fund of the Japanese Fishing Vessels Disposal Committee. That was a Naval fund. The Navy, by this time, was responsible for any damage that took place to the boats while in their custody. That is the fund I think you speak of.

Q Do you know what the practice was in relation to that fund? Was it to repair a boat or to pay the money over to the owner?

A Well, we made an arrangement, the Committee, although it was outside of our Terms of Reference - we made arrangements with Naval authorities by reason of perhaps our knowledge of the boats whereby we would act and by our Marine surveyor, check with their representative, who was the Murphy you speak of; check any damage that was claimed, and when they aggeed on that damage a voucher was passed by myself on behalf of the Committee and by theCommodore on behalf of the Navy and the amount paid to the owner.

Q Was it paid directly to the owner in some casds?

A I believe it was.

Q That is, to the Japanese owner?

A In other words, he would get the value of the boat less the amount of his claim -- then the amount of his claim went to him directly.

Q You mean when it was sold?

A Yes, I could perhaps modify that. There might be some cases whereby the owner paid it less that damage -- at least paid the Japanese owner, less that damage, and that the amount was paid to the new owner in compensation. What I mean to say is: A boat was valued at $800.00, but there was a $50.00 damage. That $50.00, the Navy assumed responsibility. When we agreed between us, the new owner was therefore to pay $800.00. If he paid the Japanese the full $800.00, the Committee for the Japanese, then he would get the $50.00. I think there were cases both ways. If he paid only the amount of the boat less the claim, he paid $750.00 and the $50.00 would be paid to the Japanese. I think you will find both cases.

Q You were saying that after you found the Japanese reluctant to sell, you had the boats appraised. What happened then?

A The appraisals came in from this expert appraiser and on behalf of the Committee, I checked over his appraisals and I checked his method of appraisal and in order to be consistently fair, we added a percentage on his appraisal, having first determined that he was very consistent in his

appraisals. We added an percentage which, in the majority of cases, was 15% of the appraised value, and we established that as what we called our suggested negotiating price. It was not a definite price under any circumstances; it was a suggested negotiating price. We had placards made and posted in every boat, whether they were in the Fraser River or otherwise, showing this as the suggested negotiating price of the Committee. That had the effect of stimulating negotations between the owners and the sales went up very rapidly and we entered into a period which we called the period of most active sales.

Q Did you obtain the consent of the Japanese to such sales? A: Oh, yes, in the great majority of cases, we did. I say the majority of cases. There were some in the latter part of our operations that we did not secure it.

Q Did you ask for their consent at all?

A Yes, and as a matter of fact their consent was evident by their sending Bills of Sale.

Q But in the cases where you did not get the consent, did you ask them?

A Always, oh, yes.

Q That is, where they refused to give it?

A Yes.

Q We come down to the 1st of August, '42. There was an Order-in- Council passed vesting the undisposed vessels in the Custodian. How did that Order-in-Council come to be passed?

A Well, the Committee had served their main purpose, we thought, and rather than carry the Committee on, which was actually a temporary Committee -- in order to avoid the continuance of the Committee for a long period of time, we suggested that the residue of the fleet should be placed in the hands of some permanent agency of Government instead of a temporary agency of Government. We tried two or three agencies, who completely refused to touch them, and we finally thought -- it was my thought, in fact, that the Custodian of Enemy Property, who had some boats of his own, would be the logical department, and I approached Mr. McPherson, who represented the Custodian, and from that time on we negotiated what became ultimately the transfer to the Custodian of Enemy Property.

Q When this Order-in-Council was passed vesting the boats in the Custodian, how did you arrange for the physical delivery of those boats?

A Well, you ask about the physical delivery. May I point out again we never had physical custody of any boat. Let me use the term: We promoted the transfer of the physical custody from the Navy into the custody of the Custodian. To do that, we negotiated with both parties, got them together and got them to agree, if you will, on the inventory, and both parties then signed that inventory and thereby custody was turned over.

Q Do you know whether the actual boats were turned

over at the same time?

A I beg pardon?

Q Do you know whether the actual boats were turned over from the Navy to the Custodian at the same time physically?

A Well, I don't remember it was all done coincidentally. At least, I don't think the thing was done at once, because some of the boats were not in the Fraser River. Some of them were in the hands of Nelson Brothers, to whom we had transferred some on some bailiff arrangement, and some were out at different points on the coast, particularly Prince Rupert, so there may have been an interval there when the actual transfer took place.

Q What arrangements had you made with the Canneries about those boats?

A Nelson Brothers?

Q Nelson Brothers. A: You are taxing my memory back about six years, but my recollection is they agreed to take them and pay, inasmuch as they were needed in the fishing industry, a certain amount while in their custody, a nominal amount every month if they use them and assumed full responsibility for their custody.

Q And maintenance? A: Yes, and maintenance.

Q And at the time of the transfer of the boats from the Navy to the Custodian, had Nelson Brothers purchased any of these boats?

A I am not sure if they completed the purchase of

them then. They ultimately did complete the purchase of a lot or arranged the sale, promoting the sale to individual fishermen, but nevertheless my recollection is there were about 50 boats taken -- about 51, or something like that.

Q Did your Committee end on the 1st of August?

A No, oh no. We did not wind up. Worked until December of that year.

THE COMMISSIONER:

Q Did you see any boats after the 1st of August?

A I presume we would -- I can only presume that we completed sales. Yes, let me modify that again. We were negotiating the purchase of a group of boats that had been requisitioned by the Services and we purchased those on behalf of the Department of Munitions and Supply, which again was extraneous to our Terms of Reference, but we agreed to do that and, as far as I know, the Custodian had nothing to do with that, becuase they hever had custody of those boats.

MR. HUNTER: Q: You were really acting for whom?

A We were acting for the Department of Munitions and Supply. The boats had been requisitioned and therefore in the custody of the three Services, and, instead of them being chartered, we purchased them outright and we negotiated with the Japanese owners. They sent the Bills of Sale. We secured the money from the Treasury Department concerned and paid that money to the Japanese owner.

Q What happened where those boats had been used

all along, as you say they had been, by the Services. Was there anything paid for the use of the boat during that period?

A No, the basis of purchase was Lloyd's appraisal value at the time of purchase.

THE COMMISSIONER: Q; What date was fixed for the transfer? A: The date of the signing of the Bill of Sale.

Q The net result was that the particular branch of the Services may have had the use of that vessel for some time without payment of any charter fees? A: Right.

MR. HUNTER: Q: Did you take up the question of the charter fees? A: Yes, and, of course, the appraisal was at the time -- there was the question of depreciation; that is, a calculated factor in there, and I asked them about an interim charter fee as a matter of policy, and I think in my report I quoted that they said, "No, the policy was to purchase the boats on the basis of Lloyd's valuation at the time of purchase, without any other consideration."

Q Did you at any time act for the Custodian?

A No, I think I am right in saying -- the arrangement with the Custodian at the time of our negotiations was that we would -- I guess it is all right/to say he reluctantly took over this additional headache. We agreed we would turn over or he would use part of our staff, which was formerly with the Japanese Boats Committee --

turn over part of our staff to him. Consequently, in that interval it might have been that part of the staff that acted for him ~~xxx~~ ultimately was partly acting for us. Possibly there was an overlap there.

Q As far as those requisitioned boats were concerned, you were acting for Munitions and Supply?

A Acting completely, yes.

Q When did you finally cease your activities?

A Well, I think the actual date would be -- unfortunately, it is not here -- it is in December, 1942, when our final report was made and the Treasury Department had audited our accounts and we sent in this final report to the Minister. That ended our activities -- which was December, '42.

Q When you sold those boats, did you turn the money over to the Japanese or to the Custodian?

A To the Japanese -- to the owner.

(PROCEEDINGS RESUMED AFTER SHORT RECESS).

Q Mr. McMaster, aside from those individual vessels for which you negotiated, or rather the vessels which had been requisitioned by the armed forces, the sales of which you negotiated, did you have other sales after the 1st of August that you put through?

A I am afraid I cannot remember that. If we did, it would be some that we had under negotiation at the time of the transfer, Ishould think. That is a matter that you would have to refer to the

records for.

Q Those would be the ones which have been kept off this inventory?

A Yes, if anything on the inventory, we would have to consummate it, because in our opinion the Custodian's responsibility was confined to those vessels that were really on the physical inventory that he took over, plus the final responsibility of the records of the Committee which were turned over ultimately to him.

THE COMMISSIONER: Q: And the Custodian's responsibility would be limited to the vessels shown on that inventory, is that correct?

A Yes.

MR. HUNTER: Q: Now, subsequently to the cessation of this Committee, you were also appointed to some other Committee, the Greater Vancouver Properties Advisory Committee.

A That is right.

Q What was your position there?

A The same, executive Assistant they called me.

Q What were your duties there?

A Administrative, I should say; the executive duties of the Committee; to act on behalf of the Committee in administering their function.

MR. HUNTER: I don't think we need to go into the duties, my lord. The Terms of the Reference are here.

THE COMMISSIONER: I think that is pretty clear. Just referring to this question of limiting the Custodian's responsibility to vessels shown on the

inventory turned over, has that inventory been identified?

MR. HUNTER: No, my lord, because we cannot find that inventory. I will ask the question of this man:

Q This inventory that you mention, that was identified in what way?

A Why, the Custodian had Mr. Gould, who is a ship surveyor, review our inventory of the ships that the Navy wanted to turn over with one of the officers of the Navy, and with the result that they brought forward a list of vessels which they had discussed and they both agreed was the list of boats available, and that was signed on behalf of the Navy by Commander Morrell -- I think perhaps I had better give the name, if it would help in your identification, and on behalf of the Custodian by Mr. -- excuse me, can you suggest that name?

Q Mr. Reid? A: Yes, Edgar T. Reid. They signed them; both signed, which would constitute the accepted responsibility of the Custodian.

Q I suppose you had a copy of that, so you would knoow what vessels were turned over?

A Undoubtedly we did have, but unfortunately our records were turned over to the Custodian.

Q I have a list filed here; three inventories, one of which has been filed as Exhibit 49, and there are two other inventories. Could you tell us whether any of those would be the inventory or

a copy of it. This is not an original.

A This is signed by Gould on August 3rd. I cannot make positive identification of this obviously, because to do so I would have to check the names, but that appears to be the list and because I believe it is the list that is mentioned here, which has 169 vessels, and that is my nearest recollection of the number involved. It was a list precisely like this which was signed in my presence by Mr. Reid and Mr. Gould. That is as near as I can identify it. You can readily understand that.

THE COMMISSIONER: Perhaps Mr. Reid or Mr. Gould may be of some help to you.

MR. HUNTER: I have already asked the same question of Mr. Gould and he is in much the same position as Mr. McMaster. He thinks this is the list, but cannot swear to it, and it is not very satisfactory. That is why I had the other one filed. I had the office search very thoroughly for that, and it does not appear to be there. I have no doubt the Navy would have a copy, but I don't know whether they would ever find it.

THE WITNESS: The Navy undoubtedly has a copy, because they both signed.

MR. HUNTER: I have no doubt there is a copy somewhere, but nobody seems to be able to locate it.

Q In regard to this Greater Vancouver Advisory Committee, the Committee was composed of whom?

A Mr. Justice Smith as Chairman, and at that time

the later Alderman Charles Jones, and for a time Kimura. He afterwards resigned.

Q What happened when you set up this Committee, when you were appointed? What did you start doing? A: Well, the Committee was set up, as its name implies, as an Advisory Committee to the Custodian on the Japanese properties in Greater Vancouver. It was, broadly speaking, to advise the Custodian on the matter of orderly sales of the properties as they were ultimately listed with us; to advise the orderly means of such sales and any other matters in connection with the implementation of a sales plan that might come up.

Q What action did the Committee take to perform any sales plan or to give advice relating to same?

A Well, in the first place we ascertained the properties involved; we got the necessary maps and showed him on those maps all of those properties in relation to the business -- I think we took a map of the Town Planning Commission, which showed the industrial part of the city, the residential part of the city, and so on, all of which would have a bearing on values. We then consulted prominent real estate firms on values and the city assessment authorities on values, simply to formulate our initial ideas as to how we might best serve as an Advisory Committee. Then we asked the Custodian what his particular problems were which were listed for us and we then gave those

were, based on our preliminary investigation. We examined some of the typical properties; that is, the Committee as a whole examined some of those typical properties and we then outlined for the Custodian what our general idea was as to orderly disposal; we suggested that an appraisal of the highest value should be nominated and he should bring in his information as to the current value, the appraised value of these properties as a guide only to the Committee in dealing with the questions of the Custodian.

Q Whom did you suggest as the appraiser?

THE COMMISSIONER: Mr. Douglas Reeve.

A Yes, thank you, sir. I could not remember. Douglas Reeve was the first one we suggested.

Q Were any others suggested while you were with the Committee?

A Yes, a prominent man like Jim McPherson of Pemberton's, and I think somebody in Boultbee, Sweet, but as far as my recollection goes, Douglas Reeve was the immediately available one, and beyond all question his integrity and his ability to advise the Committee --

Q You use that phrase "as a guide".

A That is so.

Q What other factors did the committee take?

A We considered the city valuations, the assessment valuations and if we had any -- it was determined by the Committee -- if we had any other information which would indicate the

variation from that valuation, that would be taken into consideration. In other words, we did not feel we were bound by that appraisal of either Reeve's or the x city assessment.

Q You mean, you were not bound to accept that?

A We were not bound to accept either that much or use it as a minimum, but I think I can safely say that constituted, in our minds, to a large extent a minimum price.

Q Did the Committee ever refuse to accept an amount equal to the appraisal?

A Now, may I point out, of course, I was only with this Committee during its formative stages, when we were formulating policy. Consequently, while I was there to assist and did assist in developing the original initial policies, the actual implementation -- there had been very little of that while I was there, but in answer to your question I can say this, that I believe there were very, very few individual properties handled until I went to Ottawa, but I recollect several in the early stages-- I think those were the first to be handled in which we were not satisfied with either the offer the Custodian got or the valuation placed on them, and therefore we refused them and I think we sent them back for a better, or at least for a new offer. I am afraid that is all I can remember of that feature.

Q Did this Committee operate independently of the Custodian's Office?

A Oh, quite.

Q Any influence brought to bear on the Committee?

A Not in the least. We had our own office. We had our own staff, which was small, of course, but the Committee, with Mr. Justice Smith presiding-- we made up our own minds completely with regard to the Custodian and what his problems were. When his problems were given to us, we to all intents and purposes dismissed him completely and said we would make up our own minds. That is definite.

Q Did the Custodian attend your meetings?

A No, only when we asked him.

Q And Ipresume most of the problems submitted to you would be in writing?

A Yes,we insisted on that, but brought him into one meeting that I remember, possibly two. Of course, I emphasize I was only at a very few -- only for additional information.

Q Do you know what happened to your advice after it went to the Custodian?

A My impression was that the advice was always adhered to; that they never acted in a manner contrary to that opinion.

Q Wasthere any influence brought to bear on the Committee of any kind ffom anywhere that might be considered prejudicial to their independence?

A None.

Q There was no suggestion of that?

A None at all.

THE COMMISSIONER: Q: Was there in any way contrary to the interests of the Japanese owners of property about to be sold?

A Absolutely none.

MR. HUNTER: Q: Did Mr. Kimura resign when you were there? A: No, I think it was afterwards.

Q I have a note here that you resigned on the 18th of May, 1943. Would that be correct?

A That is about right, because I took over the Munitions & Supply Department on the 22nd in Ottawa, so it must have been.

Q And you would not know the reason for Kimura's resignation? A: No.

MR. HUNTER: Thank you.

THE COMMISSIONER: Yes, Mr. McMaster.

CROSS-EXAMINATION BY MR. McMaster:

THE COMMISSIONER: We will have to be careful not to confuse these McMasters.

THE WITNESS: Yes, we have found out we are not related, though.

MR. McMASTER: Q: Dealing first with the Fishing Vessels Disposal Committee, I suppose you would agree it was a very difficult task that was given to that Committee?

A I do, indeed.

Q And from the evidence you have given, I take it that in your opinion the Committee took good care of the boats that they were charged with.

A Well, I am afraid you will have to qualify that question. We didn't have custody, you know.

Q I appreciate that.

A As part of the business administration, yes.

Q Did you have any responsibility for the physical condition of the boats?

A Not at all.

Q Were you aware of their physical condition at all?

A Yes, because that affected the question of sale.

Q There was evidence given earlier today that the boats put in the Fraser River back as early as February, 1942, were in very bad condition. Was that your experience?

A A good many of them, yes.

Q Have you any idea how they got in that condition?

A Well, I suppose they were at the end of the fishing season. They were seized or immobolized at the end of the fishing season, and all boats at the end of the fishing season require overhaul. There was that first thing to contend with. The second was, in assembling a very large number of small vessels in a flowing river like the Fraser, in a small area, under the conditions in which they were assembled in the war period, they had to be bunched together, and I don't think it is terribly surprising there was a lot of damage done. It is not a condition that you would find in the normal assembly of boats.

Q Well, in fact, there was a lot of damage done?

A Right.

Q Without attaching any blame or otherwise, there was? A: Quite right.

Q And the boats, having been damaged, I presume that in many instances they found there was water in the hulls and in some cases touching parts of the engines and so on?

A That is right.

Q From your experience, will you say that the Navy did all that they could to keep those boats bailed out and to do temporary repairs or permanent repairs to prevent further damage being done? A: Well, I think perhaps I might go a little farhter than that and say that our interest in those vessels was to get them back into the fishing service and so they had to be really put into condition for that. Therefore, while we had no physical custody of the boats, the Navy at our request put those boats into the shipyards and really reconditioned them. If they were leaking, they were caulked up in the shipyards.

Q When was this that the Navy did this?

A Immediately we started our duties in January of -- January and February, 1942.

Q Would you say that all boats that needed attention and caulking received attention?

A I think that is perfectly correct.

Q Were you aware of the condition of those boats at the time that the Custodian took them over on August 1st, '42? A: Generally, yes.

Q Having regard to the repairs that the Navy had made to them, were they in fairly good condition at that time? A: I would think that perhaps the fairest way to answer that question is this; we had gone through a period of intensive sales and we had sold to the fishing industry the majority of the boats and obviously the best of the boats would be selected during that process, and there were some that might be questionable as to whether or not they would be of value enough to be put into a shipyard to rebuild.

Q I am tryigg to determine the respective value of the boats. What I aminterested ih is the condition of repair they were in, of all the boats that were handed over to the Custodian on August 1st, 1942. What percentage of them would be in poor condition of repair?

A I don't know.

Q Wehne di you last see them?

A Well, Ididn't see very many of them personally at any time.

Q You didn't? A: No.

THE COMMISSIONER: Would not this phase of your cross-examination be better put to another witness? as I understand Mr. McMaster does not pretend to know much about the actual condition.

MR. McMASTER: If he had said that before, that he did not see them very often, I probably would not have asked that, but he seemed quite ready to

answer before.

THE WITNESS: My answers before were about the original fleet which the Committee and myself examined in order to determine the best method of procedure, you see.

MR. McMASTER: Q: So your answers previously as to the condition in January and February were from your personal knowledge?

A Yes, and for the broad lot of boats and not any individual boats.

Q Now, you mentioned that in the beginnings of the functioning of the committee, that there was no appraisal made. In other words, you operated as a negotiating group between the Japanese owner and the prospective purchaser.

A Yes.

Q And subsequently you had appraisals made. It is your opinion that this man you employed was a competent appraiser?

A Yes.

Q Have you any idea as to how many boats you had appraised? A: I would say about one thousand.

Q And ultimately, when the balance of the boats were handed over to the Custodian, were those appraisals made available to the Custodian?

A Yes, they were. If there were any of those appraised, they were, because we turned over all records to the Custodian, which would include those parcels.

Q Now, Mr. McMaster, can you tell me whether the Committee ever considered the employment of John Gould as an appraiser?

A I don't remember personally. I don't know if the Committee itself did it. I don't remember ever having considered him asan appraiser.

Q You mentioned that your appraiser was experienced in fishing vessels. Do you know what his experience was? A: The basis of our selection was the choice of Commander Barney Johnson, who had known him since he was a very young man, and he had spent his life in the fishing industry and particularly in the boat department.

Q Do you know what he was employed at immediately prior to being retained by you?

A In the handlimng of the boat end of one of the larger fishing companies, and he was in charge of that, the construction of boats and the handling of the boats.

Q I take it from your evidence you did not regard his appraisal as being the ceiling price on the boats? A: No.

Q It was just an indication?

A My own conclusion in watching the man at work and looking at the result was that that he was very consistent in his appraisals, knew what he was talking about. The basis of his appraisal was the original value of the boat, insofar as he could find out, and the age of the boat and its

condition, and then we added 15% not from any point of view that his appraisal was not sound, but we were only suggesting a negotiating price, a suggested negotiating price and not an absolute appraised price.

Q I take it at the time you had the negotiations and you added this 15% to the appraisal, that the purpose of the appraisal and arriving at any figure was to give a suggested negotiating price about which the negotiating Japanese and the prospective purchaser might get some indication of bargaining. A: It was to loosen up the deadlock and stimulate the sale.

Q But in the first instance of that, when the purchaser would go around to look at the boat with this tag in the window showing this appraised price plus 15 %, he would then be referred, if interested in the boat, directly to the Japanese or his agent. A: That is right.

Q And they would carry on?

A That is right.

Q In their negotiations; and then I suppose boats were sold for more than the figure arrived at?

A Quite right.

Q Subsequently -- subsequent to that I take it the Committee found that things were slowing up and they were not getting rid of the boats as quickly as they would like to,, either by reason of non-co-operation by the owner or by reason of the pressure of the industry in wanting the boats,

is that right? A: That is right.

Q And as a consequence, the Committee took upon itself to arrange sales of these boats without necessarily consulting the Japanese owner?

A I don't think that is right. We always consulted the Japanese owner, but when the Japanese owner refused and we were left with the Navy personnel guarding the boats, when they wanted to be released, we felt something must be done towards getting them released and a scheme was devised, if you will, to sell them without the consent of the Japanese owner.

Q Once that policy was determined, when you had an offer you did not consult with him any further?

A Not if he had already refused, but even after that policy was determined we contacted the Japanese owner.

Q I put it to you, Mr. McMaster, that once you reached that phase, that is where the person making the offer was not referred to and negotiating with the Japanese owner, the effect of putting this price tag in the window of the boat was to fix a ceiling on the boat.

A Perhaps a foundation rather than a ceiling.

Q I put it to you frankly: Would any a purchaser, coming out there, knowing he did not have to negotiate with the owner and seeing the suggested negotiating price in the window, make an offer higher than the figure appearing there?

A Obviously not. Let us compromise. It is both a

basis and a ceiling. I don't say that facetiously. I say it is quite possible that some of those boats may have sold up or above that suggested negotiating price. I cannot tell.

Q You would agree it would have a tendency?

A I think that is what I would do. I would do that.

Q What instructions were given to this appraiser as to how he was to appraise the boat?

A To give an absolute fair valuation on the boat on the basis of the Committee's policy that we wanted to be meticulously fair to the Japanese owner and to arrive at what was a fair price for the boat without the consideration, of course, for a price, an inflated wartime value.

Q In other words, he was to appraise it on a pre-war price basis.

A On a war price basis, without the inflation of war.

Q That seems to me to be contradictory.

A Perhaps it is. Well, I mean to say, after all there is no reason for not being perfectly frank. His basis was the same as you would go out and get a boat today. In the majority of cases you would have two things to consider; one, what was the original cost of the boat and what is the accepted depreciation, its age and a certain consideration for the condition of the boat at the time. You might have to give a depreciation, or perhaps an appreciation by reason of some work having been done on it. That was the basis.

Q But the prices at which he estimated the reconstruction cost or the depreciated cost were pre-war prices? A: Yes, I would say so, yes.

Q Were your appraisers not also instructed they were not to give any extra value with respect to American engines? I understand at that time American engines had gone up considerably.

A I don't remember American engines having been mentioned to him at all. I talked to the man myself. Perhaps it would be enlightening to say -- this is a high-speed engine -- they depreciated themselves to a little greater extent and I appreciated them up 20% instead of 15. There were not very many of those, but in taking his appraisal, where the boat had a high-speed engine, I put on 20% instead of the 15 to arrive at our suggested negotiating price.

THE COMMISSIONER: Just a minute. Had there been any marked appreciation in the value of fishing vessels or engines up until August, 1942, when the Committee handed over?

A 1942, I don't think so.

MR. McMASTER: Q: Depreciation or appreciation, did you say?

THE COMMISSIONER: Appreciation. Your examination was directed towards suggesting that there had been a marked appreciation during the period when this Committee functioned, and I asked the witness whether that was so and the witness said no.

MR. McMASTER: I will endeavour to call evidence to the contrary.

THE WITNESS: You said, my lord, 1942. That would not prevail, obviously, through '43, '44 and '45.

THE COMMISSIONER: Q: No, your Committee, as I understand it, ceased to function at all in December, '42. A: That is right.

Q And turned them over, for the most part, in August, 1942. A: Yes.

MR. McMASTER: Q: Is it not true, witness, that even in the beginning of 1942 it was extremely difficult, if not impossible, to get green lumber or boat lumber for the purpose of constructing a new boat?

A I would not know.

Q You don't know? A: No.

Q Do you know whether at the time it was practically impossible to import new engines?

A In 1942 -- no, I would not answer that. I don't know.

Q Witness, I suggest to you the reason why the Committee added 15% to the appraisal was because in that Committee there was a discussion -- a feeling that those appraisals were too conservative and that they had not allowed for a certain amount of inflation and the discussion was as to whether the increase would be 15% or 25%?

A Are you asking me that question?

Q Yes, whether that discussion took place in the Committee. A: You are taxing my memory for six years and I am doing the best

I can. I remember a discussion on it. I remember the substance and basis of the discussion was that we wanted to see to it that we were absolutely fair to the Japanese owners and therefore we felt that while this appraiser, who was obviously an expert man -- in the event of him having been severe -- I say in the event of him having been, we had better arrive at something a little higher than that, but we were not establishing the price in any case. So it was then agreed to put on 15% on his price as a negotiating price, and 20% if it involved high-speed engines. I don't recollect any 25% at any time.

Q Do you remember the Japanese member of the Committee urging it, to make it 25%?

A No, I don't.

Q Is it not true that fishermen usually buy boats either on time or on mortgages; that is, they buy a boat and raise a mortgage to pay a good portion of the purchase price?

A I don't know. I never had anything to do with it. I would not say --

Q Can you explain the reason why the Committee decided on a cash policy; that the sales must be for cash? A: Well, I am trying to go back again. I think the reason we made that decision simply was we were a temporary Committee and we had a job to do, and had we sold over one thousand boats on time there would have been servicing of them and we had no machinery to

carry on. Therefore, we felt the burden of taking a time payment might be taken up by the fishing companies themselves, which was done in most cases -- in many cases.

Q So in point of fact, a lot of those boats were bought by the fishing companies?

A That is right.

Q And in many cases they were re-sold to the fishermen and the fishing companies financed them?

A That is right.

Q Was the Committee aware of the fact when they embarked on this policy of selling boats, that they had no authority to sell?

A We did not sell them. We promoted the sale.

Q I am referring now to the period some time after May 16th or May 30th, when they negotiated sales -- let us put it that way -- without the consent of the Board. A: Yes.

Q Was the Committee aware of the fact they had no authority to do that?

THE COMMISSIONER: I am not concerned with that. You do not have to answer that question. The thing investigated here is the Custodian's department, not the Japanese Fishing Vessels Disposal Committee.

MR. McMASTER: Q: I appreciate that, but when dealing with those vessels -- I will come to the question still to be argued on of the sales which were made as the result of purporting to be made by the Fishing Vessels Disposal Committee; either where the Bill of Sale was subsequently --

THE COMMISSIONER: I prefer you to put your question in a different way. I do not propose to pass on the question as to whether this Committee did what was in their power or not within their power.

MR. McMASTER: Q: In any event, witness, after the Committee had negotiated the sales of these boats, and I am speaking of the later period, certain letters were written to the Japanese owner, in which letters he was advised that his boat had been sold. Do you recall those letters?

A I don't remember that phraseology, but I do remember advising the Japanese. I do remember the letters to which you refer.

MR. McMASTER: My lord, I am sorry; I have not got one of those with me.

THE COMMISSIONER: They can be produced quite apart from Mr. McMaster. I have a recollection of a number of them having been put in.

MR. McMASTER: My recollection is that the letters specifically stated that the boats had been sold.

Q Do you recall that to be so?

A And we asked them to sign the Bill of Sale.

Q Yes. A: That is what you mean?

Q Yes. A: I remember the letter. I don't remember the phraseology other than that.

Q And you further advised them if they did not sign the Bill of Sale, they were not to get the money? A: No, I think per-

haps if they did not sign the Bill of Sale, the money would be turned over to the Custodian . We could not send the money directly to them. I don't recollect the phraseology, but that is in effect what it was anyway. In other words, the money would have to be in escrow. We would have no right to give it to them.

Q I just produce one of these letters to you, what purports to be a copy of one over your signature. I would like you to refresh your memory on that. A: That is right. I agree.

Q Now that letter quite specifically states that if you sign the document, you will get your money.

A That is right.

Q And it also specifically states that --

THE COMMISSIONER: It will speak for itself.

MR. McMASTER: Very well. I would ask to file that.

Q If the Japanese persons did not reply to that letter, a further letter was sent to them. Do you recall that? A: Probably.

Q That is, if he did not respond by sending the Bill of Sale. A: Probably.

Q And in that further letter it was suggested to him if he did not sign the Bill of Sale, then the money would be paid over to the Custodian and he might not get it for a long time.

A That is quite possible. I don't remember the correspondence.

(DOCUMENT MARKED GENERAL EXHIBIT NO. 50).

Q Can you advise the Commission of whether at any time those persons who received those letters were advised by the Committee that it was necessary for them to sign the Bill of Sale in order to complete the sale referred to in these letters?

A No, I don't think that was so. I think they were advised they would have to sign the Bill of Sale in order to enable the Committee to turn them over the sales value, but no advice that the sale could not be completed.

Q Referring to the letter which has just been filed, would you not say that the Japanese person receiving it would be entitled to presume he could do nothing about it?

THE COMMISSIONER: You do not need to answer that question. That is an inference which perhaps I will have to draw. If Mr. McMaster draws it, I do not know if it would be helpful or otherwise so far as I am concerned.

MR. McMASTER: Q: Now, witness, at the time those boats were appraised, had any arrangement been made for compensating the owners of the boats for damage done to the boats by the Navy or for missing parts and gear?

A Well, you say at the time the boats were sold?

Q No, at the time they were appraised -- I am sorry.

A At the time they were appraised -- either then or just before, very possibly before -- I cannot remember the date, but there was an arrangement made where any damage done and shown to have been

done while the boats were in the custody of the Navy would be paid for on a joint appraisal by the Navy and ourselves.

Q At the time your appraiser was instructed -- was he instructed to take into account one way or the other the fact that there might be a recovery for damage or loss with respect to it?

A Yes, I think so. I would not like -- it is so long ago, I would not be sure, but I really believe about that time it was discovered there was some damage noted then and that therefore he would have to take that into consideration. In other words, if he determined in making his valuation that the damage occurred or the depreciated value occurred by reason of Naval custodiaaship, then he took that into account. His appraisal took that into consideration.

Q And his appraisal, then, would be for something different to what he saw when he made the appraisal?

A: Yes, in some cases.

Q I understand you to say that the money -- in some cases the money was paid to the Japanese and in some cases to the purchaser of the boat?

A I think there were some. It was mostly paid to the Japanese. In some cases -- I will go back and say there is a third phase -- in some cases the amount was paid to the shipyard for fixing the boat.

Q Can you tell me when this policy was introduced

for compensation? A: No, I will have to refer to the records.

THE COMMISSIONER: Are you likely to be some time longer, Mr. McMaster?

MR. McMASTER: I would have to go into the property Committee --

THE COMMISSIONER: I did not want to bring him back here if you can avoid it, but if you are going to be another half hour or an hour, it is perhaps better to inconvenience Mr. McMaster by having him come back.

THE WITNESS: It is all right.

THE COMMISSIONER: Would it suit your convenience to come back at ten o'clock in the morning?

A. I would rather make it in the afternoon. I have an appointment in the morning.

THE COMMISSIONER: Two o'clock in the afternoon. We will adjourn now until ten o'clock, and will resume with Mr.McMaster at two in the afternoon.

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

Deputy Official Stenographer

Def 28.

IN THE MATTER OF THE "INQUIRIES ACT"

PART 1 REVISED STATUTES OF CANADA 1927, CHAPTER 99.

B E F O R E

THE HONOURABLE MR. JUSTICE H.I.BIRD, COMMISSIONER.

Vancouver, B. C.

September 28th, 1948.

PROCEEDINGS AT HEARING

(Pages 528 - 632-D)

Gould	Vessel appraisals	528 - 536
Matheson	Custodian re vessels	536 - 548
McTT.	Rural lands	548 - 599
Pallot	Rural chattel auctions	600 - 623
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The Commissioner.

Vancouver, B.C.

September 28th, 1948; 10.00 a.m.

(PROCEEDINGS RESUMED)

MR. HUNTER: In regard to plaint file No. 362, I can only say that I believe that appraisal to be an error in the transcript because I have the claims file now, and I was reading from the survey report and it was quite clear there. In each copy of the transcript $550.00 has been changed from something else. It looks to me as it it has been taken down wrongly.

THE COMMISSIONER: That is what occurred to me yesterday. It would appear from the original transcript I have that it has been taken down in-accurrately.

MR. HUNTER: I think there has been some doubt in the reporters mind.

THE COMMISSIONER: Mr. Watson, will you get that claim file 362 and we can make the correction now.

MR. HUNTER: Mr. Gould is here now to make an explanation of the discrepancy.

JOHN GOULD, resumed.

THE COMMISSIONER: You are already sworn, Mr. Gould.

RE-DIRECT EXAMINATION BY MR. HUNTER:

Q Yesterday the question arose relating to your appraisal of the Camrose 2. Your appraisal shows $500 and $550.00 and the sale price was $1700.00 and you are asked to explain the large difference between those amounts. I understand you now have this explanation and are prepared to give it to his lordship.

A Yes. The only explanation I can give is, I made a mistake in this way. I went all through my papers last night and found this note where it says the Cammose 2 has been at Mercers -- that is the shipyards -- for an overhaul, and I knew that at the time and I made the survey, and knowing the boat, she was only about five years old at that time, a new hull would cost around $1200.00, a new engine would cost around $800.00, and I put a valuation of $1500.00 on the boat, because I knew she was four or five years old, and made those deductions of it. How I got $500.00, I don't know, my lord. It was a mistake on my part. I think the only explanation I can give for it is, I must have been thinking of some other boat that I had valued at $500.00, and put it on this report. It was a mistake on my part.

THE COMMISSIONER: Q; What have you to say, Mr. Gould, as to the second figure, the estimated market price?

A The second figure would be the proportion at $500.00. It would be about $1600.00.

Q Those two figures should read?

A The two figures should read $1500.00 and $1600.00. I have left this pinned on for what it is worth. (Indicating hand written Memo.)

THE COMMISSIONER: Any re-cross examination, Mr. McMaster?

MR. McMASTER: Yes, my lord.

RECROSS EXAMINATION BY MR. M cMASTER:

Q When was this memo made that you have now produced,

Mr. Gould? A. Those notes would be made about the same time as the survey.

Q For what purpose were these notes made. Why did you make this memo attached?

A Well, I have made a memo. I really should have been made in my note book, but it wasn't in my note book. I very often went out and the note book was somewhere else and I made it on a sheet of paper.

Q Do you have a memorandum in your notebook dealing with the Camrose 2?

A I have a memo in my book exactly the same as that survey report but I have nothing in the book regarding it being at Mercers.

Q In the note book was the value shown?

A Pardon?

Q What value do you show in the note book?

A Just the same as the survey report. But I made the note not in the survey report, but in my note book.

Q When you appraised the boat, did you place the value of it at that time in your notes?

A As a rule, yes, after going over the boat carefully and seeing the engine and knowing the type it was, and the age of the engine and age of the boat I could generally put a figure I thought was the value of the boat.

Q That was your usual practice?

A Yes.

Q And in your note book opposite each boat would be your entries of your estimate of the value?

A Yes.

Q Made at the time you saw the boat?

A Made at the time I saw the boat.

Q Do I understand that your explanation is in this particular case you didn't make any entry in your note book at the time you saw the boat?

A Pardon?

Q Do I understand your explanation of what you say was an error is that you didn't make the entry in your note book at the time you saw the boat?

A Yes, I think I did make it in my note book at the time I saw the boat but there must have been in my mind the valuation of one of the other boats I had seen. I put $500.00 instead of $1500.00. That is the only explanation I can give. I have never done such a thing in my life before that I can remember.

Q You are sure you put that value down at the time you saw the boat?

A I didn't put it down, but I had that value in my head at the time, $1500.00.

Q Did you put down $500.00 at the time you saw the boat? A. Yes.

Q In estimating for his lordship the market value of the boat -- in estimating the market value of the boat based on your appraisal of $1500.00 you said that the increase would be in proportion to the increase of $50.00 over $500.00?

A Yes, just roughly about that.

Q So that in fact your market values represented a fixed proportion in relation to your appraisals, is that right? A. Yes.

Q I want to get that clear because I understood you to suggest the other day they didn't represent a fixed proportion, that the relationship between your appraisal and the market value might differ considerably. A. It would fluctuate with the market.

Q So your estimate now of the market value of this boat is purely by rule of thumb, is it?

A I tried to explain that. I thought I had explained it. Take two prices . My valuation was the low valuation and the other valuation was the valuation that probably if you went to a boat broker you would have to pay for it. One was a minimum price and the other a maximum price. Well, my idea was that you can get the maximum price to take it but don't sell the boat for sell than the minimum price.

Q In your opinion the maximum market price on this boat was $1600.00?

A About $1600.00.

Q And do you think your estimate of the market price on this boat would be a fair example of your estimate of the market price on all the other boats you appraised? A. I think so. I tried to make it as fair as I could.

Q I am advised by my learned friend, and from the file of the Custodian that the Fishing Vessel Disposal Committee appraised this boat at $995.00. Can you explain the difference between their appraisal and your own?

MR. HUNTER: My lord , the Japanese Fishing Vessel Disposal Committee didn't appraise that boat. That is the appraisal furnished to the Disposal Committee.

MR. McMASTER: That is right, my lord.

Q Can you explain the difference between the appraisals?

A No, I can't. I know the value of that boat at that time to build it, it would cost about $1200.00, and the engine was worth about $800.00 at that time. That would make it $2,000 for a new boat.

Q The evidence which the claimant gave in this case was that the engine in this boat had been put in the boat in the fall of 1940. Do your notes show anything to that effect?

A I figure the engine was about three years old. That would make it two years old, wouldn't it?

Q Yes.

THE COMMISSIONER: Perhaps the witness would like to have this before him. (Handing Exhibit 48 to witness.)

MR. McMASTER: Q: If the engine was only two years old instead of three years old, it would make a difference in the value which you would place on the boat yourself, is that correct?

A It would make a difference in the value of the engine, but it wouldn't make a difference in the value of the boat. The boat was older than the engine.

Q If the engine was only two years old instead of three years old, it would make a difference in the value of the whole thing, wouldn't it?

A About 5% on the engine.

Q Do you recall whether your notes show anything about the hull and cabin having been rebuilt in 1940 or more recently?

A Yes, it looked as if they had been rebuilt recently. It was in good condition. The hull and the housing was in good condition.

Q If you took the boat to be five years old and allowed depreciation at the rate to which you referred the other day in your evidence, would you add something on for the fact that the hull and the cabin had been rebuilt recently?

A Y es, we would allow a certain amount for that. I think that is why I allowed only $100.00 between the two values. I gave $1500 and $1600 for the minimum and maximum prices.

Q It wasn't very clear to me. I am referring to your own appraisal. We best forget about the question of fair market value. In arriving at your appraisal you considered the boat to be five years old?

A Yes.

Q And you would then depreciate it 10% for the first year and 5% each year after?

A Yes.

Q After you had made those deductions on the basis of the hull being five years old --

A Then you would look for any repairs done and deduct a little more off your figures for that.

Q You would add a little you mean?

A You would add it.

Q Do your notes in this case show you had added anything?

A No, they don't. It simply says the hull was in good condition and the engine was in good condition and had been overhauled.

Q So in this particular boat, I take it, you took it to be five years old and you took your normal deductions that you referred to the other day for each year of its age?

A Yes.

Q And you said that was the appraised value?

A Yes, and I allowed something for the repairs made on the boat recently.

Q Are you able to advise the Commission what was allowed for the repairs made?

A I can't remember that far back. I have done hundreds of other boats since then.

Q You examined your notes last night and you have a memorandum in front of you? Are you able to tell us from those whether you allowed anything for those repairs? A. No. It simply says it had been in Mercers. That meant she had been in for an overhaul.

Q How recently had it been in Mercers? Does that mean it had just come out of Mercers?

A As far as I remember they took her away from Mercers and put her with the other boats. She had come out of Mercers but when Mercers finished their repairs, I don't know. Some of the boat s were in the different shipyards for months.

MR. McMASTER: I draw your lordship's attention to the

fact that the boat sold for $1700.00. That memo might be attached as part of Exhibit 48.

THE COMMISSIONER: Yes . Would counsel let me know when was the sale of $1700.00 made?

MR. HUNTER: October 23rd, 1942 and the appraisal was made August 1942.

THE COMMISSIONER: When was the appraisal made by the Disposal Committee's appraisor?

MR. HUNTER: I don't think we have any record of that, my lord.

MR. McM ASTER: From Mr. McMaster's evidence it would appear to be about April.

MR. HUNTER: I would be just guessing. All the record on the file is the amount and then the survey 208 NW which ob viously refers to some records I am not familiar with. Possibly Miss Mathewson can explain that.

THE COMMISSIONER: Yes.

(Witness aside)

FLORA MATHEWSON, resumed.

THE COMMISSIONER: You are still sworn, Miss Mathewson.

REDIRECT EXAMINATION BY MR. HUNTER:

Q This number shown after the Japanese Fishing Vessels Disposal Committees' appraisal, survey No. 208 N.W. opposite the Camrose 11, what is that?

A That is the number of that survey report in Mr. Phillipson's note book, and the N.W. refers to the fact that the boat was in the fleet at New Westminster.

Mr. Phillipson was employed by the Japanese Fishing Vessels Disposal Committee in March and April 1942.

Q So that this appraisal would have made during one of those months?

A Yes. And as Mr. McMaster told you yesterday, he had a 15% to 20% to Mr. Phillipson's appraisal to reach the suggested negotiation price.

Q In other words this is larger than his appraisal?

A I think it would be.

Q 15% or 20% larger?

A Yes, but I would have to check that.

MR. M cMASTER: I think we ought to be dfinite on that.

THE WITNESS: I would have to check that to make sure.

THE COMMISSIONER: Q; Can you ascertain whether this figure of $1,955.00 was the actual appraisal price or is it an appraisal price plus 15%?

A I can, yes.

MR. McMASTER: My lord, if I might, I would like to draw your attention to the fact that the transcript of 249 shows the value placed by the Japanese as $2,000.

MR. HUNTER: It shows also that $113.37 was paid to the Star Shipyard, Job 1, for repairs.

Q Miss Mathewson, yesterday you produced a list showing the boats which came under the control of the Custodian -- I think it was Exhibit 49 -- and at that time you remarked there were certain vessels on Exhibit 48, Mr. Gould's list, which were not on your list and that they had been withdrawn from your

list for various reasons, and you were asked by his lordship to ascertain which ones had been withdrawn and what happened in each case, whether documents of title had been given and the prices paid; in other words, to give us a picture of what happened. Are you now in a position to do that?

A Yes. (Producing).

Q That is a list of them, is it?

A Yes.

THE COMMISSIONER: Before dealing with that, there is perhaps some significance attaches to the fact that $1,955.00 is 15% on $1700.00 and that would appear to indicate that this figure of $1955.00 is 15% on $1700.00.

MR. HUNTER: With your lordship's permission, since Miss Mathewson is here, we can have her check on that so that we can clean this matter up.

THE COMMISSIONER: Very well.

MR. HUNTER: In this respect, Miss Mathewson has produced a list of nine vessels.

THE COMMISSIONER: What does this list indicate.

MR. HUNTER: It is a list of the vessels, which as I understand it were on Mr. Goudl's list of vessels, Exhibit 48, but were not on Miss Mathewson's list, Exhibit 49, having been withdrawn for reasons which she is now prepared to state.

THE COMMISSIONER: I see.

MR. HUNTER: Q: I would like you to take your list and explain to the Commission in each case as succinctly as you can why these vessels were withdrawn from your list and not shown as having come under the

control of the Custodian.

THE COMMISSIONER: Miss Mathewson's list is Exhibit 49?

MR. HUNTER: Yes. I think I said that Mr. Gould's is Exhibit 48. I am wrong, my lord. It is Exhibit 46.

Q Now would you explain what has happened in each case? A. The first boat on this list is the Mary Y, N.W. 1504 license. She was requisitioned and sold through the Japanese Fishing Vessles Disposal Committee to the Department of Munitions and Supply. The sale papers are not on our boat file because they have been placed on the claim file of the former owner. The memorandum on the file states that the sale papers were signed by the Japanese owners attorney, Hideo Fukayama.

MR. McMASTER: I presume this is just evidence as to the reason why Miss Mathewson didn't include these in her original list. It is surely not evidence of the facts alleged.

THE COMMISSIONER: Well, why not. This is information, I understand, extracted from the Custodian's file.

MR. McMASTER: Maybe considered evidential for what it is worth but there are many things there, it seems to me, that would require proof. For instance, if the bill of sale is on the claimants file, I presume that when the claimant gave evidence he was confronted with it by Crown counsel and asked to identify it, as to whether it was his signature.

MR. HUNTER: The witness said he didn't sign it; that it was signed by his attorney.

THE COMMISSIONER: There is another difficulty, Mr. Hunter,

how does Miss Mathewson know it was signed by his attorney or that he was an attorney in fact.

MR. HUNTER: Q: Have you the file there?

A Yes, but those documents are not on it.

MR. McMASTER: It would seem to me that if she would say that for various reasons appearing from their files she didn't include these statements, then when the individual cases arise, the circumstances can be examined in the light of the evidence available.

MR. HUNTER: Q: I believe that is the only one in which there is a claim?

A Yes, it is.

THE COMMISSIONER: This is the only one on which a claim is made.

MR.HUNTER: Of the ones that have been withdrawn from that list, so that if your lordship wishes to say that will be only for information and that the evidence will be heard on the individual cases, we can go on with the others for which no claims are made.

THE COMMISSIONER: I think that is the fairest disposition to make of it.

MR. HUNTER: Q; What about the other ones.

A The vessel, Emy S, N.W.1809 was requisitioned and sold through the Japanese Fishing Vessels Disposal Committee to the Department of Munitions and Supply. Sales paper on file was signed by the Japanese owners attorney on October 16, 1942,

Q And is the power of attorney on the file?

MR. McMASTER: I don't like to be continually objecting, but I wonder what the value of this document is if

there is only one claimant.

MR. HUNTER: Simply to indicate why these things had been withdrawn. His lordhip wondered why certain ones had been withdrawn.

THE COMMISSIONER: Are we greatly concerned with the detailed information.

MR. HUNTER: The only relevancy really was to show the completeness of Exhibit 49 and the accuracy of it.

THE COMMISSIONER: I can see no particular purpose in getting all this explanation in regard to each vessel unless you think it has some particular significance.

MR. HUNTER: I think it has this significance: that it shows these vessels were not withdrawn in an arbitrary or unthinking fashion; that they were withdrawn for good reasons and we therefore accept responsibility for it.

MR. McMASTER: I take it my friend is acting in good faith. He has given some explanation as to why they weren't included in the list and I am satisfied.

THE COMMISSIONER: Very well.

(LIST OF VESSELS NOT SOLD BY THE CUSTODIAN MARKED EXHIBIT GENERAL 51.)

MR. HUNTER: There is one enemy vessel there of course, which didn't come within the evacuee owner and there was one vessel owned by a cannery, and of course, was handed to the owner. In other words, various types of things would occur and did occur.

THE COMMISSIONER: Are these nine vessels on Exhibit 51, also included in Mr. Gould's list, Exhibit 46?

MR. HUNTER: So I am told.

Q Is that correct, Miss Mathewson?

A Yes. That is without checking that particular sheet.

Q You have seen Mr. Gould's?

A Yes, I have seen what I believe to be copies of the same.

Q Have you a list of the vessels which were in the custody of Nelson Bros. Fisheries?

A Yes.

Q Is this list you produce now the same as the list shown on Exhibit 49 which you filed?

A There are two changes.

Q And what are the two changes?

A One is that a vessel known as the B.A.94 was left off the previous list of Custodian's vessels because it was owned by the Anglo-B.C.Packing Co. The other is a vessel listed there as the I.Y.

Q Why was that removed?

A Because the vessel was along the vessels taken over in the Fraser River moorings while another vessel also the I.Y. but a different license number was among the vessels in Nelson Bros. custody.

Q And that has been corrected on Exhibit 49 which you filed? A. Yes.

MR. HUNTER: I don't know whether that information is sufficient or if you wish this file.

THE COMMISSIONER: I do not know that there is any need to file it. We have got the explanation of the

differences.

MR. McMASTER: The list in Exhibit 49 includes the ones in Nelson Bros. Fisheries.

THE COMMISSIONER: Yes, pages 6 to 9 show the vessels at Nelson Brothers Fisheries, -- 51 vessels.

Q Now this list, Miss Mathewson, Exhibit 49, which contains a list of vessels in the custody of Nelson Brothers, doeen't include these two vessels you have just mentioned?

A It doesn't include the vessel owned by the Anglo-B.C.P acking Company. It corrects the error made in the identification of the other.

RECROSS EXAMINATION BY MR. M cMASTER:

Q Do you know when these vessels were handed over to Nelson Bros. Fisheries?

A Not the exact time?

Q Approximately? A. Sometime in July 1942.

Q By whom were they handed over to Nelson Bros. Fisheries? A. The arrangement was made by the Japanese Fishing Vessels Disposal Committee to the best of my knowledge.

Q Did the Navy actually hand the possession over?

A Yes.

Q Japanese Fishing Vessels Disposal Committee requested the Navy to hand them to them, I take it?

A Yes.

Q M r. Shears in his evidence the other sday said that the Custodian took over 181 boats. You have given us a list of 169 boats and you have

accounted for a further 7 boats with held for a variety of reasons. Can you give me any idea as to the discrepancy between those figures?

A I have given you a list of 169 vessels taken over from Naval service custody and an additional 21 that were not in naval service custody.

Q Is that in Exhibit 49?

A Yes. The Inverness Cannery boat was included in the 16 in the Prince Rupert district.

Q The figures appearing on Exhibit 49 are 169, where the actual physical possession was handed over; 21 were the Custodian acquired possession.

MR. HUNTER: Mr. McMaster said physical possession of 169 was handed over. Those included the ones at Nelson Brothess Cannery?

MR. McMASTER: I am sorry, that is included in Nelson Brothers Cannery.

Q And 21 found at various points around the Coast?

A Yes.

Q And six vessels that were reported but not found by the Custodian? A. Yes.

THE COMMISSIONER: Q: That is to say reported by Japanese owners, is that correct?

A That is, I think, correct. They were reported by the Japanese owners, either to the committee or to the Custodian.

MR. McMASTER: Q; I understood from the evidence given, that there were some 40 or 50 boats which the Japanese Vessells Disposal Committeepurport to sell with respect to which the Japanese owners signed

bills of sale, is that correct?

A I couldn't give you the correct number right now.

THE COMMISSIONER: Will counsel please put one queetion and then give the witness an opportunity to answer. It is very disconcerting to have both witness and counsel talking at the same time.

MR. McM ASTER: Q: Witness, do you know how many boats there were in the category of having purportedly been sold by the Japanese Fishing Vessels Disposal Committee? were the Japanese owner subsequently signed a bill of sale? A. I couldn't say rightnow. I could find out.

Q Do you know how many boats there were which were purportedly sold by the Japanese Fishing Vessels Commitee with respect to which the Custodian signed the bill of sale?

A I understood that was your question previously.

Q No, I am sorry. If you can't answer that one I will go back to the previous one.

A I don't know.

Q Then if you don't know that, you don't know the answer to the other one I take it?

A No.

MR. McMASTER: My lord, I wonder if my learned friend, might undertake to file a list of the boats that come in the category of having purportedly been sold by the Japanese Fishing Vessels Disposal Committee and where the Custodian signed the bill of sale?

MR. HUNTER: My lord, I must object very strenuously

to Mr. McMaster putting us under that strain. If he has specific questions we will do everything in our power to help him, but why we should draw statistics, most of which are going to be irrelevant to the purpose of the Commission, I think it is a big burden to place on the Custodian.

THE COMMISSIONER: What is the reason?

MR. McMASTER: In many instances we have got cases where the boat is purported to have been sold by the Japanese Fishing Vessels Disposal Committee and we don't know whether the Custodian signed the bill of sale or not. I think it is important information, unless it is too difficult to extract the information, in which case I think in each individual case he can provide us with the information at the time, but I thought it might shorten the procedure somewhat if we knew which were the boats where the Custodian did sign the bill of sale.

MR. HUNTER: I feel very strongly about this type of thing. Mr. McMaster is continually asking us to supply him with statistics which the office has to make up., and unless it can be shown to be extremely germaine I do feel it is a big burden.

THE COMMISSIONER: I can only deal with one thing at a time. It does appear to me that such information as Mr. McMaster now asks for might have real value because as I understand it Mr. McMaster proposes to argue that where the Custodian has signed the bill of sale, the Japanese owner having refused to do so, that that will serve to support his contention

that this was a sale by the Custodian and not by the Japanese Fishing Vessels Disposal Committee.

MR. HUNTER: Yes, my lords. I quite agree, that in cases where that is done, we are quite willing to furnish the information.

THE COMMISSIONER: I appreciate your point. Wouldn't it be for you, Mr. McM aster, to indicate to government counsel which vessels you are concerned with and have him furnish the information with respect to those vessels only.

MR. McMASTER: It is only possible as it arises. It is utterly impossible for me to go through 1200 claim files. If it is going to cause my learned friend inconvenience, I won't ask it.

THE COMMISSIONER: All we are concerned with is a certain number of fishing vessels, and we have it that the Custodian had nothing to do with any but the 180 odd.

MR. McMASTER: I don't have an index which will show me which of those 1200 fishing vessels are in that category, and I think if it is inconvenient for the Custodian to do it, the matter can be dealt with as the individual cases arise.

THE COMMISSIONER: I think that is the best way to approach it. The Custodian's staff is swamped with work getting ready for sub-Commissions, as well as these proceedings, and I think it is throwing too great a burden upon them to get out information such as you ask for. I will deal with these questions as they arise in particular claims.

MR. HUNTER: I will just leave this file with Miss Mathewson

and she can check the original appraisal with Mr. Phillipson and report back later.

(Witness aside)

MR. HUNTER: My learned friend Mr. Braidwood will be taking the next witness.

(PROCEEDINGS RESUMED AFTER SHORT RECESS)

MR. BRAIDWOOD: I call Mayor Mott.

WILLIAM MALCOLM MOTT, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. BRAIDWOOD:

Q Mr. Mott, what is your official position?

A Mayor of the City of New Westminster.

Q And how long have you been Mayor of the City of New Westminster?

A I am in my sixth year.

Q What business experience have you had, Mr. Mott?

A I am an electrical contractor.-- Mott Electric Ltd., of which I am president.

Q How long have you been engaged in that business?

A Since 1930.

Q And in what area?

A New Westminster, Vancouver and Prince Rupert.

Q Are you familiar with the area in the Lower Mainland and Vancouver Island?

A The Lower Mainland and the Prince Rupert area and I have visited Vancouver Island, yes.

Q I understand you were a member of the Rural Properties Advisory Committee?

A That is true.

Q Will you tell his lordship when you were appointed to that committee?

A Just offhand I don't know the date, but I took the place of Mr. McLennan who resigned. I was not appointed with the original committee.

Q I suggest Mr. McLennan resigned at the end of March, 1943. Would that be correct?

A Yes, around that time.

Q And you were appointed to the committee at that time?

A Yes.

Q And how did you receive your appointment?

A I was just notified from the Custodian's office at Ottawa, asking me if I would act on the committee.

Q And what was the nature of the request--that you would serve on the committee, is that correct?

A Yes, as one of the members.

Q And you accepted that appointment?

A I did.

Q And as a result of the appointment, what did you do?

A We were to advise the Custodian in the disposal of Japanese property and the appraisals.

Q You acquainted the committee with your appointment and sat with the committee, is that correct?

A Yes.

Q Do you know the first meeting at which you were present? A. Yes, it was in Judge Whiteside's office in the County Court at New Westminster.

Q Do you know the date?

A No, I don't.

THE COMMISSIONER: I suppose theminutes of the Rural Advisory Committee will be available?

MR. McMASTER: I would like him to advise us now of the date?

THE COMMISSIONER: Have you the minutes here.

MR. BRAIDWOOD: No, my lord. I can produce them this afternoon. I asked my learned friend this morning whether he wanted them.

Q Who constituted the committee at that time?

A His Honour Judge Whitesdde was Chairman; D. E. McKenzie, Mr. Harold Menzies and myself; Mr. Bhears, Secretary.

Q And you told his lordship that Mr. McLennan had been on the committee?

A Yes.

Q Will you give us some information from your own knowledge, as to what that committee consisted of, the type of men on it and what they represented?

A Well, D.E.McKenzie for many years was in charge of the Exhibition at New Westminster, when it was the Pacific Exhibition and he was also Secretary-Treasurer of the R. A. N. I. Society, and he owned a farm in Langley, and for many years he was connected with the Farmers Institute as Secretary throughout the Fraser Valley, and also, I believe at that time, and also at that time he was also connected with the Poultrymen. He acted in the capacity as Secretary-treasurer for several farm and poultry and cattle breeders associations in the Fraser Valley.

Q Where was his place of residence?

A New Westminster.

Q And His Honour, Judge David Whiteside of course, was a member of the bench?

A That is correct.

Q And his place of residence was where?

A At that time it was Burquitlam.

Q And Mr. McLennan?

A I didn't know Mr. McLennan, except I think he came from Langley. I am not sure; but he was not on the committee when I was.

Q And Mr. Menzies? A. Mr. Menzies was a real estate agent I believe in Haney or Maple Ridge.

Q And Mr. Yamaga, do you know any of his qualifications?

A No.

MR. McMASTER: Mr. Yamaga wasn't on the committee at that time.

MR. BRANDWOOD: Q. Was Mr. Yamaga on the committee when you join ed it? A. No.

Q He had left before you joined?

A Yes.

Q And you have told his lordship your own qualifications? How long have you been engaged in municipal matters ?

A Ten years.

Q And served in various capacities?

A Yes. I was five years alderman and a member of the Committee for sale of Reverted L ands.

Q W hat were your duties of this committee, Mr. Mott?

THE COMMISSIONER: We have had that from Mr. Shears, have we not?

MR BRAIDWOOD: Yes, I think we have.

Q Commencing at the time at which you became a member of the committee, can you tell us something about the committee's business, what transpired?

A Well, we would act on all properties that were to be disposed of and chattels, and selecting appraisals, sending them out, getting what we thought were true appraisals as far as we could ascertain.

Q Did you have a policy of sale?

A We called for tenders and had appraisers go out and appraise the lands.

Q Will you tell his lordship about the appraisers, who they and how they were selected?

A Mr. Shears, who had to send out the notifications, asked us to name which ones we thought would be good appraisers to go out and we gave him the names of some of the real estate men who had been dealing in farm lands and city properties for years, such as Mr. Joe Dogan. I belive the Provincial Government uses them now and has been for years. Colthardt and Sullivan, an old firm in New Westminster, was another. There were several others throughout the Fraser Valley. I can't think of their names. But we selected them and gave him their names.

Q Generally speaking were these appraisers known to you personally from their experience in this area?

A Yes, in the New Westminster area I knew the appraisers.

Q Do you know if they were known to the other members of the committee?

A I would say they were known to Mr. McKenzie and

Judge Whiteside, but Mr. Hal Menzies, who came from Maple Ridge, I am not sure if he knew them, but he knew their business, and knew they were real estate men.

Q What instructions did the committee give these appraisers as to the manner in which they were to conduct their appraisals?

A To make a true value at that time of what the land and buildings were worth.

Q What do you mean by a true value?

A Well, the value of the day; that is the going value at that time.

Q That would be what would be called the true market value at that day?

A Yes.

Q Were those instructions given to the appraisers in writing or verbally?

A It was not in writing as far as I know, but that is what we considered their instructions were.

Q And as a result of these instructions, do you know if the appraisers did go out and make appraisals?

A Yes.

Q To whom were those appraisals returned?

A To Mr. Shears and then brought to us.

Q When the appraisals were brought to the committee, what disposal did the committee make of them?

A Well, when the appraisal was brought in the land went out for tender. If the appraisal was low we would at all times send out another appraiser if we

were not satisfied with his appraisal.

Q On what basis would you decide whether you were satisfied with his appraisal?

A In reference to the deal, if the tender was lower than the appraised value and we felt the appraiser had made a mistake, in some way --

Q In the first instance, when you received the appraisal, did you do anything about the appraisal as to their value -- did you decide whether they were high or low?

A No, we didn't. I don't know of any cases where we sent out appraisers, unless they were odd lots, to get an idea of the value when we had one offer already in for the land.

Q I want to be clear on that. Did these appraisers go out before or after you had received offers for the land?

A As far as I remember after we received offers for the land.

Q In other words, you had decided your policy of sale and received tenders?

A Yes.

Q And then sent out an appraiser?

A Yes.

Q So that you might have a manner of judging the tender? A. Yes.

Q Going back to receiving of tenders, how did the commission receive tenders for the sale of lands?

A They were advertised. They were advertised in catalogue form at different times and then there

were other tenders sent in by individuals on a piece of property probably that hadn't been advertised in catalogue form, in remote areas generally, where they wished to buy the property, or were living on the property.

Q Was there any announcement by the Committee that properties would be for sale?

A Yes.

Q Do you know when that was made?

A They were made from time to time. This land was all over British Columbia, and just according to the areas how we could handle it, and the catalogue was sent out for tenders in certain areas.

Q How were the catalogues prepared?

A By the description of the land and the location, and what was on the land.

Q Were these printed catalogues?

A In printed form, yes.

Q And prepared by the Committee?

A The Custodian's office prepared them.

Q Do you have any of those catalogues now?

A No, I haven't.

THE COMMISSIONER: I think they were put in when Mr. Shears was on the st and.

MR. BRAIDWOOD: Yes.

Q Do youknow of your own knowledge how those catalogues were distributed?

A No. We understood they were sent out to that particular area.

Q You didn't have anything to do with the disbursement

of those catalogues?

A No.

THE COMMISSIONER: Mr. Braidwood, I see no necessity in covering ground already covered with Mr. Shears.

MR. BRAIDWOOD: No. I just wanted to find out if the witness had taken any steps. I think Mr. Shears gave evidence as to the advertising.

Q With respect to the tenders which you were telling us about, when the tender was received, you sent out an appraiser, and received a report from him?

A Yes.

Q You were beginning to describe to us that when the appraisal was returned to you, you compared it with the tender?

A That is correct.

Q And took a certain course of action depending on the amounts tendered and the appaisal?

A Yes.

Q Will you tell his lordship what policy you followed? A. Wehn we received a tender we sent out an appraiser and had the property appraised, both land and buildings, and if the appraised value was lower than the tender, we generally accepted the tender. If the appraised value was higher than the tender, in nearly every case I can remember we sent out another appraiser to make sure that the first appraisal was somewhere along the lines of correct. Then if the tenders were low , where we had different numbers of tenders , much lower than the appraised tenders, we would ask the highest tender if he wished to come up to the appraised

value.

Q How was that done? A. By notifying the highest tenderer.

Q By mail? A. I think it was done by mail. I am not sure. That was referred to Mr. Shears, with the understanding that if the highest tenderer didn't wish to come up to that appraisal, the next in line would be asked if he wished to come up to the appraised value.

Q That policy was followed in all cases where the tender didn't meet the appraisal?

A As far as I remember, yes.

Q How successful was that policy in arriving at the appraised value?

A We felt it was very successful.

Q Were you successful in selling lands on that basis?

A Yes.

Q Were there any cases in which the land was not sold?

A The odd case, the land was not sold.

Q And what was done about that?

A It was held over and disposed of at a later date. If it had been disposed of,or not, I am not just sure.

THE COMMISSIONER: Q; Do I understand from your evidence, Mr. Mott, that invariably you rejected tenders unless they were equal to or greater than the appraised value which you had?

A That is true.

Q MR. BRAIDWOOD: Were there instances in which you modified your appraised value after the second

appraisal had takenplace?

A I can't think of any.

Q In other words, the second appraiser you had sent out to check on the first appraiser?

A Yes.

Q And as far as you remember there were no modifications?

A No.

Q How often would you say the committee met?

A Whenever we had work to dispose of, about once a month. I believe there were times when we met less than once a month, when we were notified by the secretary that he had received tenders and there were auctions and so forth.

Q Over what period of time were these committee meetings held? A. About two or three hours, sometimes four hours.

Q And was there a good attendance of the committee members? A. At all times.

Q What have you to say as to the independence of the committee, that is to say, was there any pressure or influence brought to bear on the committee to take any course of action?

A No, we were absolutely independent. Each case was brought up and we had cases where we had reason to reject lots of those. We absolutely turned them down.

Q Where did the meetings take place?

A As I mentioned, up until Judge Whiteside resigned from the County Court as County Court judge, the meetings took place in his office and then after

that in my office, the Mayor's office, in the City Hall.

Q You were the Mayor at this time?

A Yes.

Q I think we neglected to discuss the policy you followed with regard to Japanese owned chattels. that were in any of the premises that you disposed of?

A The chattels were mostly optioned but there were cases where in some farms they had a list of chattels we felt were of very little value and to move them to some other place for auction -- in those cases we dispoed of them to the purchaser of that property, at what we felt was fair value taking into consideration the cost of moving them and the auctioneer's fees, and so forth.

Q At what detrmined prices were those chattels sold. Who made the determination of prices?

A They were made in most cases by the agents of the Custodian ,who had investigated the property or the chattels, and they were brought forward and a price put on them by the Custodian and the Committee passed on them and checked them over to see if it was a fair value before disposing of them.

Q Would you say your committee reviewed each of those particulars matters?

A Yes, we went down the whole list.

Q And it wasn't a policy of just blanket endorsement?

A No.

Q Did you follow a strictly cash policy or otherwise in regard to the sales?

A There were time payments on some to get clear of the

property.

Q How was that arranged--by some form of agreement?

A Yes. And so much down, and so much over a period, I think, of two years.

Q Who decided whether or not a cash offer or some other arrangement would be acceptable?

A In cases where there were time payments, most of the cases were ones already living on the property. I think we all realized the shortage of housing at that time. They were just workmen, in most cases; many of the places were shacks, and originally I think it was 25 or 50 per cent. they had to put down, and so much every six months, but we took into consideration the purchaser of the property, and what he was working at, and what wages he would be receiving.

Q And there was an investigation made?

A Oh yes.

THE COMMISSIONER: Q: I take it these time payments were made to real estate people?

A Yes.

Q In what percentage of transactions did you accept time payments?

A They were very few. I couldn't say just how many.

MR. BRAIDWOOD: Q: Could you describe the committee's policy, with regard to expenses arising out of holding or disposal of properties or assets of the Japanese?

A Expenses while we were sitting on the committee?

Q I am referring to any expenses of handling or

taking assets and chattels and storing them, and that sort of thing, or any repairs to property, generally. Was there any policy adopted by the committee?

A No exact policy, except the information brought in from the field men, and we got a figure to do certain repairs.

Q Were those repairs done to order?

A At our order, and through the Custodian.

Q Who bore the expenses of those repairs?

A I am speaking of properties mostly, as far as I am concerned, that were purchased by the purchaser. I don't know of any repairs on any other properties we were holding.

Q What about commissions on sales? Can you tell his lordship something about your policy with regard to that?

A The commission on sales, if sold through a real estate agent, they received a commission. If direct by the Custodian, as far as I know, there was no commission; and they could be sold either one way or the other.

Q Can you give us any information as to the relative amounts sold directly by the Custodian, and those sold by agents?

A No, I couldn't.

Q Were many sold directly by the Custodian?

A Yes, quite a few.

THE COMMISSIONER: Q: And I take it the commissions approved by the Advisory Board were charged back

to the Japanese owners?

A Yes.

MR. BRAIDWOOD:

Q I would just like to clear up one point. You mentioned that Mr. Shears was on the committee. He acted in what capacity?

A Secretary.

Q And was he present at all your meetings?

A At all times.

Q And was he actually a member of the committee?

A No, not as far as I know. I might say the set-up was there before I was asked to act on the committee, and I never went into the details, but I am certain he was not a part of the committee. He just acted as secretary.

Q And would you know whether he had a vote on your committee, or not?

A No.

Q He had no vote?

A No.

Q Coming back, for a moment, to the matter of these appraisals, you have told his lordship that a tender would be received, and then the appraiser would go out. Can you give his lordship any information as to what material was provided the appraiser. Did he know anything about the tender, or its amount?

A No, as far as I know, they never knew there was a tender in on the property. I don't know any reason why he would, unless he saw tenders were called for, but when he went out, he wouldn't

know there were tenders on that particular property.

Q The amount of the tender was not disclosed?

A No.

Q And the appraiser, therefore, had no yardstick to go by?

A No.

Q I understand that some of the properties in New Westminster were not in very good condition, is that correct?

MR. McMASTER: My lord, that is leading.

THE COMMISSIONER: That is decidedly leading. Can he describe, in a general way, the description of the properties the committee had to pass on?

MR. BRAIDWOOD: Can you describe, in a general way, the condition of the properties you passed on?

A Not only in New Westminster, but we have photographs of a lot of them: Alert Bay, Prince Rupert, and any property where we thought we were not getting enough, photographs were taken by one of the agents, or through some other means, and sent to the Commission, but a lot of properties were not in good condition. That was so all over British Columbia, as far as that goes, houses were in a very dilapidated condition, and I am certain, speaking for New Westminster, that many of these places would have been torn down without any value given whatsoever, if it wasn't for the fact that housing was needed at that time to shelter someone, and there was a lot of them,

outside the dyke properties, float houses without proper sewage or sanitary conditions, not even electricity in them, and we all know that is the known fact, all down along the Fraser River--the Ladner area, the Surrey area, the Richmond area, the New Westminster area.

Q Did you inspect any of these properties?

A Yes. I knew a lot of them, without inspecting them, because of my experience in the City Hall in charge of reverted lands. I was inspecting not only these properties adjacent inside the dykes, and making tours all the time.

Q Mr. Mott, speaking of the area around New Westminster which you know best, I suppose, can you tell his lordship the condition of some of these properties, generally, from the point of view of the use to which they were to be put?

A Well, the Japanese-owned property in New Westminster--some of them were in fishing, and some were in industrial work in the mills--most of them were located in the industrial area down on Lulu Island, and as I mentioned, the buildings were in a very poor condition, along with many other buildings there, also. At that time, for instance, they would have probably 10 acres of farm land, although they wouldn't be farming it. They would be using part of the waterfront outside the dyke for these floathouses, and it was assessed, at all times, as acreage, never sub-divided, therefore it couldn't be valued as building lots, but left in acreage.

So under the Municipal Act, we must assess at $250.00 an acre for taxation purposes. So in most cases, we couldn't put City property around that value. In fact, we were selling, at that time, I think, at 50 per cent. of our assessed value, but I know of no case where any land didn't bring in around $250.00 an acre. I think my experience on the committee assisting in helping out with the appraisals.

Q Speaking of the New Westminster area again, would you tell his lordship what might have to be done to these properties, to put them into shape.

A In two we sold, they are still in acreage, and another was purchased by a purchaser, and that has been sub-divided, although it is not completed, because it is up to the purchaser to pay for the water to go in. The City only puts in the rough streets, and he must pay for the water and sewage, and all the utilities on the property. In that particular area, they must sub-divide it in half-acre lots, even for residences.

Q Were all the lots sold?

A The one I am speaking of now, I think, there are only two lots sold off the 5 acres.

Q Were all the houses sold?

A That is the Japanese houses?

Q Yes.

A As far as I know, they have been all sold.

Q Were there any houses retained, or kept out of sale?

A Not that I know. I am speaking of New Westminster. The only one I know is the church there. It was kept out of sale.

Q Were all these properties in such a condition that they could be rented or sold, in your committee's mind?

A Yes, but as I have already mentioned, if the City were to step in, in quite a few cases they would have condemned them, and torn them down, if it wasn't for the fact that housing was in short demand. Therefore we had to close our eyes to many things.

Q Did the City, in fact, take any such steps?

A No, not to my knowledge.

CROSS-EXAMINATION BY MR. McMASTER:

Q Mr. Harold Menzies was a member of the committee?

A That is correct.

Q And he also acted as an appraiser on some occasions?

A Yes.

Q And on some occasions, he acted as the agent for the purchaser of properties from this committee?

A Yes, I believe he did.

Q Did the committee, itself, actually give instructions to these appraisers, or was it the Custodian?

A It was the Custodian.

Q Are you aware, from your own personal knowledge, what instructions were given?

A No. I have already mentioned that the Custodian asked us for appraisers, and we mentioned names,

and in other cases, in districts we didn't know, appraisers were selected by them, as far as I know.

Q But when the appraiser was asked to go out and view a particular property, from whom did he receive instructions?

A He was notified by the Custodian's Secretary, Mr. Shears.

Q Who determined that?

A In most cases, it was the committee. There may have been other cases where, instead of calling the committee together, and to save time, where he had a tender, or request to purchase a piece of property, he would send out the appraiser to get the information for us, along with the tender, to bring to the committee meeting.

Q So, in almost every case, before an appraiser was assigned by the Custodian, the committee were aware of what the offers were?

A Yes, that is true.

Q Then you would instruct the Custodian to have the property appraised, and leave it up to him to instruct the appraiser?

A That's right.

Q You mentioned there were tenders received before advertisement, with respect to some of the outlying properties, particularly. How did you deal with those?

A Sent out an appraiser, and had them appraised.

Q And were the properties advertised before you

consented to the sale?

A No, it was cases where people were living in the houses, and they made a request to purchase the property, and made an offer, or went in to see the Custodian, and the Secretary would tell him to send in an offer, and the committee knew that was going on--someone away over on Vancouver Island, and he would come across and offer so much for the building and land. Well, he would take that request, and then have an appraiser go out and appraise the land.

Q In those circumstances, I take it, if the offer was equal to, or greater than the appraisal, the committee consented to the sale?

A If the offer was greater than the appraisal?

Q If the offer was equal to or greater than the appraisal?

A Yes.

Q Without any further advertisement?

A In both cases, that is true.

Q If the offer was less than the appraisal, what policy did you follow?

A Send out another appraiser, and get another appraisal on it.

Q Supposing the offer was still less than the second appraisal--

A There are cases we didn't sell.

Q Did you give the person who made the offer, originally, any opportunity to revise his offer, in those circumstances?

A Yes.

Q And you advised him what the appraised price was?

A We told him what the appraised price was, and if he wished to meet that price, we would dispose of it.

Q And it was suggested to him he meet that price?

A Yes.

Q In these catalogues which were published, did the committee consider the advisability of describing the buildings on the land in the catalogues?

A It mentioned a farm, and so many buildings. It didn't go into full details at all.

Q If there was any description, it was only as to the number of buildings?

A Yes. A 4-roomed or 3-roomed house, and in a lot of cases, the condition was mentioned.

Q On what was that based?

A Take an old building, with windows broken, repaired, or something like that, as far as I remember, it was mentioned in the tenders that were called.

Q That was an expression of whose opinion that the building was in poor condition?

A From the Custodian's agents who had viewed the properties.

Q Did the committee advise you with respect to the manner of the distribution of these catalogues?

A Yes, it was taken up by the committee how they would be sent out, and in most cases, they went

to real estate people, because it was through the real estate people the inquiries were coming in. In most cases, they were on the ground, and could dispose of them quicker.

Q There were inquiries coming in about these properties from real estate people, as to their availability for sale?

A The odd one, from time to time, yes.

Q Do you recall, specifically, what advice the committee gave the Custodian as to how these were to be distributed?

A No, I do not.

THE COMMISSIONER: You are talking about catalogues?

MR. McMASTER: Yes.

Q I would like to be certain on this, Mr. Mott. In the event of receiving a number of tenders which were below the appraisal, I understood you to state that you went back to the highest tender?

A Yes.

Q And gave him an opportunity to raise his tender?

A Yes.

Q Did you advise him as to the appraisal which had been made, when you gave him that opportunity?

A Yes. We had to ask him to raise his tender.

Q And no like opportunity was given to the other persons who had tendered, unless the highest tender didn't take the opportunity?

A That is true.

Q Can you tell me, when low tenders were received, in relation to the appraisal, whether the properties

were ever readvertised?

A I believe there were cases where they were readvertised.

Q Would that be many cases?

A Yes, I would say quite a few of them.

Q You wouldn't know when that happened?

A No. It was just from time to time.

Q You found this method of going back to the highest tenerer quite successful?

A We felt that was the farest way to do it and not go to the lowest tenderr.

Q Let me put it this way. Did one of the persons who had tendered come up to the appraised value; as a general rule?

A As a general rule?

Q Yes. A: Generally speaking the highest tenderer would come up to the appraised value.

Q Now, you suggested that on the average the committee met once a month?

A Yes.

Q And I take it that any person who tendered had to await the approval of the committee before he knew whether or not his tender had been accepted?

A Well, as far as sending out the catalogues, those tenders were called for a certain time and would come in, and then the committee would sit, but there were other cases, as I mentioned, individual cases where they would want to buy the property, and that was left to the secretary;

discretion to call the committee together.

Q When he had to consider calling a busy group of people together he called them?

A Yes, but he had authority to call them everyday if he wished.

Q You indicated you had some experience with the Land Sales Department of the city of New Westminster in your aldermanic capacity?

A Yes.

Q When was that? A: In 1937 until 1942.

Q How would you say the prices which were obtained on the sale of these properties by the committee compare with the prices obtained by the Land Sales Department of the city of New Westminster?

A I would say they were very good.

Q Would they be higher or lower?

A I would say in most cases they would be higher.

Q How much higher?

A I don't know offhand, but the city was selling land at 50% of the assessed value at that time. They were much higher.

Q The City of New Westminster, I imagine, follows the policy of some other cities of trying to get tax sale land back on the roll?

A That is true.

Q So that revenue comes in?

A Yes.

Q And, therefore, often the muncipality will sell tax sale land at a percentage of the assessment having that purpose in mind?

A No, there are very few muncipalities do that.

Q What about the City of New Westminster?

A That is one of the only ones.

Q That is the policy there?

A It is not now. It was. During the depression we sold at one-third and at one-half, and about three years ago it was set up at 100% of the assessed value.

Q Do you consider that the assessed value reflects the fair market value?

A I do, yes. It is what the land is taxed upon, and the assessor knows the land and buildings, and he should have firstclass knowledge of the value of the land, because the whole taxation of the muncipality is based on that.

Q And is it your opinion, from your experience, that in 1943 the assessed value was a fair reflection of the fair market value in New Westminster? A: Yes.

Q And in 1944 was the assessed value a fair reflection? A: Yes.

Q And the same thing in 1945?

A Yes.

Q Have you any knowledge of the assessment systems in the lower Fraser Valley?

A I have more or less. They are along the same lines as New Westminster. We are all under the Municipal Act, and all work under the assessment section which we have to go by.

Q Do you know anything about the relationship between the assessed values, for instance, in the

municipality of Maple Ridge to fair market value in 1943? A: Were it is under the Municipal Act it is $250. a acre farm land must be assessed at.

Q Do you know of your own personal knowledge the situation in the municipality of Maple Ridge, for instacne? A: I know the growth of it. I don't know what the land was sold for, but I don't think there was any big rush to buy land at Maple Ridge.

Q What I want to know is wheter you know anything about the relationship between the assessments in the municipality of Maple Ridge to fair market value in the year 1943, for instance.

A No, I don't know.

Q Let us come back to the city of New Westminster. Would you say that in the city of New Westminster, generally speaking, as between properties the assessments are fair?

A Yes.

THE COMMISSIONER: Wait a minute. What does that mean-- a fair comparison to fair market values?

MR. MCMASTER: No, my lord. "Equitable",is the better phrase, between property owners?

A Yes.

Q You get the importance of my question, witness?

A Yes. That is from a city point of view, not from a real estate man.

Q From the point of view of the individual property holder. That is, you may have A and B with

with assessments that don't appear on the face of them to be equitable, but if you take the average in the municipality as between property holders the assessments are equitable?

A Yes, I would say so.

Q And you have had experience in the Association of Municipalities of this province?

A Yes.

Q At the various meetings, I take it, this matter is frequently discussed--the method of assessments?

A No, only for school consideration and the like of that. Just the values of the land are not. It is just different things that may be brought up by different Acts.

Q Is it your impression, from your experience, that this equitable relationship between various properties you said existed in New Westminster exists in most, if not all, the municipalities in the lower part of British Columbia?

Q Well, I would think so. I wouldn't say for sure. It is according to what we are coming at. You had these years of inflation as far as property values went, which makes quite a big difference. I am talking about the municipal value for taxation and assessment purposes.

THE COMMISSIONER: I do not think Mayor Mott professes to have an intimate knowledge of values outside the city of New Westminster. His evidence is extremely valueable in respect to New Westminster but I do not think he would assert he can help us

much on properties outside.

THE WITNESS: That is true, my lord.

MR. McMASTER: Q: In 1944, you made sales of property through the committee, is that right?

A Yes.

Q What factors in the market of 1944 did you consider tended to increase the price of properties?

A Well, one of the things, probably, at that time, was owing to the fact of the scarcity of properties, and in many cases, of a home to live in, so often increased it more than anything else. The law of supply and demand.

Q During the period that the committee was acting with respect to the disposition of these properties, was there a generally-increasing demand for properties?

A Yes, in certain places. Take a remote place in British Columbia, probably there was no demand, but in certain places like crowded cities and municipalities that were progressing very fast, and trying to find shelter, there was a demand.

Q Let's take the Lower Mainland, in particular.

A It wouldn't be all over the Lower Mainland.

Q In what area would you suggest it wouldn't be?

A Well, probably up through the Fraser Valley, unless they were close to someplace, probably Chilliwack, where factories went in, but very few large factories went up throughout the Fraser Valley.

Q You mentioned that time payments were allowed, in

certain instances. Do you know whether the fact that arrangements for payment on terms might be arranged was ever advertised, on the advice of the committee?

A No, we took it from the tender coming in, or the request coming in, and as I mentioned before, they were ones living on the property, and other cases where they had done work on the property, but that wasn't taken into consideration on the time payments. We checked in every case, and felt sure that a man with 5 or 6 children, working there all the time, doing laboring work, needed that help, and could make the payments, and have a shelter over his head, and make the best deal with us.

Q You mentioned that some repairs were made to property, and my understanding was you said it was property which was being purchased.

A What I meant was, there were people rented these properties, and living in the properties. In some cases, the Japanese had rented them, and we had nothing to do with it, and the house was leaking, or the doors falling down, or something, and he would need repairs, and in purchasing the property, we allowed, at times, where the tender was probably a little high, to take into consideration the repairs done to the house, and we gave the tenant the opportunity to purchase it, but his purchase price would be the highest, and taking into consideration the work he did on the property,

which would be assessed at a lower value.

Q You gave him the benefit of the repairs he did while he was a tenant?

A That is true.

Q Certain repairs were done, however, by the custodian. Was that on the advice of the Advisory Committee from time to time?

A I mentioned I thought there were certain repairs done. I'm not sure. I am certain of the repairs I have just mentioned, but if there were any other repairs to the property I can't think of a case just now; I may have it mixed up with the case I mentioned of people living in the houses.

Q With respect to the payment of commissions, I take it the commissions were only paid to agents or to anyone when an agent actually introduced the purchaser? A: Yes, that is true.

Q And on what evidence would you act. Would the agent have to send the tender in himself?

A He would send it in or come in with the tender, or he would be acting as an agent for someone and buy the property for him.

Q Have you any idea what percentage of the cases were purchased through agents?

A I would say the majority of them were purchased through agents.

Q That is the tenders that came in were mainly sent in by them on behalf of their clients?

A Yes. They had the catalogues and they got the information for them.

Q If you had two offers before the committee, one which came in not through an agent and the other came through an agent, did you take into consideration the commission which would be involved in weighing which of the two offers would be accepted?

A We always figures that the policy we had set up, in all fairness the highest tenderer was given the right whether coming through the agent or otherwise.

Q Irrespective of whether commission would be deducted or not? A: Yes. We felt in fairness the highest tender should be received.

A I took it from your evidence that you suggested a large number of these properties were in very poor condition? A: Yes.

Q The committee dealt with 800 properties. Are you suggesting that statement you made applied to the 800 properties?

A No. I was speaking mostly of where they were close to me in New Westminster.

Q Down in the Queensborough area?

A Down in the Queensborough area and in the city itself.

Q The industrial portion of the city?

A Yes.

Q That wasn't intended as a generalization in regard to the 800 properties?

A I do not know, but I am going by my own experience.

Q The only ones you might be aware of would be those in the industrial area of New Westminster or down in the Queensborough district?

A And, as I already mentioned, through photographs and information we received along with the tender.

Q That referred only to the outlying points you received photographs? A: Yes.

Q And presumably the other houses in those municipalities would be of a somewhat similar character? A: Probably.

Q Did any of these appraisers ever outline to the committee their method of appraisal?

A Well, their method of appraising outlined to us was through the custodian, and the proper way of appraising. I mean there are different methods of appraising, and if you had to ask each appraiser which way he was going to appraise then it was necessary to ask for the methods.

THE COMMISSIONER: You are calling appraisers?

MR. HUNTER: Yes, my lord.

THE WITNESS: We gave the names to the secretary, Mr. Shears, of the ones we felt would be good appraisers. It was just the general knowledge of appraising without setting down any rule of thumb, because I think every appraiser has a different way of appraising.

THE COMMISSIONER: Is this not a subject which might be covered with the appraisers?

MR. MCMASTER: My lord, what I am interested in is

whether there was any standard method between the various appraisers that the committee was aware of.

THE WITNESS: No, as far as I know there was no standard method except their own way of appraising. There was no standard laid down by the committee.

MR. MCMASTER: Q: When you received an appraisal from one appraiser and for some reason asked another appraiser to go out and make an appraisal, if there was a substantial difference between the two appraisals what was the policy of the committee? A: There were times when we asked a third one to go out.

Q Then what?

A Then we had to use our own judgment in reference to the tender we received. If it was away below the tender we received we would just throw it aside. We had appraisals below and over tenders received, and we would still ask the highest one tendering to come up to the appraised value.

Q Have you any idea of how many cases you had more than one appraisal made, roughly?

A No, but there were considerable.

REDIRECT EXAMINATION BY MR. BRAIDWOOD:

Q Mr. Mott, did you ever discuss, as a committee, the appraisals made by the appraisers with the appraisers themselves?

A Not to my knowledge, unless it was done before I went on the committee. We didn't discuss with them their method of appraisal.

Q My learned friend suggested to you that there were cases in which Mr. Menzies was an appraiser and some in which he was an agent. Were there any cases in which he was both in the same case, to your knowledge?

A No, not to my knowledge. There may have been the odd case, and I know there were cases where he was agent and appraiser and it was sold to others.

Q My learned friend also disccused the issue of your knowledge of these properties, some 800 odd, which he suggested came under the committee, and you gave the answer that you were best acquainted with those in New Westminster and the Queensborough area? A: Yes.

Q Would you give his lordship some opinion what part of those 800 properties which you were acquainted with represented?

A The 800?

Q Yes. How many would there be in the New Westminster and Queensborough area and those areas with which you are familiar.

A I think only about 25 or 30 properties in the New Westminster area.

Q And the Queensborough area?

A Well, that is taking in the Queensborough area.

(Witness aside)

MR. HUNTER: Miss Mathewson, I understand, has the answer to that question.

FLORA MATHEWSON, recalled:

MR. HUNTER: Q: In the case of the "Camrose 2" have you ascertained the amount of Mr. Phillipson's appraisal? A: $1,700.

MR. MCMASTER: With respect to the "Camrose 2", my lord, I would like to draw your lordship's attention to Mr. Gould's method of appraisal; that is, 10% off for the first year and 5% each year thereafter. And his estimate of the value of the new hull and engine, $2,000., as he stated, it works out exactly at $1,500.

(Witness aside)

(ADJOURNED AT 12.15 P.M. to 2 P.M.)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

Deputy Official Stenographer

Vancouver, B. C.

September 28th,1948 2.00 p.m.

(PROCEEDINGS RESUMED PURSUANT TO APPOINTMENT)

THE COMMISSIONER: Yes, Mr. McMaster, you might proceed now.

MR. McMASTER: My recollection is that the witness at the time of adjournment yesterday afternoon was dealing with the government policy as to payment for lost gear.

CROSS EXAMINATION CONTINUED BY MR. McMASTER:

Q Are you able to advise me as to the date the appraisals were made on these boats by or on behalf of the Japanese Fishing Vessels Disposal Committee?

A No, not without reference to my records. They would be different dates of course, during the terms of the sales.

Q I believe Miss Mathewson gave evidence this morning It was in the months of March and April. Does that coincide with your idea of it?

A I would say there would not be anything conflicting in that. We started in in February and it would be shortly after that.

Q And would all those appraisals be completed before the end of April 1942?

A Are you speaking of the appraisals for damage?

Q No, I am sorry -- the appraisal for the purpose of sale? A. I don't know.

THE COMMISSIONER: You probably got as close to it as you could from Miss Mathewson this morning.

MR. McM ASTER: Q; Drawing your lordship's attention to the Order-in-Council that set up the provision for

providing payment for damages -- P.C. 3737.

Q Now, Mr. McMaster we had a case on the list at Kamloops -- it is case 120, my lord -- where from the documents produced from the Custodian it appeared that the boat had been sold or was purported to have been sold by the Japanese Fishing Vessels Disposal Committee for $150.00 and there was sent to the claimant a bill of sale, and along with the bill of sale was an assignment of the claim which appeared to be for $500.00. Can you explain to his lordship how that might come about?

THE COMMISSIONER: What claim was that?

MR. McMASTER: 120.

THE WITNESS: Well, it sounds as if the boat was very badly damaged. I cannot give any direct evidence on the thing, of course, without the particulars, but that could happen if the boat was very badly damaged. We had some wrecks of boats, which were sold for what residue was in them and if that damage occurred when in the custody of the Navy they would assume that difference.

Q Well supposing the damage exceeded the sale price, in as much as it did in that case, in your experience would the damage be paid to the Japanese owner or be assigned to the purchaser of the boat?

A It might be either way. In the case you speak of there might have been an original value of $650.00, but the boat was so damaged by the Navy, which happened in a few instances,-- and the owner got $150.00 which was the residue of the sale and he

might have a claim for $500.00.

Q I think the evidence is that the claimant did not receive the $500.00; and he was asked to sign, at the same time as he was asked to sign a bill of sale and assignment of the claim for $500.00?

A That is beyond me. I cannot answer that.

Q In many cases would the claim for damage exceed teh sale price of the boat as against the Navy?

A Oh no, in a great majority of cases it is nust a minor damage; missing equipment, or some small damage that would effect the value of the boat when the Navy took it over.

Q Now when the purchaser purchased a boat, he might be either paid the money for the damage that had been done, or he might be given instructions to take the boat to a shipyard and have the surveyed damages repaired? A. That is true.

Q And the shipyard would send the bill to the government, I would presume?

A Yes, but I doubt whether there were many cases of that kind. In that case the amount of the damage would be an undetermined amount and I doubt whether we left a situation of that kind open to the new owner to get what he wanted done and charge it to us. It would be done under the supervision, not only of ourselves, but under the supervision of the Naval officer in charge.

Q Have you any idea when you first commenced the appraisals of damage? A. No, I cannot

tellyou that from memory.

Q Was it after you had made your appraisals from the standpoint of sale price?

A Not necessarily. It might be simultaneously.

Q And the purchaser in purchasing the boat, was any representation made to him that he cohld get some work done on the boat at the expense of the Navy?

A If it were shown there was damage done by the Navy, he would ask for a survey and that survey was jointly done by a surveyor from the Committee and a surveyor from the Navy, and if they determined that this damage was done by the Navy, yes, we would commit ourselves immediately for the responsibility of it.

Q Now supposing I went out to the Fraser River where you had these boats, and I was interested in buying a boat, and I saw a boat with a tag on it for $350.00, would I be adivsed by anyone who was out there if the boat had been damaged by the Navy while it had it in its custody that I could have it repaired?

A You mean if that were a voluntary offer?

Q Yes?

A I don't know if that was done or not.-- you see when you are dealing with a thousand boats or more --

Q But as a rule the purchaser was not so advised?

A No.

Q So the offer he made for the boat was for the boat as he saw it out in the Fraser River and subsequently he may have recovered from the government either

certain money or certain repairs?

A He might have.

THE COMMISSIONER: Well what was the policy of the Committee in relation to damaged vessels?

A The policy my lord was that we recognized, and had the Navy recognize the responsibility for those vessels in the condition they were when they were impounded, and that any dmage done following that point would be done by the Navy, and we adjudicated it more or less with them.

Q Yes, and from the point of view of a return to the Japanese owner, he would be entitled to the sum realized on the sale of the vessel, plus the amount of the Bill for damages? A. That is right: inoother words the value of the ship as it was received by the Navy.

MR. McMASTER: Q: I would like to get that clear, Mr. McMaster. Did I understand you to say the owner -- the Japanese owner would be entitled to the money the boat was sold for?

A Right.

Q Plus the amount of money that the government paid by way of claim for damages?

A Yes, I think that is a fair statement because that goes back to the statement I have just made. He was entitled to the value of the ship when it was taken over by the Navy and not the value of it when it was in the Fraser River.

Q Now when the Canadian Navy purported to sell these boats in the first instance, in any event without the

consent of the owner and sent him a bill of sale, you also sent him an assignment of claim. Is that not correct? I think in that case there was an assignment form there, which you might refresh your memory from, Mr. McMaster?

A Yes, I have a recollection of that.

Q I produce to you Exhibit No. 2, in case 120 -- an assignment of claim form. Will you just take a look at it? A. Yes, I remember that.

Q Now witness, that would indicate that it would be the purchaser of the boat who would receive the compensation from the government?

A That is right.

Q And not the Japanese owner?

A In the form of a claim he would receive it, but at the same time --

Q Well he would receive the benefit of the claim, wouldn't he, the purchaser of the boat?

A No, I don't think I can agree with that statement. Just let me give the illustration I gave before. You have a claim there for $500.00?

Q Yes? A. And my recollection is the principle we followed was that the Japanese was entitled the full value before that damage and if he got the $650.00 then he assigned the claim -- that brought it back to $650.00.

Q It is your idea when the boat sold for $150.00 the Japanese owner would get the $150.00 plus the $500.00? A. Yes, if it were

determined the boat was originally worth $650.00.

Q I would like to refer you to Exhibit 2, in case 120., which cites that the boat suffered damage whilst in the custody of the Navy and then it says, "If the Dominion Government will allow me $500.00 to make good that damage, I agree I will not make any further claim against the Dominion Government", so he released the Dominion Government and hereby authroized the Japanese Fishing Vessels Disposal Committee to pay the money to J. Markston ?

A Yes.

Q And the evidence in that case is that J. Markston purchased the boat.

A Yes.

Q Now would it be that the Japanese Fishing Disposal Committee was paying themoney to J. Markston?

A Yes, I would say that is true, but what did J. Markston pay for the boat?

Q Well, all he is credited with is $150.00?

A I cannot explain that.

Q Well who was responsible for the payment of these moneys collected on a claim through a Japanese owner?

A The Japanese Fishing Disposal Committee.

Q And I presume your accounts would show whether these moneys were in fact paid to the Japanese owner?

A Certainly.

Q My lord, I understand that the accounts have been finally located in the Department of Fisheries, and I presume I shall have an opportunity to examine them when my learned friend gets them.

MR. HUNTER: My lord, I would not wish any injustice to be done to the Japanese but I cannot see how this is a matter that comes within the terms of reference unless you will make a report over and above the reference.

THE COMMISSIONER: I think obviously this is outside the terms of reference.

MR. McMASTER: My lord, in that particular case it may be so ruled, but however we have the same situation arising in other cases -- perhaps not to the same extremity -- where the Custodian signed the bill of sale.

THE COMMISSIONER: Well, that is another consideration, but in this instance, the man signed the bill of sale.

MR. McMASTER: I believe he did, my lord.

THE COMMISSIONER: Obviously that man is out. Of course, if you can satisfy me that all the Japanese received was $150.00, it would appear to me to be a proper claim -- that is a proper matter for me to deal with in the report to the executive council.

MR. McMASTER: Yes, I would hope so, my lord.

THE COMMISSIONER: Assuming they free my hands from the terms of reference in these particular cases.

MR. McMASTER: I would hope so, my lord. If what happened in that case was in fact what happened in reagrd to a large number of cases, although it may only arise incidentally to this inquiry, it is a matter I think that should be heard if it does so arise.

THE COMMISSIONER: Mr. McMaster, if you are proposing to

introduce now a great many claims which are outside the terms of reference, my ruling must be that I am bound by the terms of reference.

Mr. McMASTER: I appreciate that, my lord, but the same problem arises in those cases where the Japanese Fishing Vessels Disposal Committee purported to sell the boat of the Japanese owners and the Japanese owner refused to sign the bill of sale.

THE COMMISSIONER: We are not talking now about that situation.

MR. McMASTER: Well, my lord, wouldn't the same question arise then -- to whom was the money paid for the damage?

THE COMMISSIONER: Well I will deal with it when I get to a case of this description. All I am doing now is to point out this claim is outside the terms of reference because it certainly does not come into it at all.

MR. McMASTER: Q: Mr. McMaster, with regard to the boats which the Committee purported to sell without the consent of the owner, and where the owner continued to refuse to sign a bill of sale, and ultimately the bill of sale was signed by the Custodian, can you advise the Commissioner, as to what was done with respect to claims against the Navy in those cases? A. Only in a general way. We did not change our policy in that respect. In other words the owner--the Japanese owner being absent made no difference whatever to the principle that we followed in giving him the benefit of the

value of the vessel, as it was determined when the Navy took it over so if the damage was done by the Navy, and the sales price was the price of the boat as vested in the Japanese owner, then a claim of $50.00 let us say was involved for a damage claim the Japanese owner would get the benefit of that. That is, it would be credited to the account that we turned over th the Custodian.

Q Now after August 1st,1942, would that money be paid to the Custodian, that is supposing --

A Yes, I think it would.

Q Let us take the picture of the Japanese Fishing Disposal Committee, purporting to make a sale on the 28th of July --

A Yes.

Q -- and the Japanese owner refused to sign the bill of sale. Now after August 1st the Custodian became responsible for the business of the Committee -- the unfinished business of the committee, so if money was receovered for dmmage to the boat after August 1st 1942, would that money be paid to the Custodian? A. Oh, yes.

MR. HUNTER: I object to that statement of the facts. The only business of the Custodian at that time was in relation to unfinished business, and it is a question if when it was disposed of by the Committee whether it was vested in the Committee.

THE COMMISSIONER: That is a matter we shall have to consider later.

MR. McMASTER: My lord, I draw your attention to case No.420,

which I think you will find does come clearly within the terms of reference.

THE CHMMISSIONER: Will you kindly get case 420, Mr. Watson.

MR. McMASTER: That was a boat that was sold on November 8, 1942.

THE COMMISSIONER: If you are going to deal with the files that the Commissioner office will have, I wish you would let Mr. Watson know in advance.

MR. McMASTER: I am sorry. I just got this before I came up and I did not have a chance to speak to him.

MR.HUNTER: I would like to know how far we can go on with the general evidence and as to this other matter the time to deal with it is when the specific case comes on.

MR. McMASTER: That is my own view and if you think it has been sufficiently explained by Mr. McMaster, I will drop the subject.

THE COMMISSIONER: All that Mr. McMaster can give us is the policy of the Committee.

MR. McMASTER: Perhaps, -- if I am sure on that .

Q Mr. McMaster, the Japanese Fishings Vessels Disposal Committee actually carried on business after August, 1942? A. Yes.

Q And particularly with respect to vessels it had purportedly sold prior to that date?

A Yes.

Q And do I understand the principle in those cases was that if there was a claim for damages against the Navy, the moneys were recovered and credited to the individual Japanese?

A Yes, in one way or the other. That is, the Japanese

owner -- we admitted the Japanese interest in that claim if it were shown that the damage was done to his boat after the Navy got it. Now if we sold the boat at a price that accounted for that damage -- that is, if the boat were sold for a less price -- the price that we felt the value of the boat was to the Jap, less the claim, then of course the claim would go to the Japanese.

Q Well, supposing the boat were sold at what you have it appraised at? A. Yes.

Q I take it in that case you would admit that was the value of the boat in the condition it was when it was appraised?

A That is true.

Q And therefore in that case, any moneys recovered from the Navy should have gone according to that principle, to the Japanese owner?

A Yes. Well, wait a minute. You see these claims are rather complex. There were some boats where the boat would have an anchor missing, or some moveable missing and the new owner would say, "I will pay you $650.00 for this boat, but I have to have an anchor and so on". And that anchor might have been supplied by the Committee from the Navy to the Committee, and therefore the Japanese got his full value. But if the boat were appraised for $650.00 that is the value the Japanese would get out of it. There would be no question of any claim in the case of equipment furnished, you see. That is another classification of claim. Now I am afraid I have not

made myself clear, Mr. McMaster.

Q No? A. Let us take a specific case. The boat is valued at $650.00 but the purchaser said that boat has not got an anchor on it. And that anchor is worth $25.00. And the Japanese would say, " That anchor was on there". And there is no question of the claim simply for the reason we arranged with the Navy to put that anchor on, and therefore the Japanese gets his $650.00 and the new owner has not claim, simply because the Navy has furnished the $25.00 anchor.

Q Well, let me name the case I have in my mind, where the price by the Disposal Committee is $518.00 and there was $71.00 recovered for damage that was done to the boat while it was in the hands of the Navy. Are you suggesting that the appraiser took into consideration the $71.00 worth of damage in fixing the appraisal of $518.00?

A Quite conceivably he did in that case.

Q Can you say positively he did in every case: that he knew what the damage was when he appraised it?

A No, not in every case, certainly not.

Q In how many cases would he know?

A I don't know -- there were over a thousand boats.

Q Only an appraiser can answer that question, my lord. Now it is mentioned that 51 or 52 boats were turned over to the Nelsons Bros. Fisheries?

A Yes.

Q And they were to do certain repairs to those boats, were they? A. I don't know. I

don't remember that. They were to take them into custody.

Q Now were Nelson Bros. Fisheries paid a commission for selling those boats?

A Not to my knowledge, not to my recollection. I think there were few of those transactions with Nelsons happened during the life of the Committee, but I don't remember exactly, but I believe that those 50 or 51, that the number that are involved, constituted part of the inventory that was turned over as the Custodian's responsibility.

Q So so far as you are concerned, you don't know what arrahgement the Custodian made for those boats to NELSON Bros. Fisheries.

A No, I don't.

Q Can you say when the boats were turned over to Nelson Bros. Fisheries -- how soon before August 1st, 1942? A. Very shortly, I think-- it was about the end of the active part of the Committee's time. It would think it wasn't very far from that time.

Q Now on what basis was it determined that some of the boats would not be turned over to the Custodian on August 1st, 1942?

THE COMMISSIONER: Are you referring to the Committee --

MR. McMASTER: I cannot recall, my lord, I think it was in Mr. McMaster's evidence yesterday, he indicated a representative of the Navy and a representative of the Japanese Fishing Vessels Disposal Committee's office went out to the boat and determined which

boats the Custodian should take possession of?

A No, I don't think that is quite correct. They were supposed to relieve the Navy quite completely of that responsibility and take over all the boats that were left, but I think perhaps you are confused in your own thinking on the thing, as there were a number of boats that were in the hands of the Army, the Navy and the Air Force, that were not conserned in the Custodian matter.

Q Those were? A. They were boats they hadn't anything to do with although the sales action had never been taken -- the Committee had finished with sales action and the services were still the Custodians.

Q Now you mentioned at the time the Custodian took over these other boats there were negotiations going on with the Department of Ammunition and Supplies, for some of these requisitioned boats?

A Yes.

Q Can you tell me the date when those negotiations were completed?

A No, I cannot do that, Mr. McMaster, for the reason I don't think they were entirely completed when we dissolved. I think there was one, or perhaps there were two left at that time.

Q Now did those negotiations relate to each individual boat or did they relate to all the boats that they requisitioned?

A My comment relates to one or two.

Q Did the negotiations relate -- were there negotiations on each individual boat?

A Right.

Q Which did not cover each group of boats that had been requisitioned? A. No, every individual boat or a pair of boats that belonged to one owner.

Q And some of these negotiations were prior to August, 1942? A. Yes, and some were subsequent to it.

Q And I understood you to say the Committee was acting for the Department of Ammunitions and Supplies in those negotiations?

A Yes.

Q Now who was protecting the interests of the Japanese under those circumstances?

A I presumed we claimed that we were, because we carried out the same principle of getting a fair price for them -- of course, based on the instructions from the Department of Munitions and Supply, which was that we should get a Lloyds valuation, which was the basis of our purchase.

Q Well, I take it the Department of Munitions and Supply said you should get a Lloyds valuation and they would not pay any more than that?

A Yes, that is true. It was a specific valuation.

Q Did anyone have an opportunity to negotiate on that by the Japanese or was it just handed down by the Department of Munitions and Supplies?

A It was handed down to us and we made another offer.

THE COMMISSIONER: Isn't this another matter that I have

not anything to do with?

MR McMASTER: I recall one case where there was some doubt whether the claimant had signed the bill of sale and that is awaiting the Crown producing their full file and necessary documents.

THE COMMISSIONER: I do not want you to go into a lot of fetures of this Committee's operations, because they are wholly outside the terms of the reference to me. It may be very interesting, but I cannot do anything about it.

MR. McMASTER: Well, if there were sales of vessels that were requisitioned that took place after August 1st, 1942, in the absence of showing the consent of the Japanese owner to the sale, it is at least open to argument that the sale was made by the Custodian. However, I will not pursue it any further.

THE COMMISSIONER: There is no evidence of that character here. All the transactions were properly carried out by the Committee.

MR. McMASTER: Well, I take it, we are dealing with general evidence now, and when we come to specific cases, I would think there would be some cases involved in those categories.

Q Now with regard to the Vancouver Properties Committee, Mr. McMaster, I understood you to say in your evidence that the Committee gave to the Custodian their ideas as to the manner of orderly liquidation. Was there any memorandum of the Committee's recommendations?

A Yes, I think there are the minutes. Those are covered

in the minutes of the Committee, -- the Advisory Committee

Q You don't know of any memorandum other than what appears in the minutes?

A I think that I, in following the instructions of the Advisory Committee, wrote the Custodian the findings of the Committee in each case.

Q Now with regard to the appraisals, Mr. Reeves was appointed first to do certain appraisals?

A That is right.

Q And I suggest to you that he had a large number of appraisals to do?

A Yes.

Q And when he became overtaxed, he appealed to the Committee for further appraisers to be appointed, and they were so appointed?

A Yes, that I belive is true, but I cannot give you, -- I cannot make a direct assertion to that extent because it was subsequent to my time with the Committee. I was only there in the early stages.

Q You had left?

A Yes, we had just got started as far as my term was concerned.

Q How long were you with the Committee by the way?

A I think less than twommonths -- just in the formation stages -- the formative period.

Q Now at the time you were with the Committee most of these properties were rented, were they -- not the properties you had to deal with?

A Well, I doubt that -- well, that is right with most of them. Some of them were rented, but to my

recollection there were 550 properties. I am speaking relatively of the number, and they were scattered all over Vancouver. This is Greater Vancouver only we are dealing with?

Q Yes, Greater Vancouver.

A Some of them were rented and some of them were vacant.

Q What percentage of them were rented?

A Oh, I haven't slightest idea.

Q That is all, thank you.

10

REDIRECT EXAMINATION BY MR. HUNTER:

Q There is just one point that I would like to try and clear up, Mr. McM aster, that is, that sometimes the purchaser purchased the vessel at a price which permitted him receiving an assignment of the damaged claimed? A. Right.

Q Now, I am just trying to get clearly in my own mind how that would arise: Would the appraiser in some cases appraise it at the higher figure: that is,

20 at the value at the time of the impoundment, because he knew of the damage that had been assessed?

A Yes, that would be the case, expecially with equipment that would go on the boat before it went to sea, and he had that on when he took the boat in. P erhaps this is enlightening -- the reason this is particularly so, a lot of this equipment was taken off the boat when they were placed at the Trots(?) in Westminster, and when the "avy took the ashore; and when the boat was appraised he would say " The anchor has to be supplied and this is the price".

30 Q Was there anything in your records or in the tag

on that boat to indicate what that appraisal represented, whether, "as is", or "as should be"?

A No, there would not be anything shown.

Q Well then, where would your records cover that, so that you would know whether the purchaser would receive the assignment or the vendor?

A Well, each individual file would show it.

Q In the files? A. Yes. and it would occur both ways, and I cannot remember six years ago what happened in individual cases.

Q No, I know that, but I want to know what the general procedure was so we in turn can arrive at what should have been done in each particular case, you see?

A Yes .

Q Do you remember how that was recorded in the file?

A Well, of course the files would show to whom the claim was made in favor of.

Q Yes? A. And that certainly by inference would show whether the allowance had been made to the Japanese owner or to the new owner, but the principle -- I can only deal with the principle of the thing.

Q Mr. McMaster feels in some cases the assignment went the wrong way. Now how can we check that? Can you give us some help on that? Can we ascertain which way it should have gone, because the appraisal was made one way or the other? A. I don't know what I could do about that without getting the individual file.

THE COMMISSIONER: It is your belief an examination of the

file would disclose it?

A Yes, which way it went. I mean I would go back to my memory six years to say this: that the fundamental principle was if it were shown to the committee that a damage was done and had depreciated the value of that vessel then the owner was entitled to any claim that was made on that accordingly.

MR. HUNTER: Q; Yes, providing the appraisal had been made "as is", rather than "as it should have been"?

A Yes.

Q You feel sure there were two types of appraisals, do you? A. Yes, I think there were. I cite the only specific thought that I can develop on the thing, and that is that he would appraise the boat with the equipemtn on -- that should have been on, and that might not have been put ashore. There was no claim involved in those cases you see . There was no claim except the claim --"you must put this on when I pay this price". So you have several classifications of claims, and that is the real difficulty.

THE COMMISSIONER: I think so. Thank you Mr. McMaster, you have been very helpful to us.

A I am sorry I could not remember more.

THE COMMISSIONER: It is hardly to be expected that you would. What shall we go on with now?

(Witness aside)

MR. HUNTER: The auctioneers, and my learned friend Mr. Braidwood will be looking after that.

THE COMMISSIONER: I think we might as well take our recess now if we are going to rise at four.

(PROCEEDINGS RESUMED AFTER SHORT RECESS)

THE COMMISSIONER: Yes, Mr. Braidwood.

MR. BRAIDWOOD. My lord, I will now call Mr. Spencer Pallot, and he will be sworn.

THE COMMISSIONER: Who?

MR. BRAIDWOOD: Charles Spencer Pallot.

CHARLES SPENCER PALLOT, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. BRAIDWOOD:

Q Mr. Pallot, where do you reside?

A At Haney, in Maple Ridge Municipality.

Q What is your occupation?

A I am an auctioneer, realtor and insurance agent.

Q And how long have you been an auctioneer?

A About 25 or 26 years.

Q Will you give his lordship some idea of where you have conducted the business of an auctioneer and under what circumstances?

A I have your lordship, conducted the business of auctioneer in the Fraser Valley, in different areas of different municipalities, as farm auctioneer, and also have had house sales and auctioneering in a general manner.

Q And that has been going on for some 25 years?

A Yes.

Q Do you have your own business?

A Yes.

Q And do you conduct regular auctions?

A I have an auction every Saturday at Haney.

Q And how long has that been going on?

A Oh, many years now.

Q Now I understand that you were engaged on behalf of the Custodian in the sale of certain chattels belonging to the Japanese, is that correct?

A Yes, sir.

Q How were you appointed to act by the Custodian?

A By the Custodian's agent. I have no recollection whether I got a letter or not, but there was a Custodian's agent at Haney and I was asked I believe by Mr. Morrison -- Jack Morrison, to act.

Q Morrison? A. Yes.

Q And when did that occur?

A Well, shortly after the Japanese were evacuated.

Q Have you any idea of the date?

A No, I haven't.

Q What approach was made to you to act on behalf of the Custodian?

A Well, being the local auctioneer there they asked me if I would conduct auction sales within that district.

Q And what instructions were you given?

A Well, I was -- that is a difficult question too. They asked me what the procedure was when I usually ran my own auction sales and I told them.

Q This was Mr. Morrison?

A Yes.

Q Yes? A. And they delivered the goods to a Japanese Hall known as the Maple Ridge Fruit Growers Hall at the corner of Maple Ridge

Avenue and Union Trunk Road.

Q Now before we come to that: what were the terms of your appointment?

A The terms of my appointment was 10% commission and I paid the expenses, except the advertising.

Q Now how does that compare with your usual terms of employment in regard to auctions?

A Very similar.

THE COMMISSIONER:Q:How do the rates compare?

A The same your lordship?

Q The same? A. Yes.

MR.BRAIDWOOD: Q : And in your usual auctions do you pay for advertising?

A In my market sales, I do, but a private sales (the same as the Custodian sales) the owner pays for the advertising.

Q Now then, you were discussing the fact of the use of a hall, is that correct?

A Yes, sir.

Q At Haney, is it? A. Yes.

Q And what is the name of that Hall?

A The Maple Ridge Fruit Growers Hall.

Q And was that hall were you held all your auctions?

A Yes, what auctions we had were held there.

Q Now did you have any contact with the goods you were to sell, -- the goods and chattels I mean, before the auction? A. No, those goods were delivered to the hall and my man took over from there and listed the goods.

Q Did you have any comment to make in the selection of goods which were to be given to you for sale --

or any hand in it?

A No, sir.

Q Were you advised ahead of time of the goods that were coming to you?

A I was advised that there would be some goods at the hall on a certain day and to advertise the sale for a certain day.

Q Now may we touch for a moment on the matter of advertising. What course of policy was followed by you in advertising these sales?

A The same that I would usually follow for private sales: that is, advertising in one or two or three of the local papers, and I would also get from 100 to 150 poster printed, which would be distributed throughout the area, or throughout the municipalities, and have some stuck on telephone poles and some put in feed stores and halls and one thing and another and there would be possibly a mailing list, I would probably mail out 50 or more to people I knew would be interested.

Q Well, what material was contained in this advertising and posters?

A Well, I forget the exact wording, but it was under the Custodian of Alien Enemy Properties. I was told that had to appear on all my advertising.

Q And was there any announcement of the place of sale?

A Yes.

Q And a description of the chattels to be sold?

A Yes.

Q What description would be given to those goods?

A Furniture and so on.

Q In general terms? A. Yes.

THE COMMISSIONER: And did you draft the advertisement?

A Yes.

MR. BRAIDWOOD: Q; You said the method you employed was your usual method? A. Yes.

Q And you employed that same method on behalf of the Custodian? A. Yes.

Q Now coming to the point of the delivery of the chattels to you at the Japanese Hall, what course of action did you take then? A. Well, when the goods came to the hall we either wrote off each individuals chattels or marked them off with chalk on the floor and we listed all that and either put it out on the tables or on the floor for sale, so that each person would have their own stuff kept together you see, so that there would not be any chance of any mix-up.

Q Well now, just explain that. Was there a clear view of all the chattels?

A Yes.

Q Were they on some sort of a raised platform?

A Small things would be put on tables. There was a stage there that we used for small things and there were tables and benches and things like that, but big things of course, stayed on the floor.

Q Now who actually conducted the auction?

A I did, myself.

Q And did you have any assistance?

A Yes.

Q Who would you use-first?

A I had a clerk and a cashier and I had a man to hold the things up for me.

Q And were there any representatives of the Custodian's office at these sales?

A Yes, I believe the Custodian's agent was there at practically all the sales.

Q Will you tell the Commissioner what type of attendance you had at these auctions?

A I had a very good attendance, your lordship.

THE COMMISSIONER: That was general, was it, at all the sales?

A Yes.

Q MR BRAIDWOOD: How many would you say came to an average sale?

A Oh, I would say anywhere from 200 to 400 people.

THE COMMISSIONER: How did the attendance compare with the average attendance at private sales?

A Just about the same, sir.

MR. BRAIDWOOD: Q? Were there any factors in existence at that time that made the market good or bad for the sale of these chattels?

A Well, sir, just at that particular time the Japanese were evacuating these properties, and there were people coming in to live on those lands that were being rented, and they had to purchase furniture and implements and things, and then there was considerable shortage of new materials, and it certainly enhanced the value of goods at that particular time.

Q You mentioned there was a shortage, was that shortage apparent at that time?

A Oh, yes.

Q And did you have any dificulty selling these things? A. No, none at all.

Q And how do you account for that?

A Well, because as I say, these new people were coming in to take over the Japanese farms and there were also a lot of new people coming into the area apart from that.

Q How was the bidding at the auction. What would you say as to that?

A The bidding was quite good, the same as at an average auction sale in the past five or six years.

Q Were there any special classes of people that came to the auction?

A No, the farmers and some dealers came there, but the dealers were unable to buy very much because they claimed the prices for the stuff were more than what they could afford to pay for resale purposes.

Q Now what have you to say as to what, if any effect the Wartime Prices had on your goods?

A Well, we had articles there that were to be sold at the ceiling prices -- and having been in the hardware and implement business for many years up to that time, I knew the ceiling price on various things, and when I reached the ceiling on any article I asked the audience sometimes if they wished to purchase this article at the ceiling

price and we would put their names on a piece of paper in a hat or in some receptacle and I would ask one of the customers to draw out the name and that party was the one who got the article.

Q And the sale was made to him?

A Yes.

THE COMMISSIONER: Q; When were the ceiling prices first applied as affecting goods you were selling at these sales?

A I believe they were applicable right from the first part of the sales.

Q Rightfrom '42? A. Yes, I don't remember having an auction your lordship, without a ceiling price.

MR. BRAIDWOOD: Q; That is, for the Custodian?

A For the Custodian, certainly.

Q Will you tell the Commissioner whether youever had to resort to any reserved bids or fixed prices?

A I have no recollection of any reserved bids. They were not necessary at that particular time.

Q Why were they not necessary?

A Because there was a demand for everything that could be purchased.

Q And would you say your auction was successful in disposing of the goods?

A I would think so.

Q Were there any auctions held whan the goods were not disposed of?

A A few very old stoves, such as old heaters that were broken and delapidated , and old beds that

no one would care to buy. That is the only thing; and occasionally an old shovel or a broken tool, and usually you would put that in with some other article, -- a fork and a hoe and an old broken shovel, or something like that, and dispose of it that way.

Q Well, you were present at all these auctions yourself? A. Yes, sir.

Q What was your opinion as to the general class of chattels, generally speaking, that were offered to you for sale?

A I would say some of them were very poor, but you must remember sir, that Haney was one of the oldest Japanese settlements around there and there were a few homes there with really nice homes, and real nice farms, and when any of those things came into the sale the prices were adequate for the quality of the goods.

Q Now, Mr. Pallot, I understand that you were also engaged by the Rural Advisory Committee, to make certain appraisals, is that correct?

A Yes.

Q Will you tell the Commissioner, under what circumstances those appraisals were made?

A Occasionally there were people who came to those farms and they were allowed to buy certain articles pertaining to their farming operations, and I would go to the farms and look over those articles that they wished to buy and put a price on them.

Q Was that a detailed price that you made at that

time? A. Yes, absolutely.

Q And was there an inventory taken of those goods?

A Yes.

Q By yourself? A. Yes, and with the price on each article.

Q And that inventory and price were subsequently delivered to whom?

A To the Custodian.

Q Now after your auction had been conducted, who did you report to?

A To the Custodian.

Q And did you make a full inventory and report of everything that had been sold?

A Of everything that had been sold, that is right.

Q You told the court a few moments ago that there was a variety of goods offered: that is some were good and some were poor?

A Yes.

Q Can you give any opinion as to the relative proportion of goods that were poor and those that were good -- in general terms?

A I would say 30% would be good and the balance would be just ordinary stuff, you know.

Q Well, what do you mean by ordinary stuff?

A Well, stuff that would require disinfesting -- that is, household goods that would want to be cleaned up and painted and that kind of thing, and re-varnished -- that is in the way of furniture, and possibly there would be tools that would require new handles to be put into them and

wheelbarrows that would want a new side put on to it.

Q And then 30% were fairly good?

A I would say so,yes.

THE COMMISSIONER: Q: Mr. Pallot, could you express to me your view as to the results obtained on the auctions conducted by yourself in terms of the Japanese having received a fair price as a result of those sales, or less than a fair price?

A Well, my lord, I was selling on a commission basis, and I did my very best to get as much money as I possibly could, and I was quite satisfied with the result of the sales; and the fact that very few of the dealers who were present at those sales were able to purchase anything so that they could make a profitable turnpover -- I think it proves that those sales were pretty successful.

Q Well, I know from time to time auctioneers are satisfied or dissatisfied with the prices realized on a sale? A. That is right, sir.

Q And all I want to get from you now is your view as to whether the prices realized were good, bad or indifferent?

A Well sir, I think they were very good.

MR.BRAIDWOOD: Q: With regard to these chattels that were bought by tenants, have you any knowledge why the tenants were allowed to buy those chattels?

A So as to carry on the farm with the least amount of delay.

CROSS EXAMINATION BY MR. McMASTER:

Q You said in the course of your evidence, Mr. Pallot, that you were engaged in the hardware business at one time?

A Yes.

Q When was that? A. I beg your pardon?

Q When was that? A. I was engaged in the hardware business from 1990 up until six years ago?

Q 1940? A. 1942.

Q And where did you carry on your hardware business?

A I was working for Morris & Sons Hardware at Haney.

Q Where were they?

A They were at that time in Haney.

Q And that was your full time employment?

A That was my full time employment except that I had an arrangement with them that I could carry on my auction sales whenever the occasion required it.

Q And what were you employed at after you left them?

A After I left them I went into the real estate and insurance business.

Q And that was in what year?

A About five or six years ago -- five years ago-- about 1942.

Q About 1942 or '43? A. '42, I think, sir.

Q And what did you say the nature of your employment with them was? A. I was a clerk in the store.

Q A clerk in the store?

A Yes, I also went out and gave prices on plumbing and heating -- furnaces and such like.

Q And are you suggesting that there were ceiling prices on hardware equipment between 1939 and 1942?

A Not in 1939, sir, no.

Q When did the ceiling price go on?

A I just forget when that ceiling price came in.

Q Were they in operation when you left Morris & Sons?

A Yes, I believe they were.

THE COMMISSIONER: The witness has told us, Mr. McMaster, that he hasn't any recollection of any sale being conducted by him when there were not ceiling prices to be obtained.

MR. McMASTER: Q: I will not pursue that matter further. With respect to the chattels you had to sell, there were a large variety of household goods and chattels? A. Yes.

Q And there was a large variet of farm tools and implements? A. Yes.

Q With respect to household chattels, -- what type of household chattels or what specific kind had ceiling prices on in 1943 and '44?

A Well, there were washing machines and frigidaires and stoves and several other articles, sir.

Q And radioes, I presume?

A Yes, and electrical appliances.

Q Do you know what the ceiling price was on furniture -- second hand furniture, for instance -- second-hand furniture, such as chesterfields and dining room

suites? A There was a ceiling price on chesterfields, I believe, but I cannot tell you what it was offhand.

Q I will tell you witness, that the ceiling price on chesterfields, -- if it was one year old -- 10% off cost? A. Yes, that is right.

Q And if it was two years or more, 20% off cost?

A Well, there was a range of prices.

Q Well, I would like you to answer that question specifically -- if that type of furniture -- leaving aside the specified articles you have referred to -- if they were two years old or more , there was a flat 15% off cost?

A Yes.

Q And there was not any graduated scale beyond that?

A Yes.

Q Is that your recollection when youconducted your sales? A. In radio and electrical appliances.

THE COMMISSIONER: Q; No, the question that counsel puts to you is, except such special articles as you mentioned. He is talking of furniture and chesterfields and that?

A Well, in regard to that, sir, it would be very difficult for me to remember all these figures after such a long time since the sales.

MR. McM ASTER: Q: Well, you can say yes or no. If you cannot remember you can say you cannot remember?

A I can't remember.

Q Now is it not true, witness, out in the country there were a lot of goods of the nature you had to sell, sold at that time to private individuals?

A How do you mean, sir.

Q Well, somebody would be moving away from their home, and instead of selling through an auctioneer or a dealer, they would be making private sales?

A Yes, sir.

Q And in the main those sales were at last at ceiling prices? A. Yes.

Q And as a consequence of that, the business of second-hand dealers had considerably dropped in the years 1943 and 1944?

A Well, I would not know sir, in regards to that.

Q Well a second hand dealer purchases his goods with a view to making a profit?

A That is right.

Q And if a private person could sell at the ceiling price he would not use a dealer, as a rule?

A That is right.

Q And as a consequence, I put it to you, that the second-hand dealers business had dropped considerably?

A Yes.

THE COMMISSIONER: Q; Answer the question if you know, witness, and do not allow counsel to persuade you to answer questions that you have not any definite knowledge on.

A Thank you, your lordship.

MR. McM ASTER: Q; Now with regard to the specified type of articles you are referring to : for instance

washing machines -- I presume there are regulations dealing with those -- and you would begin with the cost of themachine, and the age of the machine, and according to those two factors you detemmined the selling price?

A Yes.

Q Now what did you do to ascertain either the cost of the articles you were selling or their age?

A Well, each manufacturer has a certain model made at a certain time, and therefore you could determine the age of the machine by the model.

Q And did you have a price list of the various types of washing machines at that time?

A Well, I ascertained the price from the various agents as these machines came up.

Q Agents from where?

A Agents from Vancouver and possibly from the agents in hat area.

Q Now that would apply to washing machines, because they do have a serial number, haven't they?

A Yes.

Q What about electrical applicances generally? How did you ascertain the cost of those and their age?

A Just in the same way.

Q Aside from radios?

A Just about the same way. All these things had serial numbers and models.

Q And before you auctioned these goods -- I take it the first time you saw these goods -- I am sorry, how many days before the auction would you see the

goods for the first time?

A I usually held the auctions on Thursdays and that stuff came in on Mondays and Tuesdays to the hall.

Q How long would it take you to list the goods that came in? A. Well, Tuesday and Wednesday.

Q So on Wednesday you would have a complete list?

A On Wednesday night we would have everything right so we could sell on Thursday.

Q And when did you check up on the ceiling prices?

A The moment we knew the stuff was coming in, my man would tell me, "We have a radio" or something like that, and so I would then check up on the ceiling price.

Q And that would go on from Monday to Thursday?

A Yes.

Q Actually your experience in the hardware business would not help you very much in determining the ceiling price, would it?

A It certainly would. We were selling a lot of those things in the hardware business.

Q Now how long before the auction sale were the advertisements put in the various newspapers?

A Usually the week before; sometimes two weeks. We had about two sales a month.during the time that those things were coming along and we would try to get two weeks advertising if we could, but always at least one week.

Q And for how many days would those advertisements appear in the daily papers?

A Well, they were weekly papers, sir.

Q When you advertised two weeks ahead, would they appear once or ttwice?

A Well, they would appear twice. There was no use in advertising the sale the day the paper came out because the paper came out on Thursday.

Q Now on an average, did these advertisements appear twice in the local papers?

A Just as often as I could get the notice frmm the Custodian's agent that certain things were coming in.

Q Would you know that two weeks ahead, what goods were coming in? A. On occcasions, sir.

Q Occasionally? A. Yes.

Q Did you do any cataloguging of these things? That is, did you make up a catalogue of the goods and make them available to prospective purchasers?

A No, sir.

Q How soon were the general public permitted to examine the goods?

A We finished listing on Wednesday night and we usually opened the hall at nine o'clock on Thursday morning, and the sale would usually start at 12.30 or 1 .00 o'clock.

Q What quality of goods would you hve on hand at each sale? A. Well, it is very hard to answer that question for the simple reason that sometimes we would have a home with a lot of nick-nacks and crockery and a lot of things like that, and not very much furniture and at other times the bulk

would be furniture in quantities or it might be taken from a large berry plantation where they would have cultivators and tools of all kinds.

Q So the auction would be mainly concerned with nic-nacs and cutlery and crockery?

A Well, we usually sold four Japanese places at one time.

Q Well, your grouping was by grouping the three or four persons chattels right across the board?

A That is right, sir.

Q Now who were these 40 or 50 people you had on your mailing list for auctions under their names -- what sort of people were they?

A Garages I had arrangements with -- that they would put up a poster in their window and in the country stores. Is that satisfactory?

Q Did you receive any instructions in regard to the matter of reserve bids -- that is of placing reserve bids? A. No, sir.

Q Or upset prices? A. No.

Q In fact were any upset prices set?

A Not that I can remember.

Q Did you make any attempt to draw to the attention of the people at the auction the desirable features of the goods that were being sold?

A Certainly.

Q Including the goods that you described as poor?

A You cannot bring attention of the desirability of an article that was not good, sir. There were certain things that had to be sold as they were.

Q And I take it from your evidence that the good and the bad were mixed together at these auctions?

A Yes.

Q At any one auction there would be some things that would be good and some bad?

A Yes.

Q And according to your evidence there were quite a few bad things?

A Some bad things, certainly.

Q Now witness, did you have any occasion to obaerve the pric es which persons were obtaining at private sales of their chattels in the area at the time you were conducting these sales?

A Yes, I had other auction sales at the same time for private people.

Q Yes, but I am not referring to auction sales. I am referring to private transactions?

A Yes.

Q Where an individual might move away --

A Yes.

Q -- and sell all his goods himself without the benefit of an auctioneer?

A Yes, in the furniture business, along with the hardware, we had to take trade-ins, and we were able to give people a valuation on their trade-ins and resell those things again.

Q And how would the prices you obtained on these compare with the resale?

A Very good.

Q Well, what would you say -- the same, or what

percentage? A. Well, I would say practically the same.

Q Can you give us any idea whether they were lower or higher?

A Practically the same for goods of like quality.

Q Now once you commenced an auction did you carry it on until all the goods were sold?

A Yes.

Q Including all these broken chairs, or whatever you have referred to?

A Yes, absolutely.

Q And I think that it is your opinion that you got as good prices at an auction as you do at a private sale? A. I think you get a little better at an auction.

THE COMMISSIONER: Competition being the life of trade?

A Yes, sir.

MR. McMASTER: Q: Now did you keep any record at all as to the purchasers of these things?

A Yes, certainly.

Q And you would have the names of all the purchasers?

A You cannot conduct an auction sale without knowing the names of the purchasers.

Q And have you had occasion to examine that, in considering the answer to your question or statement that not very many dealers bought at these sales?

A Well, I know the dealers very well. After you have been in business in a certain area for 25 years, you know who are dealers and who are not dealers.

Q And it is your recollection that the dealers bought --

A -- bought very little.

Q What percentage? A. I have no idea.

Q You have no knowledge of that?

A No, because these men would come along with possibly a ton-truck and sometimes they might have three or four articles in it and sometimes they might have a dozen articles in it.

Q Now is it not true, witness, if a private person buys, say a chesterfield at an auction, and it costs $90.00 or $100.00, that usually that person is out of auctions for a while -- because a private person does not usually spend much more than $100.00 at an auction?

A I wouldn't say that.

Q You say at these private sales private persons did buy more?

A We had people coming into that area wanting to fit up a whole farm and they will buy everything from a stove to a frigidaire.

Q In other words they would buy all their furniture there? A. Yes.

Q And this stuff would be for sale?

A Yes, certainly, but I see no differnce in a sale that we would conduct today for private individuals than these sales that we conducted for the Japanese in regard to the purchasers and the buyers.

Q Now your auction room in Haney is centrally situated in Haney, I presume -- if I recall correctly?

A Yes, at the present time it is.

Q And it is a very convenient place in which to hold

sales? A. Well it is the Agricultural Hall that I rent on Saturdays for my auction sale.

Q That will be all.

THE COMMISSIONER: Thank you, witness.

(Witness aside)

MR. BRAIDWOOD: I will call Mr. Phipps.

THE COMMISSIONER: Do you require Mr. Pallot any further?

MR. BRAIDWOOD: No my lord.

THE COMMISSIONER: You are excused then, Mr. Pallot.

DOUGLAS PHIPPS, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. BRAIDWOOD:

Q Mr. Phipps, what is your occupation?

A Financeer and auctioneer.

Q How long have you been engaed in the business of auctioneering?

A Since about 1928.

Q And where have you carried on that business?

A In New Westminster and the Fraser Valley

Q Do you have your own place of business?

A No, I was with Trapp Motors most of the time.

Q Now I understand that Mr. Thomas Trapp was employed as an auctioneer by the Custodian on behalf of the Japanese properties is that correct?

A Yes.

Q And Mr. Trapp is now dead?

A Yes.

Q What association did you have with Mr. Trapp in the sales of the Japanese property?

A I was his assistant.

Q And as his assistant what were your duties?

A Everything but the selling. I listed the goods, and looked after the buying and made the settlements.

Q Do you know how Mr. Trapp came to be appointed by the Custodian?

A He was appointed in writing.

Q Do you know of your own knowledge what Mr. Trapp's instructions were from the Custodian with regard to the sale of the chattels?

A He was simply instructed to resell them.

Q And what were the terms of the sales?

A The terms of the sales by us was 10% on the quantity plus out of pocket expenses . We collected 10% plus advertising.

Q Now just let me get that right. You received 10% plus out of pocket expenses?

A Yes.

Q But the Custodian did not give you that?

A No.

Q But he did give you 10% plus the cost of advertising?

A Yes.

Q And how does that compare with your usual remuneration for auction sales?

A It is similar. Our usual expense is 10% for out of pocket expenses.

Q What do you mean by out of pocket oexpenses?

A Well, additiona l assistance required by the auctioneer outside of his regular assistant and clerk.

Q And were there any other expenses?

A Not in this particular case. Occasionally there are travelling expenses but not in those partiular cases.

Q And where were the sales held that you conducted?

A In Westminster and Surrey.

Q Where in Westminster?

A On Columbia Street -- corner of Columbia and McNeely.- [illegible] at Nagushi's.

Q And do you know Mr. Trapps' qualifications as an auctioneer? A. He held his first sale in 1904.

Q And he was in business in that area, was he?

A Yes.

Q Now will you tell the court what procedure was adopted by you with regard to these autions. When did you receive the chattels and how?

A Actually we did not receive the chattels. We would be notified there was to be a sale held on such a date and the sale would be held in Mr. Nagushi's place or the berry growers hall on a certain date. and we would be given a general outline of what would be there.

Q And when would that be?

A Ten days before the sale. And we would then advertise in the newspapers and the day before the sale we would be able to list the goods.

Q Now in regard to the advertising, what course did you follow as to advertising in newspapers -- did you say you advertised in newspapers?

A Yes, we used the newsppapers--both the Vancouver newspapers and the local paper and the radio.

Q Now how far ahead of the auction were the newspapers used? A. If the sale were to be held in the first part of the week the newspaper ad would appear in the Saturday edition, and if it were a weekly paper it would appear a week before the sale.

Q And how many times would it be in the paper before the sale?

A Usually once.

Q And from your experience as an auctioneer -- is that the standard practice as far as you are concerned?

A As far as we are concerned, that is the standard practice.

Q And that is what you would usually do in any auction for private interests?

A Well, for private interest we would usually just simply use the radio and not bother with the paper.

Q Well just tell me what use you made of the radio?

A We had a news item on the radio at the one o'clock news.

Q And did you find that effective?

A Very effective.

Q Were there any other forms of advertisement?

A No, no other form except by word of mouth, except to let them know when we were going to have a sale.

Q And you had other sales as well?

A Oh yes, we had a weekly sale at the Newsminster market every Friday.

Q And you went to the place of auction and took charge

of the goods, is that correct? When they were delivered at this place of auction by the Custodian's representative?

A We did not take possession until the sale commenced.

Q Who had charge of them up to that time?

A To the best of my knowledge the Custodian.

Q And did you have a list of the goods?

A Yes.

Q Were the public given an opportunity to view the goods ahead of time?

A Yes, on the morning of the sale.

Q And in the actual conduct of the sale who sold the goods? A. Mr. Trapp did until his illness and then I did.

Q And for how long did you participate in the sale?

A I believe it was in 1944 I commenced.

Q Have you any idea how many sales you conducted?

A Not for the Custodian, but I have conducted probably 75 or 80 sales.

Q But you don't know how many you conducted for the Custodian?

A No.

Q Were there quite a number?

A Yes.

Q Both in Surrey and New Westminster, as far as you were concerned?

A Yes in Surrey and New Westminster I believe -- I am not sure -- there might have been one or two in New Westminster.

Q Now how was the actual conduct of the sale carried on?

A Well the auction would be called to order and the terms announced and the sale commenced. With each article displayed to the best of our ability to the buying public.

Q And how many people would attend these auctions?

A At the sales in New Westminster they could not all get in in the accommodation provided. The place was full.

Q Well, how many would there be?

A Depending on the amount of goods there would be anywhere from 100 up.

Q And at Surrey, how many people would attend there?

A Possibly 200 or 300.

Q And those figures, how would they compare with auctions for other people?

A They were very good, because there was a larger quantity of goods and a larger variety offered and more curiosity expressed over it and more people would attend the sale there.

Q And how about the bidding?

A It was very good.

Q Were you satisfied with the bidding?

A Yes.

Q Were there any factors at that time that enhanced or detracted from the goods put up?

A Yes, there were lots of people moving into the district then at that time -- take for instance the machine shops and they were putting up their homes then and moving into them.

Q Now what would you say in your opinion as to the result of the sales, -- were they satisfactory?

A Oh yes, we were quite satisfied with the results.

Q Did you consider that the goods had been sold at a proper price and an adequate price?

A In the majority of cases, yes. But there could be isolated cases where they were not sold at good prices, but they would be isolated cases.

Q How did the sales for the Custodian compare with the sales you were conducting in other cases?

A Very good.

Q Were the results of the Custodian's sales as good as the others?

A Yes, I would say they were.

Q What was the class of goods that was offered to you by the Custodian for sale?

A Well, the type varied -- all the way from incubators to grand pianos, and the condition of some them was from bad to good. The bulk of the goods they were second -hand and well used before we got them, and any chattel that is well used shows the result of the use, but there were some few items that were quite nice.

Q Would you say they were mostly high class goods or medium, or can you give us any opinion?

A As to the bulk of the goods, they would be low class goods, judged by our standards.

Q What was your experience in regard to the ceiling prices? A. The ceiling prices were effective throughout practically all of the sales. I am not just sure when they started, but they were

all contained in the Wartime Prices & Trade Board pamphlet and if I remember correctly the prices were listed in the back of those orders in most instances. In instances where we could not ascertain the price we usually had representatives of the Wartime Prices & Trade Board at our sales and they would set those prices for us.

Q And what policy did you adopt?

A We started off and when the ceiling price was reached it was then announced the surplus would go to the Red Cross, but the Red Cross stopped that procedure and then we had to have them draw lots.

Q You had to draw lots?

A Yes.

Q And what would that procedure be?

A Anyone who was interested in purchasing at that price had to draw lots.

Q Did you keep a list of all the goods sold?

A Yes.

Q And were they delivered to the Custodian?

A Copies of them were and the originals were maintained by us.

Q And did the inventories contain a complete record of the sale?

A Yes.

Q Did you also do some appraisal for the Rural Advisory Committee? A. Yes, we did some.

Q Tell us what that consisted of?

A It usually consisted of going to the address given us -- somebody's home where there were goods and chattels and we were told to appraise them and

quote the price to the tenant and if it was acceptable to him to complete the deal.

Q And you actually completed the deal, did you?

A On occasions.

Q Was this a complete inventory appraisal that you took at that time?

A It was to the best of our knowledge complete. We were given a list of goods to appraise and those were the list that we did appraise.

Q By the way, at these auction sales were there any reserve bids as far as you were concerned?

A There were on one or two occasions.

Q And who set that reserve?

A The Custodian's office.

Q Do you know any reason for that?

A The only reason I can suggest is that the goods were not of the type that were in popular demand and it was felt that they possibly would not bring a fair price at that time.

Q And was that done on more than one occasion?

A No, I can remember only one or two occasions.

Q Now just one minute on this matter of your appraisals. On what basis did you make those appraisals? What were your instructions as to how these appraisals were to be carried out?

A We were told, as appraisers, to appraise them at a fair market value.

Q And did you do that?

A Yes, we believe so.

Q Did you ever have any complaint about it?

A No, except from the propspective buyers. They often did not buy because they thought our price was too high.

Q They thought your price was too high?

A That is right.

Q That is all.

CROSS EXAMINATION BY MR. McMASTER:

Q W itness, when you were asked with regard to the type of advertising that was done concerning these sales, you used a phrase, according tomy notes, "the sale of that description". What did you mean by that?

A We conducted a lot of cattle sales and farm implements and the advertising varies from a shattel sale.

Q In other words, what you meant was the sale of chattels?

A Yes.

Q Well, was there any difference in your policy with respect to the sale of farm equipment?

A Only if it was a large sale of farm implements -- we have had sales of farm implements running up to $8,000 to $10,000.

Q But there was nothing different in the way of policy from the Custodian's standpoint?

A No.

Q Was there any attempt made to separate the farm implements from the other chattels?

A Oh yes. They were sold on the same day but they were segregated. The farm equipment was sold all at one time.

Q And was that so advertised or not?

A No, it wasn't advertised that way.

Q And for how long would these sales go on that began at noon?

A We usually got finished at 4.30 or a quarter to 5.

Q And did you follow the policy of selling everything that was for sale at the auction?

A That is right.

Q And you yourself, aside from any instructions from the Custodian, placed no upset price on these goods?

A No, we had no authority to do that.

Q In any event you did not do it?

A No.

Q Did you prepare a catalogue of these goods that might be made available to prospective purchasers?

A No.

Q Now you mentioned that in your sales at New Westmin ster the general public could not always get into those sales, they were so crowded?

A Not all that wanted to.

Q Would you say that continued over any length of time?

A No, when it was discovered the crowds were getting too large for the premises, the auction was moved across to the Berry Growers hall.

Q That is in Surrey?

A Yes.

Q That is on the south side?

A Yes.

Q Were there any auction sales held in Westminster after that?

A I could not say from memory, I don't know.

Q Now when you went out and made these appraisals on individual goods and chattels, were the tenants were

taking over on what basis di you appraise the chattels? A. On the basis of our experience in values.

Q In other words, that experience is in relation to auction sales?

A Not entirely -- it is also in relation to the condition of the goods, and the price of new goods of like nature in the stores.

Q Do you sell other than used goods in the Trapp Motor auctions?

A Oh, no, not other than automobiles.

THE COMMISSIONERS: Now while you are on that subject of appraising goods: how did the appraised price compare with the price which might have been realized for the same goods at an auction sale?

A It is a little difficult to answer that. In several cases we appraised the goods and put prices on them and the tenants refused to accept that price and the goods were subsequently put up at auction and if my recollection is correct the goods did not bring the price that was refused by the tenants.

Q But the tenants bid was accepted in most cases?

A Yes.

MR. McMASTER: Then as a matter of fact you did have reserve bids in some cases?

A No, I wouldn't consider those were reserve bids.

Q You would make an appraisal first and if the tenant would not agree to pay that price the goods would be moved to auction? A. Yes.

Q And if you could not get the appraised price at

the auction you would sell them to the tenant?

A I never completed the sale.

Q But all these goods were sold at auction, were they?

A Yes, except in the odd instance where this reserve was put on as I said before.

Q Now in regard to the auction -- not as to the number of people who attended the auction, but as to the quantity of goods that were sold there, what percentage of the goods would you say were sold to dealers? A. I don't know, Are you speaking of the dollar percentages or item percentages?

Q Well, let us have it in dollars first?

A I have no idea.

Q You have no idea of the percentages?

A I haven't any idea, but it could be determined by an examination of the records, but I could not say from memory.

Q Would it be 50%?

A I would not like to say, because I might be entirely wrong.

Q I suppose all the dealers are from New Westminster, but there would be some from Vancouver who were present? A. Oh, yes, all around there. You cannot have a successful dale without dealers. They are the safety valve.

Q Is it not true, witness, that the method of selling goods by auction is frequently employed in cases of forced sales? A. I believe so, yes.

Q In cases where persons are pressed for time -- that is if they are moving away from town quickly, they often employ that method of sale?

A It is a matter of individual taste. There are always dealers that they can get a lot quicker action from than they can from an auctioneer.

Q I didn't hear that?

A If a person is anxious to get away quickly he can phone up a dealer and get a price, but not in the case of an auction.

Q Well, my point is, and I am putting it to you, that auctions in the main, in normal times are undertaken under circumstances where there is either a forced sale or an account of the pressure of time?

A No, I wouldn't agree to that.

Q You don't agree with that?

A No.

Q Now would you agree that the mixing of the better class chattels with the poorer class chattels in an auction would tend to reduce the price that might be obtained on the better class goods?

A No, I wouldn't.

Q I beg your pardon?

A No, I wouldn't say it tended to reduce the price of better class goods. Every home consists of better class and poorer class goods and the public realize that, and they will buy clean nice goods at any sale regardless of the surroundings.

Q You indicated that you sometimes completed deals with tenants where you went and appraised the sale?

A Yes.

Q Was that sale completed before or after reference that the Custodian made to you?

A In a few cases they were completed before -- we were instructed to appraise and sell, which we did.

THE COMMISSIONER: Anything more?

MR. BRAIDWOOD: No.

THE COMMISSIONER: Thank you, Mr. Phipps.

(Witness aside)

THE COMMISSIONER: That concludes your witnesses for today?

MR. BRAIDWOOD: Yes, my lord.

THE COMMISSIONER: Now what do we go on with tomorrow?

MR. HUNTER: Mr. Anderson and Mr. Frost.

THE COMMISSIONER: Are you calling other auctioneers as well?

MR. HUNTER: The only other auctioneer who is alive now is Mr. Willard and I propose to call him later but at the present he is away in Saskatchewan.

THE COMMISSIONER: Well then we will adjourn until ten o'clock tomorrow.

(PROCEEDINGS ADJOURNED UNTIL SEPTEMBER 29th,1948)

I hereby certify the foregoing
to be a true and accurate report of
the said proceedings.
E. Bligh
Deputy Official Stenographer

IN THE MATTER OF THE "INQUIRIES ACT"

PART 1, REVISED STATUTES OF CANADA 1927, CHAPTER 99.

B E F O R E

(THE HONOURABLE MR. JUSTICE H. I. BIRD, COMMISSIONER).

Vancouver, B.C.,

September 29th & 30th, 1948.

INQUIRY INTO THE CLAIMS OF PERSONS OF THE JAPANESE RACE REGARDING THE MANAGEMENT AND SALE OF THEIR PROPERTY BY THE CUSTODIAN.

PROCEEDINGS AT HEARING

(Pages 633 - 794)

Frost	Rural chattel auctions	633-653
Anderson	Custodian chattels	653-683
Cruise	Motor Vehicles	684-693
Grove	do	694-714
Leckie	Fish lots	715-736
Menzies	Rural lands - V.L.A.	737-784

The Commissioner.

Vancouver, B. C.,
September 29th, 1948; 10:00 a.m.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

THE COMMISSIONER: What are we going on with this morning?

MR. BRAIDWOOD: We are going on with one more auctioneer, Mr. Froat.

GOWING FROST, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. BRAIDWOOD:

Q Mr. Frost, what is your occupation?

A My occupation is auctioneer, farmer's auctioneer.

Q How long have you been an auctioneer,Mr. Frost?

A 32 years, altogether.

Q And where have you been an auctioneer?

A In Saskatchewan, and in this Province.

Q How long in British Columbia?

A 18 years.

Q Can you tell his lordship, briefly, what your experience in that has been, in British Columbia?

A Well, oh what we call a farmer's auctioneer, mostly farmers. We do sales for private people in the villages, if they want to sell household things, but principally farm livestock, implement sales, conducted on their farms. And we conduct regular weekly market auction sales where we sell livestock, implements, tools, furniture and anything they have.

Q How long has that weekly sale been going?

A In Abbotsford, my present location, 8 years, but previous to that, 2 years in Mission.

Q I understand that you were retained by the Custodian in the matter of certain auctions with respect to Japanese properties. Is that correct?

A That is correct.

Q When were you retained by the Custodian?

A Well, it was shortly after the Japanese were removed from the Coast.

Q Can you put a date on that?

A Well, I don't know. How long is it? We will have to figure it out. It was just after that.

Q Within a few months of the evacuation from the Coast, you would say?

A Yes.

Q What were the terms of your employment by the Custodian?

A Well, the Custodian's office sent out two gentlemen to interview me, and informed me that the goods and chattels of the Japanese that had been removed were now to be sold by public auction sale, "and we have come out to see you, to see if you would take it on for us."

THE COMMISSIONER: Q: Will you confine your answer to the question. What were the terms of your employment? I do not want the history of the negotiations.

A The dollars and cents?

MR. BRAIDWOOD: Yes, under what terms were you to sell? What was to be your commission?

A I was to collect the goods and chattels and bring

them to my auction market, and they were to be sold, and I would get my 10 per cent. commission the same as I always do, and they would pay me for the cartage, above the 10 per cent.

Q And were those sales to be for cash?

A Spot cash.

Q You have told us you were to pick up the chattels?

A Yes.

Q What about the matter of advertising?

A The advertising was partly by myself, and partly by the Custodian's office. They put them in the two daily newspapers in Vancouver, and I put them in my regular weekly papers, the same as I always did with my own sales--which were seven--

Q How many?

A There were seven weekly papers. The advertisements were put in, paid by me, and two put in the "Province" and "Sun" by the Custodian's office.

Q Were the papers, the seven you mention, weeklies?

A Yes.

Q Were they papers circulating in the district?

A In each district, both sides of the river, in each district surrounding the towns, both sides of the river.

Q Would you tell his lordship how far in advance the auctions were advertised?

A Two weeks; two issues on each sale.

Q There were two issues in seven weekly papers?

A Yes.

Q For each auction?

A For each auction, the same as I did, always.

Q How many advertisements in the Vancouver papers?

A I don't know how many they put in. I think it went in daily until the sale was conducted. I don't know anything about it.

Q Who prepared those advertisements?

A I prepared my own. They prepared theirs.

Q What type of advertising was used?

A Well, the same as my own, on such a day,"under instructions from the Custodian's office, I shall offer for public auction sale, without reserve, the following chattels belonging to the Japanese, as follows:"--

Q Were they listed?

A We did not give all the sundries. We would give the principal things; ploughs, harrows, other implements, and together with household effects, including stoves, ranges, bedsprings, and common things like that.

Q Listed in general terms?

A In general terms.

Q Was there any other form of advertising you used?

A Not connected with the Japanese sales. With my own, I sent out handbills too.

Q But with the Custodian's sales? We are only interested whether there were any handbills or posters.

A There would be a very large notice at my place. At my public market, there is always a thousand to twelve hundred people come every week, so there

would be a great advertisement there.

Q That was a notice of the impending Custodian's sale? A. Yes.

Q Will you tell us the manner in which you received the goods from the Custodian?

A Well, the Custodian sent out two field men, and at the first, I would go with them, and visit the places where the intended auction goods were to be sold. They would show me them, and then I would go later on with my trucks, and pick them up.

Q You had your own trucks?

A I had my own trucks.

Q Did you take an ■ inventory of the things you picked up?

A Not at the first, because the field men did that. But afterwards, they placed me in charge of that work, instead of the field man.

Q And you took delivery of the goods from the houses in question? A. Yes.

Q The goods were then taken where?

A Taken from my regular market at Abbotsford.

Q Did you check the goods which arrived at your market as against those despatched?

A Oh yes, everything was checked.

Q In your regular market, what happened there?

A We started the sale, generally, at 11 o'clock, and we continued selling until we finished everything, generally about 5 o'clock.

Q Were the goods available to thepublic view,prior to the sale?

A Prior to, and all the time, because the place is open all through the week.

Q How long would you say they had a chance to view the goods?

A They would have a week, anyway. Early in the morning of the sale is when most of them come and inspect the stuff.

Q Who conducted the sales?

A I conducted it myself,personally.

Q How many people would attend the sale, on an average?

A Well, the Japanese sales seemed to create more custom than my own, and we had larger sales. I would say the largest sale was over 1200, but I would average 900 to 1000, I would say.

Q What would you say about the bidding at the sales?

A The bidding was very brisk. It was very brisk and they all came with the impression they were going to get something there cheap, and when they got there, they found there were many people wanted them, as well as themselves, and rather than lose it, they bid up high.

Q Did you have any reserve bid?

A No reserve bid on anything except--the only thing we were notified by the Custodian's office was refrigerators and electric washing machines. We had no refrigerators, but we had three electric washing machines which were priced at the ceiling price, with a price on them, and not offered through the auction, and were sold at that price.

Q What policy did you follow in the case of selling

prices?

A We just placed a ticket on it at the price to be sold; it must start at that price, and if we got no other bid for it, it was sold at that price.

Q Supposing more than one person bid the ceiling price, what was your policy?

A Then we took the numbers, and put them in a hat, and had a lady draw the number, and whoever had the duplicate of the number was the party who received the washing machine.

Q What would be your opinion, as an auctioneer, on the relative results from the Custodian's sales, and your ordinary auction sales, at that time?

A Well, peculiarly, we seemed to get a better price from the Japanese sales than we got on our own; I think the reason was it was something out of the ordinary; and we got ladies from the towns that would never bother to go to an agricultural market, but they were going to see what there was cheap at the sale, and the result was they were a little bit more wealthy than my general run of people, and the prices were considerably higher.

Q Were there any other factors at that time that would tend to either enhance or detract from the value of the chattels sold at the auction sale?

A I don't quite get what you mean.

Q How was the market at that time for chattels?

A The markets were very good. It was just at the

time when money began to get plentiful, and people were beginning to sell freely, and that is one of the very reasons things were high. More people had money then, as the result of the war; the soldiers left the wives their money, and they bid vigorously where previously to that, they were not in a position to do so.

Q Did you sell all your goods at those auctions, all the chattels?

A Only the Japanese.

Q But when you held an auction, did you continue until you sold everything?

A No, we used to run through three to eight Japanese families, altogether, and sometimes the sales were so large we had to just stop at 5 o'clock. The farm people began to go away, and I found the prices were not so good, so I said, "Ladies and gentlemen, I will take the right to withdraw that, but it will be in the next sale coming on next week, and we will start where we left off to-day." I had only to do that on two occasions.

Q Was there any representative of the Custodian attending those sales?

A Oh yes, 2 or 3 times, and different ones.

Q After the sale had been completed, did you make a report?

A Then we made an absolute detailed statement of every article, every lot that was put up, the commission deducted, the cartage deducted, financial statement sent in to the Custodian's Office,

and my cheque accompanying it.

Q What have you to say as to the time or spacing of these auctions. Did you follow any policy with regard to that?

A Well, it was generally regulated by the Custodian's office, themselves. If they had a sale in an adjoining district, then they would notify me they were bringing men out--another list for me to sell the following week. We would never clash; we never had any Japanese--any two Japanese sales going on in the same week.

Q Can you give us, generally, your opinion of the chattels?

THE COMMISSIONER: Before you leave that feature, would you ask the witness for his comment as to whether the sales were sufficiently spaced to produce satisfactory results, or not.

MR. BRAIDWOOD: Q: Witness, do you feel that the spacing, or timing of the sales, was satisfactory to produce the maximum results from the auctions?

A It was, except just at the last one or two. There had been so many sales, the demand had been filled, and possibly the last one or two were not crowded, but they were a class of goods, being at the last, that the poorest of the Japanese had, and with the poorest class of stuff.

Q What is your opinion, generally speaking, of the class of chattels that were sold at your auction?

A Well, in my municipality, being a rural municipality, we had nobody but agricultural Japanese.

There were two rather outstanding Japanese who had very very nice stuff, but the majority were peasant Japanese people, who would rather make anything than pay out cash, and as the result, it was a lot of home-made stuff that they had, so that I would say that the class I had to sell was low-class stuff, while some of the other auctioneers --they were offering a high class of stuff to sell. I had agricultural things.

Q Yours were farmers?

A Yes, sir, they were all farmers.

Q Did that include farming and gardening?

A Farming and market-gardeners, fruit growers.

Q In what condition were they, generally?

A Well, in my own opinion, they were poor. There were two outstanding people, who had first-class stuff, but the majority were poor and home-made.

CROSS-EXAMINATION BY MR. McMASTER:

Q Those weekly sales that you conducted on your own behalf, those went on all the time that the Japanese sales were going on, as well?

A We had them on another day. We had them on separate days.

Q And in those sales, were you acting as agents for the owners of the property, or selling them second-hand?

A All agents--on commission.

Q And was there any reserve bid placed on those sales, any reserve bids?

A Well now, yes and no, in this way: we had two ways of selling at our private sales, If a person wishes to set a price on it, then we do not put it through the auction sale. We put it on the side, with a price tag on it, and it does not come up to the auction sale at all. We used to have a reserve price, and then withdraw them, and that caused so much objection we sell either by auction, without any reserve, or by private sale, at the reserve price.

Q Around the time you were selling Japanese goods, did you have many goods in your auction rooms of other persons than Japanese?

A Not in the same rooms.

Q Well, in your auction rooms. I am not inferring they were mixed, but in your premises, on which the private persons had placed reserve bids, or placed the price they wanted?

A Well, we moved them out, because we needed the whole building for space enough to take the Japanese stuff.

Q I take it you displayed those at your own auction rooms?

A Yes, they were on view at my ordinary sales.

Q Were there any you had at your ordinary sales where reserves were placed on them?

A Well, some weeks there were, and some weeks there were not. I don't know what would come on. Some weeks some people will say, "I want to put my price on", and another week they say, "Put them in

the sale; put them in the sale".

THE COMMISSIONER: Those are people other than Japanese?

MR. McMASTER: Yes.

Q What was your experience as to whether or not they got the prices that they asked, in general terms?

A It is about 50-50. Sometimes they did, and sometimes they did not. It is just about half and half.

Q Would you say about half of them, at least, got the prices they asked?

A Yes sir.

Q Would you consider the price they placed on those articles as being the price they would be likely to obtain at an auction?

A It all depends, you see. Why they put a reserve price on, probably, is, out of season, a man in the middle of summer, sends his stove in, and he will price it, say in the furniture line, a heater. It does not matter how good the heater is, he won't get the right value. We suggest he sell it on reserve, and we hold that over until the season comes around, and then offer it. In that case, we get a greater commission. It pays us to do that.

Q Did you follow the same practice in regard to the Japanese goods which were out of season?

A No, we didn't because my instructions were to sell everything, and there was hardly anything out of season. The stuff was rather poor quality.

There was nothing grand in the Japanese stuff.

Q You say a poor-quality stove sells better in the summer than a good-quality stove?

A They didn't have what you call good stoves.

Q I am referring to high-quality stoves.

A Unfortunately, at my place, I did not have high-quality stoves, if you are speaking of heaters. A good many--I sold for 72 families, and I think we only brought out about 16 ranges in the whole lot, because they were not worth taking. It would cost more for cartage than they would get, and they asked me to use my judgment, "but don't bring out everything, because it is Japanese"--if it would cost more to do it than to sell it. I worked the same for the Japanese as I did for any white men, and everybody knows that. That is why I was given so many to sell.

Q You indicated you had been advised by the Custodian there was a reserve price on refrigerators and washing machines?

A Yes.

Q Were you advised there was a price ceiling on any other goods?

A No.

Q You did not have any refrigerators?

A No.

Q And only had three washing machines?

A About three or four, at the most.

Q So the only way in which it affected you in the way you conducted your auction was in the case of

those three washing machines?

A Correct.

Q I put it to you, at the time those sales were conducted, a large number of private persons, if they had goods which they wished to sell, were making the sales themselves, without the use of an agent, so as to get the maximum price for those goods?

A I don't quite get that.

Q I put it to you, at the time the sales were being conducted, a large number of private individuals who wanted to sell goods and chattels and farm implements, were making their own arrangements for sale, without using an agent?

A Making an arrangement with me, do you mean?

Q No, with the prospective purchaser.

A I don't know what other people were doing, themselves.

Q You were not aware whether that was done at that time, or not?

A No, I can't say I was, at that time.

THE COMMISSIONER: Are you referring to Japanese?

MR. McMASTER: No, I am referring to ordinary Occidental people there. There were not any Japanese people there.

Q Witness, would you say that the type of goods you offered at these auctions would be more likely to be purchased by Japanese persons, if they had been there, than by Occidentals?

A The only thing they perhaps would have bought was

their religious--anything connected with their religion. The fact is still the Custodian's office came out and told me to withdraw all religious things, and send them in to the Custodian's office, which I did.

Q I take it you suggest that the Japanese were satisfied with a poorer quality of chattels--

A No, they were not satisfied.

Q --than Occidental people?

A No, they were not satisfied. They did not have the money to buy better. I have sold a lot of stuff to Japanese, and they have always wanted a cheap, second-hand price.

Q They were a good market for that kind of goods?

A Yes.

Q A better market than the Occidental farmer?

A No, there are plenty of white people who are poor enough to buy them.

Q Even the very poorest goods--they would be attractive to some people?

A Yes, because we did not give one thing away.

Q Witness, I put it to you that a man who is willing to sell his goods, but not anxious to sell--we are talking about chattels, household chattels--a man who is willing to sell, but not anxious to sell them, would not sell them at public auction. What is your opinion with regard to that?

A Well, I believe he would, because there is no other way he could sell and get as good a return.

That is what makes auction sales so popular. There is no other way. A private man won't go and buy from that man at as good a price as he could get if he sells them by public auction.

Q And it is your opinion that was the situation in 1944?

A I certainly do.

Q You would agree that 1944 was a seller's market, that is, the demand was much greater than the supply?

A The demand was greater--I would not say greater, but the demand was--in other words, people were better off, and could purchase.

Q And goods were scarce?

A Well, they began to get scarce afterwards. They were not so scarce then.

Q You don't think they were scarce in '44?

A Well, not second-hand goods.

Q Would you suggest, witness, that the selling of a large quantity of those chattels, household chattels, and the farm equipment, in 1944, would have the effect of flooding the market with chattels of that nature?

A Not in my district. There were enough new settlers coming in to absorb it. They were good customers.

Q I take it from that, if the Japanese goods had not been available for sale, there would have been a scarcity of goods of that type for the new settlers to purchase?

THE COMMISSIONER: That is a hypothetical question,

Mr. McMaster.

MR.McMASTER:

Q I suggest to you, witness, a prudent man, who is willing to sell his farm equipment, but not anxious to sell it, would not sell at an auction without placing a reserve bid on it?

A Well, it has not been my experience that way. He might, just on one or two articles. Well, we would not take more than one or two articles. We would not take an auction sale with too much reserve stuff on, because it would spoil the sale. People come there for an auction sale, and if there is too much put on reserve bid, it spoils the sale. We would not accept it.

Q Do you think that a man who could afford a tractor with a double 14-inch plough and a double disc which cost him from $900 to $1000 in 1939 would have offered that at an auction centre in 1943 without a reserve bid?

A No.

Q You think he would have put on a reserve bid?

A I would have put a reserve bid on it, the same as for the white man.

Q Did you?

A I had no such thing, so I did not. I was not fortunate to be in a district where they had this good stuff.

Q My impression was that your instructions were these sales were being conducted without any reserve bids?

A Mine were because I did not have anything which

it would be better and wiser to reserve.

Q Were you instructed that those sales, the terms of the sales, were without reserve bids,-- without reserves being placed?

THE COMMISSIONER: Did you have such instructions from anyone representing the Custodian?

A No, not to me.

MR. McMASTER: Q: Were you instructed to place any reserve, except on those three washing machines?

A I don't think I do, that I remember of. You see, they came out to me first, before they gave me the instructions. Then the instructions were served on me.

Q Would you consider that a man who had a 3-horsepower gas engine which he purchased in 1938 for $250.00 would offer that for sale by auction in 1943, without placing a reserve bid on it?

A Yes, because he could sell it.

Q Have you any idea, from your experience, what he would get for it, at auction; what he should get? A. Three--?

Q A 3-horsepower gas engine, purchased in 1938.

MR. HUNTER: I have made no objection, but how long is this going on?

MR. McMASTER: This is not going on very far. I just want some idea from the witness.

A Oh, how many years old would that be--purchased in what year?

Q 1938,-we will say the auction was in 1944?

THE COMMISSIONER: 5 or 6 years old.

A He would get between $50.00 and $60.00.

Q MR. McMASTER: You think that would be a fair price?

A That would be about all. It depends so much, you see, on the condition of the engine. Some engine might come--we have sold them as low as $10.00, and as high as $100.00. It depends on the actual condition. You just take 3-horsepower enginesx--as I say, there is $90.00 difference in valuation between a very poor one and a very good one. They will run under the same description.

Q You did not sellany large stoves in good condition at your auction?

A Heaters, or ranges?

Q Ranges?

A I have had only two very good ranges. And I had instructions from the Custodian's Board to crate them and ship them back to the two Japanese that ordered them, which I did, and they paid me for the trouble.

Q Witness, I would like your opinion as to whether a prudent seller, who was not anxious to sell, but was willing to sell, would be prepared to have his goods mixed up with the goods of other people in an auction sale?

A Yes, because I will tell you why: the larger the auction sale, the greater the discussion, and by far the greater price we get for the whole lot. That goes the same for cattle, the same for agricultural machinery, and especially so with furniture, and I always make my sales as

large as I can, and purposely hold them back until I have enough. That is why I never sold less than 3 or 4 Japanese together, so that it would be large enough to attract a large crowd, and a large party, and there was always enough people there to buy everything.

Q Was any person entitled to ask the auctioneer to put any specified article on the stand for sale at any time, through his auction?

A I have never been asked.

Q You have never been asked?

A I was never asked. I started at the beginning with my rule, and I never varied. That is why they never asked. I start one thing,and go right around; in that way, my customers know where to be when interested in certain articles. They might be put here and there. You cause confusion. You cause dissatisfaction, so we start and go around the whole thing.

Q You explained that at the beginning of the auction?

A I never explain it, because I have conducted so many sales, over a thousand sales, and they all know it.

Q You recognize the dealers that attend your regular auctions, don't you?

A Yes, sir.

Q Were they present at those auctions?

A Oh yes.

Q Can you give me any idea of the percentage of goods

purchased by dealers?

A That is just the way it was. They were very disappointed when they found they were not going to pick up a lot of stuff at my Japanese sales, but they picked up more snaps at my private or regular sales than the Japanese sales.

Q Will you answer the question?

A What is your question?

Q Have you any idea of the percentage of goods that were offered at these sales, which the dealers purchased?

A Very small indeed. I only speak of my sales that I conducted.

MR. McMASTER: That is all.

MR. BRAIDWOOD: No re-examination, thank you.

THE COMMISSIONER: Thank you, Mr.Frost.

(Witness aside).

MR. HUNTER: My lord, I have Mr. Anderson as the next witness.

THE COMMISSIONER: On what subject?

MR. HUNTER: Chattels.

THE COMMISSIONER: Auctions?

MR. HUNTER: No, my lord, general handling of chattels.

WILLIAM ERIC ANDERSON, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HUNTER:

MR. HUNTER: My lord, before I go on with Mr. Anderson, you will recall that your lordship asked that I obtain the originals of Exhibits 29, 31 and 32.

Those have now been obtained from the Custodian's Office in Ottawa, and I ask that they replace the present copies.

THE COMMISSIONER: Exhibit 29 was a letter from Barnett, covering the $750,000.00 offer made on May 17th, 1942. All three documents relate to the same thing. Will you substitute those three for the copies of the documents which have been filed, Mr. Watson?

MR. HUNTER: And would he release the copies to me?

THE COMMISSIONER: Yes; hand out the copies to Mr. Hunter.

MR. HUNTER: Q: Mr. Anderson, you were employed by the Custodian?

A That is right.

Q What year? A. April, '42.

Q Would you speak up, so we can all hear?

A In April, 1942.

Q What employment were you engaged for, what position?

A I was borrowed from the company where I work, for 2 or 3 months, in view of the fact I was born and raised in the Valley, and I would know where to go to contact the Japanese, as they were being evacuated, to find out what disposal they had made, or what arrangements they had made with regard to their farms and household goods which they had registered on the J.P. form.

Q Did that position carry some title in the Custodian's Office?

A No, I don't think so.

Q Having come in in April, 1942--did you say?

A Yes.

Q You started doing what?

A The Custodian received from the B. C. Security Commission and the R.C.M.P. lists of the Japanese who were leaving at a particular time, and from a place, and the Custodian's office staff would get copies of the J.P.'s and get them to me, and I would be at the point of embarkation, wherever that was, and I would interview the Japanese, with the help of the Japanese that could speak English, to find out just what he had done, and to confirm it.

Q Those J.P. forms had already been completed?

A Yes.

Q And you were checking as to what had happened to the goods or property that was set forth in the J.P. form. Am I correct?

A Yes, that is right. A lot of the J.P. forms-- most of them just had listed their property; that is, their real estate, and their chattels, and when I contacted them, I would find they had leased them, or they would say the chattels were looked in their house, or they had been left with so-and-so, that kind of information.

Q Having received that information, what did you do with it?

A I forwarded these copies, with any notes, back to the Custodian's office, and they had a field staff. I was only on this contact work for about 2 months, or so, and I had been drawn into the office at that time, and I distributed the reports like I

had been getting, to the two different field men, who went out to the different properties to check, to see that their farms were being looked after, and their chattels were in good hands, or had been properly locked up.

Q Having been on the staff for two months, you were brought into the office to really administer the information such as you had previously been furnishing?

A That would be about it.

Q And you say that was sent out to the field men?

A Yes.

Q What were the instructions for the field men?

A They were to inventory the articles of value as was declared by the Japanese or if they found anything additional, to inventory this, and to give a rough description of the property, and how it was looked after, whether the place was boarded up, who the tenant was, and things like that.

Q Were they asked to make any recommendation, or were they merely asked to report what they found?

A Their work entailed to do as they saw fit. If a place was not occupied, and had not been properly locked up, they would do as they saw fit into making the house as secure as possible.

Q You mentioned they were to inventory the things which they thought worthwhile intentorying, or valuable?

A Yes; the majority of the Japanese registered the articles they considered of value, and others just

said "household furniture, farm implements"; they did not list anything, so the men were instructed to use their discretion as to what articles were considered to be of value. They did not inventory junk and broken stuff.

Q I presume they returned those inventories back to you?

A That is right.

Q What did you do with the inventories?

A A certain part of the staff in the Custodian's office, they did what they called protective work, they were in the protection department, and they took the inventories, listed them, and sent them to the Japanese owners for confirmation. I forget the wording. I think it said, "This constitutes all your articles left in the protected area," or something along that line, and asking them to confirm that the inventory was right.

Q And did they confirm it?

A Oh yes, a lot did, but most of them, something or other was missing, certain items were missing, and then we had to instruct the field men to make a re-check of it. In fact, the Japanese started inquiring about so many things that they had not listed, and we did not, probably, consider of value, that the field men were told to inventory everything on the property, and you will find on a good many of the Japanese files a very detailed inventory, was taken, at different intervals, everything, broken stuff, junk and

everything.

Q In fact everything was inventoried, whether worth anything or not?

A Yes, that is right, because a lot of the things we were being asked about we really did not consider of value.

Q After the check was made with the Japanese--no, I will change that question. What method did you adopt to protect this property?

A You mean the household stuff?

Q The household chattels and farm implements?

A Most of the properties were occupied by tenants that the Japanese had made arrangements with, and they were in fairly good hands; at least there was someone there, and it was not likely that the stuff would be stolen, but those places that were vacant, we tried to obtain tenants for them, and other places, while they were not occupied, they were boarded, and we had made arrangements with the Provincial Police to patrol the areas, and our field men made patrols at night, also.

Q Why did you not, for instance, where the place was empty, move the chattels to storage?

A Oh, we did not have the storage facilities in the Valley for that, and if they had been brought into town where the storage centres were, it would have been too long a haul, and the expense would have been terrific.

Q When the chattels were left with the tenants, were they rented with the land, or just left there,

as a method of storage?

A There might have been the odd bigger piece of equipment rented, but as a rule, it was just the convenience of having someone more or less acting as a caretaker, and we did not object -- I don't believe we objected to them using them, because we were actually getting compensation in having them looked after in a reasonable way, and it doesn't really hurt any article, I don't think.

Q There would have been a certain amount of depreciation going on by usage?

A Not to what there would be if they were left idle. Articles that the Japanese had hidden in attics and things that we did not know anything about, when they were located, they were very badly deteriorated, just because they were not in use, and no care given to them.

Q What brought about the deterioration?

A Oh, just the elements.

Q Dampness, and that sort of thing, you mean?

A That is right.

THE COMMISSIONER: Q: Mr.Anderson, you spoke of the Custodian having borrowed you from your earlier employer?

A Yes.

Q Who was the employer?

A Oliver Overand Motors in Westminster.

MR. HUNTER: Q: I presume this went on for a considerable time, this checking of chattels and checking

with the Japanese and providing protection?

A Oh yes, it went on up until the time the chattels were moved, actually. We were always re-checking; there were shipments being made to the Japanese, and we were getting reports that so-and-so's place had been broken into.

Q Now, having taken an inventory, and having secured the premises, or left it with the tenant, was any check made, from time to time, to ascertain whether those chattels were still there, or were receiving adequate treatment?

A I don't think so, unless we happened to know of a change of tenancy, or something like that, or somebody had asked specifically.

Q Why would you not check, from time to time, just to make sure?

A The men were busy doing shipments and other things that the Japanese were requesting, anyway.

Q In other words, you just did not have the time, is that it?

A That is about the size of it.

THE COMMISSIONER: You might bring out what personnel were engaged in work of this category, which, I take it, was designed to protect the interests of the Japanese and his property?

MR. HUNTER: Q: Yes; how many field men were working on the chattel end up the Valley?

A There were six, actually, what we called field men, plus three of us that did general scouting work, I guess you would call it.

Q Did they have transportation?

A Oh yes.

Q And they were on at full time?

A They were on at full time.

Q Is that the maximum, or is that what you had all along?

A That is what we had all the way through.

Q Did you have any more at the beginning?

A I think there were only two right at the start. As there were so many Japanese being moved out, as soon as they found the fellows could not do it, they just hired more men, that is all.

Q Well now, supposing there was a change of tenancy, as you mentioned, and a check would be made at time time--were you always advised of a change of tenancy?

A No, we were not.

Q Would you perhaps explain why you were not advised?

A A lot of the people that had rented the farms, probably, from the Japanese--a lot of the Japanese farmers had strawberry acreage, and they were being evacuated just about the time that the crop was to be harvested, or just before that, and a lot of white people took over those farms, expecting to make a killing, I guess, on having all the hard work done, but as it turned out, there was very poor weather just at the ripening period, and an awful lot of them took quite a beating, and I think a lot of them left in disgust, found that it was not just what they thought it was, and they

did not bother to contact us, or do anything else.

(PROCEEDINGS RESUMED AFTER SHORT RECESS)

Q Mr. Anderson, where those tenants which you mentioned had left without notifying you, are you aware whether the rent had been paid prior to leaving?

A Yes, practically in all cases. The better berry farms had been leased by the Japanese, themselves, before they had been evacuated, and the collection of that rent, or the purchase of the berry crop, was collected by the Japanese, themselves, or through the Pacific-Co-operative Union, and where we were advised the D.V.L.A. leased, no rents were collected.

Q You say they had a bad season in 1942?

A Yes, '42.

Q And they just left, is that all?

A Yes, apparently a lot of them took quite a beating, I believe, on it.

Q When they left without notifying the Custodian, how would you find out they had left?

A A neighbour would let one of the field men know, or someone would come in, and want to know if he could rent it.

Q When they left, and you finally heard about it, one way or the other, what check did you make on the chattels. Were they re-inventoried?

A Yes.

Q Did you find that things had disappeared, or not?

A Oh, practically always there were things missing.

Some we were able to contact, and as a rule, they said they had left everything the way it was when they had come on, and it must have been stolen.

Q After they left?

A Yes, sir.

Q That is what they said?

A Yes.

Q Now, generally speaking, on the question of theft, did you find any considerable amount of thieving going on?

A At the very first, there was an awful lot of it, until the Police really were made aware of what was going on, and after that, places that were not occupied, or became vacant one way or the other, you would always find them broken into. I mean, it is a little different in town here. There is always quite a bit of space between each property, and anyone who was going to do any looting or whatever it was, they were not subject to being caught at it, the same as if somebody were living right next door, where they could hear them.

Q Did this looting take place, or this stealing, just prior to, or after your inventory?

A Oh, both.

Q Both? A. Yes.

Q So even when you made your first inventory, you were not sure whether things had not been stolen?

A Oh no, we didn't know, and as a matter of fact, the Japanese would write back and tell us so-and-so

and so-and-so was missing, and it could not even be located.

Q When you first received your information from the people and interviewed the evacuated Japanese as to the disposition of their properties, and you forwarded that to your field men to make an inventory, how long would elapse before that inventory took place?

A Oh, a very limited time. A shipment of Japanese would leave tonight, and copies of those J.P.'s would go out to the field man, whichever was going out into the district where the field man happened to be operating at that time.

Q When would they go out to the field?

A Approximately the next day. The field men were in every Saturday morning, anyway.

Q Do you mean by that the longest period would be a week?

A Yes; I cannot say that checks, the property would be checked within a week--depending on--

Q The report of the person who interviewed the Japanese would get to the field man from the next day up to a week?

A Yes, get to the field man.

Q Are you able to say any average time?

A It kind of depends when they were leaving. If it was the first part of the week when the Japanese left, by the time the ordinary office routine of checking who had left had been gone through, and notations made on the file, one day would elapse,

and if there was a shipment leaving from a district where the field men we had were at that time, they would take those J. P. forms and hand them to the field man up there. Otherwise, they would wait until Saturday morning, when they came in.

Q In any event, they would have them within a week, possibly sooner?

A Oh yes.

Q Have you any knowledge of how quickly those field men would inventory the property after receiving the report?

A Not really. It slowed down an awful lot when the inventory started to be taken.

Q Perhaps you can get at it this way: what would be the shortest time that you know of in which they would have the property checked?

A Two days.

Q That is the shortest time after they received your information. What would be the longest time that you know of?

A Oh, I could not tell you offhand. It would be just a guess.

Q What I am trying to get at is, were there any long periods, a long time before the check would be made, so that there would be substantial time for stealing?

A In the odd case, yes. We found the odd place that had never been inventoried, a copy of the J.P. had apparently been lost, or something like that,

but as a rule they were not very long, although the inventorying went on for nearly a year after the Japanese left, with re-checks and complete inventories being taken, I mean they were having men make full inventories as they caught up on their primary checks.

Q Did your field men give you any indication that there were indications of breaking in at the time they checked and made the inventory?

A Oh yes.

Q Was that common?

A Oh yes, quite common, where the place was not occupied.

Q In other words, at the time they made their first primary inventory, a number of evacuation properties had already been broken into?

A Oh yes.

Q Was that true up the Valley, or of any particular place?

A No, throughout the Valley, it was the same.

Q What about outlying spots?

A They were broken into, too.

Q And then you say, after the inventory was taken, and you would go back and re-check, and find the premises vacant, would you again find this discrepancy?

A Yes, we would find where people would--they would leave the property after the crop season, and maybe go back to the prairie, or wherever they came from, and while they were away, this stuff would

go too.

Q Was there any particular type of thing that was stolen? A. No.

Q It was pretty general?

A Yes.

Q And there did not seem to be any particular types of goods that were attractive?

A No.

Q Were you able to find out where any of those stolen chattels went?

A We only had one prosecution that I know of, and that was from a Hammond property, and we were advised by some residents of Whonnock that they could show us where there were some stolen Japanese goods, and the office instructed me to contact the Provincial Police about this, and after the police made discreet inquiries on it, they informed us they did not see how the items that those residents knew were Japanese goods could be proved as such by any owners, and it would be hard to prosecute on that.

Q So you were not successful in getting them back?

A Yes--there was only the one case where we were successful in definitely proving anything on a party.

Q Was there a conviction in that case?

A Yes, there was. Well, the police also--they had several bands of youngsters. I don't think it was thievery, but more--

Q Vandalism?

A Yes--just curiosity-seekers, and they were just making a mess of things.

Q Did you find much of that?

A Oh yes, there was quite a bit of that.

Q In any particular locality?

A No, in all localities.

Q Did you get the impression from examination afterwards that much stuff had been destroyed?

A Yes, I was informed that went on, myself, I could not tell you that.

Q You could not say?

A I don't know; I could not tell.

Q When those tenants left, how much effort was made to communicate with them and find out what had happened to those goods missing upon re-inventorying?

A Letters were written to the Post Offices--by that means from their forwarding address, or through the Fruit Co-operatives, or through neighbours knowing where they had moved. We tried to contact all the people, but I must say with very unsatisfactory results, because it was always thrown back, "Well, it was all right when we left."

Q And you could not prove otherwise?

A We could not prove otherwise.

Q Do you recall when the policy of the liquidation came in?

A Late in '43, I guess; I can't tell you just when.

Q What were the instructions that were given to you as to the disposal of the chattels?

A Well, I was not in on the meeting where it was decided on by what means the chattels were to be disposed of, but instructions came out that the field men were to make arrangements with auctioneers in the different centres, the bigger and more substantial auctioneers, and that the goods were to be moved into their quarters for sale.

Q Was there any particular instruction as to what goods, whose goods, or were they given freedom--

A All goods that were of sale value were to be moved.

Q Was it left to the discretion of the field man as to whose goods would be moved, and when?

A Yes, it was at their discretion .

Q And did you observe how they handled those goods when they were removed?

A Yes, as a rule, the inventories and the copies of the J.P.'s were taken by the field men, and truckers went to the property, and the chattels were loaded onto the trucks, an inventory taken to the auction rooms, and the auctioneer, in fact, he made an inventory. They made inventories themselves, and checked the inventories with the items that were there.

Q As they arrived at the auction rooms?

A Yes.

Q At the time the goods were removed from the premises, did your men have the inventories there? Did they check again, to see if anything was missing? A. Yes.

Q They did? A. Yes.

Q So that you got a record there of the goods that were taken to the auction rooms. Did they take everything, or did they have discretion?

A Oh, they had discretion.

Q What would they leave behind?

A Well, there was so much junk really that was inventoried on those reports that the expense of moving and handling would be prohibitive, moving them to auction, and in most cases, the auctioneers, themselves, would view the properties, and say, "That should be discarded."

Q When things were taken into the auction rooms, do you know what happened then?

A Well, the auctioneer and his assistants would move--line up the goods so that they would be best displayed for the purpose they wanted.

Q It was up to them? They were in their custody and hands then?

A Yes.

Q Did you attend any of those auctions?

A Yes.

Q Have you any idea how many?

A Oh, I only attended one in Westminster; I believe about two in Surrey; and one or two in Abbotsford; several at Mission; and two or three at Haney.

Q Were they well-attended?

A Oh yes, all of them.

Q Did the bidding appear to you to be competitive in spirit?

A Yes. I don't know much about auctioneering, but there was a lot of activity there.

Q But you are not qualified to say whether they received a high price or a low price?

A Not really.

Q Did you make arrangements for advertising of the auctions?

A No, the auctioneers did their own advertising, other than some Government wording that went in on the advertisements.

Q Did you observe their advertising?

A Yes, I have seen lots of it.

Q What about posters?

A Yes, there were posters in several places.

THE COMMISSIONER: Q: What have you to say as to whether the advertising was effective, or otherwise?

A I think it was very effective; I mean the auctioneers themselves have quite a good system, and they still use it as to advertising their auctions. They use all the press and the radios, posters, and besides, there are posters up in their auction sale rooms, notices on the Board.

MR. HUNTER: Q: There is just one thing I would like to cover. You recall a large number of properties were sold to the Veterans' Land Act?

A Yes.

Q Now, at the time of the sale of those properties, what happened to the chattels on them?

A Well, they remained on the property there until they were removed to the auction rooms.

Q Was there any method, or any endeavour made to remove them, as the properties were conveyed?

A No, that was a little differant to an ordinary sale, because the D.V.L.A., when they bought, it was not a matter of a new tenant coming in, or a purchaser walking onto the property with their own furniture. The condition did not change at all from what it had been.

Q But they were eventually removed?

A Yes.

Q And sold? A. Yes.

Q Do you know whether any effort was made to stagger those auction sales to get the best type of market?

A That was pretty well discussed with the auctioneers and it was set up at their discretion, and with their co-operation, and with the co-operation of the office. Each one was advised that such-and-such an auction was going to take place, so that the others could govern themselves accordingly as to when their next auction would be.

Q That was done through the Custodian's Office?

A Well, it was pretty well timed.

Q You worked together?

A You had to work together.

Q And do you know whether they did stagger them?

A Oh yes.

Q Do you ever recall 2 of them being held in the same week?

A I don't think that occurred.

Q Did they make any effort to stagger them, so that

they were held at places as far apart as possible?

A Oh yes. I don't believe an auction in Surrey or an auction in Westminster would affect an auction--an auction in Surrey would affect one in Westminster, or an auction in Westminster affect an auction in Abbotsford.

Q They were too far apart?

A Yes, it was 30 or 40 miles.

Q Were you in a position to observe the type and quality of those chattels?

A Yes, I saw lots of them.

Q What general statement could you make?

A Most of it was poor. Lots of it was very poor.

Q Were there some good chattels?

A Yes, some good. I would not say it was real good. It was cheaper good chattels.

Q But generally, you think it was, would you say fair or poor?

A Most of it was poor to fair. They had been using it to live with.

Q For instance, if you had taken those auctions into an urban centre, with a larger population, do you think you would have received a larger price?

A I don't think so, no.

Q You don't think the larger population would have provided more competitive bidder?

A Gosh, they had big crowds wherever the auctions were held, and the cities--they had their own

sales. I cannot give you any details of them. I know Westminster was very active.

Q I suppose some of the chattels would not be attractive--

A People in town would not want the farm tools very much.

CROSS-EXAMINATION BY MR. McMASTER:

Q Those field men that you had, Mr. Anderson, what type of work would they be doing before their employment by you?

A Two or three of them had been automotive salesmen, and the others, I could not tell you.

Q Was Mr. Milson one of them?

A No, I don't think he was a field man.

Q You don't know the background of the others?

A I could name some of them, but some of them I can't remember.

Q In any event, as far as you are aware, they had no particular experience in dealing with chattels?

A No, I don't believe so.

Q Or in the market-value of chattels?

A I don't believe so.

Q Now, I suggest to you, witness, that a lot of those rental arrangements--the arrangements were that they sold the crops to the person, and the person had the right to go onto the land and take the crops off. From your experience, is that correct?

A It could have been. A lawyer drew up the leases on them.

Q You are not suggesting that the leases were drawn by lawyers on all of those farms?

A Most of them; the better berry farms, leases were drawn up.

Q You are not really aware whether the arrangement was a rental arrangement or a crop arrangement?

A The rental arrangements I know of were rentals of the property.

Q By whom?

A By the Custodian.

Q By the Custodian? A. Yes.

Q I am referring to the arrangements the Japanese owners made, themselves. You don't know about those?

A We only had the data we have on the files.

Q Do you know, from your experience?

A A lot of them leased them, but as to whether the basis of their figure was as to the sale of the crop--I know darn well that was what the figure was based on, but I cannot tell whether you would consider it a legal sale of a crop or a lease.

Q I suggest that a lot of persons saw an opportunity to buy a crop that was just ready to harvest, at a very cheap price, and that was the reason they entered into the arrangement with the Japanese. From your experience, would you agree that is true?

A Definitely not.

Q You say not?

A The Japanese, themselves, and through the Pacific Co-operative Union, obtained prices for that

year thatlater proved themselves to be out of all reason.

Q You continuously refer to the Pacific Co-operative Union. Tell me how many Japanese were in the Pacific Co-operative Union?

A I could not tell you offhand.

Q The Pacific Co-operative Union operates at Mission?

A Yes.

Q At that time, it was its main operation.

A Yes, that was where their office was.

Q Any comment with regard to the Pacific Co-operative Union would surely only apply to members of that Union who were resident in the area around Mission that the Union served.

A Yes.

Q My information is that the price of strawberries increased in 1942.

A I cannot remember, but they probably would be-

c cause it was a poor year.

Q And it again increased in 1943.

A Yes, I imagine it would because of the bad year in '42 and the type of people who were then operating,.They were not as skilled and I do not believe they did the work the way the Japanese did

x and the properties deteriorated very badly and there was not the acreage --

Q You are suggesting --

THE COMMISSIONER: If you please, Mr. McMaster, let us have the witness complete his answer before you project another question.

Q Anything further you wish to say?

A I don't think so.

Q In response to the last question.

A I don't think so.

MR. McMASTER: Q: You are suggesting that the reason for the increase in the price of strawberries between '42 and '43 was because of the drop in production? A: I am not qualified -- I would be only talking as an individual, an ordinary citizen, to answer that question.

Q Then when you suggest the reason a lot of people left these farms was because they had not made any money on them 1942 crop, you are just expressing an opinion without any background for it.

A No, because we were in contact with the Pacific Co-operative and using that as a basis.

Q You are using that as a basis?

A Yes, we had a representative at the Pacific Co-operative Union.

Q Now, if the arrangement that the Japanese had made with the person who went on their land to take the crop was, as I suggested; that is, one of being entitled to actually buy the 1942 crop andoccupy the premises from, say, when the person was evacuated until the end of theyear --

THE COMMISSIONER: That is perhaps a matter of argument.

MR. McMASTER: Q:My point is that if arrangements like that were made, the Custodian's Office would be aware of these arrangements, would they not?

A I will tell you, Mr. McMaster, the ones that I have more particularly in my mind -- that is, the P.C.U. leases, but there were all kinds of leases.

Q At the time the Japanese were evacuated, your agent or investigator would have ascertained from the Japanese what arrangement he had withthe person who was going to take the crop off the land? A: Yes, but as far as the field men were concerned, they just considered it a lease.

Q They considered those were tenants?

A Yes.

Q And they treated them as such?

A Oh, yes.

Q Now, the feeling in the Fraser Valley in 1942 and 1942 with respect to the Japanese people ran fairly high? A: I twas mixed.

Q There was a group, a fairly large group of people who were rather bitter on the subject?

A I don't recall anyone who was particularly bitter towards the Japanese then.

Q Now did you, yourself, have any authority to determine whether goods would be sold by auction or whether they would be appraised and sold by tender? A: No, other than the general instructions. If the field men had removed all the chattels or a property would close down a fellow from doing work on the property, they would give the right to have the things appraised for the tenant on the property.

Q I am referging specifically to specific articles which might be on the man's property.

A No.

Q That is, atype of machinery or other things that might better be sold by tander than by auction. Did you or your field men exercise a discretion as to whether goods should be sold by auction or an appraisal made on those goods?

A I don't believe so. I cannot remember that.

Q Do you know if you did?

A I don't think it was done.

Q Well, I think, my lord, I recall some cases where appraisals were actually made on other than goods sold to tenants.

A Oh, yes.

Q Who determined that these goods would be appraised?

A I imagine the field men would get hold of the auctioneer and it would be up to the field man and the auctioneer.

Q You don't know. Is that right? You said you imagine. A: No, you must remember a few years have gone by now.

Q I would like to speak from your recollection of what you know yourself.

A As I said before, the field men were given that discretionary power. If it was going to embarrass somebody to remove everything, they would get the auctioneer in.

THE COMMISSIONER: Counsel refers specifically to a few incidents where valuable articles of farm

machinery were included in the auction sale, and the prices realized made it clearly obvious that an auction sale was not the best method of getting a fair price for such an article. With whom was the discretion left as to whether articles such as I have described wereto be sold at auction or were to be sold otherwise?

A That problem did notcome up before me myself. I could not answer that.

MR. McMAS ER: Q: Mr. Anderson,did you have any authority to make arrangements with tenants --I am speaking about you personally- to make arrangements with tenants for the purchase of goods and property on the farm?

A No, except on the tail end of the auctioning at Mission, I acted as a field man in some cases up there, yes.

Q Do you remember the Japanese by the name of Jujiro Chashi? A: Yes,that is a chicken farm.

Q He had a tenant on those premises, do you recall his name? A: Swanson.

Q Did you make any deal with Swanson whereby Swanson would purchase his goods and chattels, including a large incubator?

A Yes, sir, that was a case where it was an incubation farm property,and in a case like that to move out those incubators would interrupt the operations of the property, and appraisals were made on them --

Q I am sorry; I would like you to deal with the Ohashi case particularly.

A All right. Appraisals were obtained on the incubator and other farm machinery there and while the negotiations were made with Swason, there was nothing every completed on it, because he would not come anywhere near the price that the auctioneers and the appraisers considered to be the value.

Q When do you say that those appraisals were made, immediately before the negotiations with Swanson or at the time of thenegotiations?

A It was before or at the time. I could not tell you right now.

Q Your recollection is that the appraisals were made of all this farm equipment.

A Yes.

Q Including his household chattels?

A I believe there was an appraisal made of all of them.

Q If that is so, then the appraisal should be in the files of the Custodian.

A No, I could not tell you that. The auctioneer was called at Mission, but I could not tell you that. I believe the incubators -- we would not leave it to the auctioneer to appraise, but we would get the dealer, and I believe the dealer's appraisals on all that would be on the files.

Q Did you personally discuss with Swanson the prospective sale of these chattels?

A Oh, yes.

Q Including the incubator?

A Yes.

Q Did you quote him a figure?

A No.

Q At which you would sell?

A Only on the incubator, which would be at the appraised value and then it would be subject to the Rural Advisory Committee.

Q You say that you did not have any authority to make the deal? A: No.

Q In fact, you say you did not make a deal?

A That is right.

Q Coming to the general problem aside from that, you indicated previously when I started to examine you on this point that in the case of specialized farms, where there was special equipment -- what authority did you, as a field man, have with regard to determining what would be done with that special equipment?

A There was a memo brought up to date on it and it would be put up to the Advisory Committee.

Q You mean a memo on it? -- what sort of information?

A The type of farm, the lease arrangements on it, the tenants and the goods on it and what had happened and if everything was moved off and the appraised price of the goods on it, and it would leave it up to the Advisory Committee to advise us how to proceed from there.

Q In the first instance it was left to the field

men to determine whether this was a special equipment farm? A: Oh, yes.

Q Did any of your field men have a farm background?

A I don't think so, not particularly.

MR. McMASTER: That is all, my lord.

THE COMMISSIONER: Any re-examination, Mr. Hunter?

MR. HUNTER: No, my lord.

THE COMMISSIONER: All right, Mr. Anderson, thank you very much. You will not be required further.

(Witness aside)

MR. HUNTER: My lord, I am afraid we have no more witnesses for this morning. I did not know quite how long it would take.

THE COMMISSIONER: It is pretty hard to estimate. I quite understand that. We will go on at 2 o'clock.

(PROCEEDINGS ADJOURNED TILL 2:00 P.M.)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

Deputy Official Stenographer

(2:00 P.M. PROCEEDINGS RESUMED)

MR. BRAIDWOOD: My lord, we are going on this afternoon with some material on automobiles and I am calling Mr. Cruise.

EDWARD A. CRUISE, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. BRAIDWOOD:

Q What is your occupation, Mr. Cruise?

A I am connected with the automobile business.

Q And what firm are you connected with?

A Consolidated Motor Company.

Q How long have you been withthe Consolidated Motor Company? A: Off and on for a period of 12 or 13 years.

Q And what has your experience been in the Consolidated Motor Company, Limited?

A Everything from washing a car up to signing the cheques ofthe company.

A You have been interested in both the mechanical and executive end, is that correct?

A Yes.

Q If you will turn your attention for a moment to the disposition of motor vehicles owned by the Japanese at the time of the Japanese evacuation, I understand that the Consolidated Motor Company, Limited, were given some instructions in that matter, is that correct? A: Yes.

Q Do you know what those instructions were?

A We were asked by Frederick Field & Company if we

would be prepared to help in takking over the cars and we were advised that they would like us to do so and asked us to be prepared to take in some 2,000 cars.

Q When were those instructions received?

A I don't remember the date. It has been some time ago, but we received the instructions presumably only a matter of three or four days before they expected to take over the cars.

Q How were these instructions received -- by letter or personal contact or in what manner?

A I think by personal contact with Mr. Frederick Field.

Q That is, through one of the officers of your company? A: Yes.

THE COMMISSIONER: Q: Mr. Field was then acting for the Custodian, was he?

A Yes.

MR. BRAIDWOOD: Q: What were the terms of your employment as to your remuneration, just generally?

A At that particular time, I don't think we had any definite arrangement made. We were supposedly to do the best we could and presumably on the same charges they would charge for any other automobile work of that nature.

Q Did you use your own staff, or were any instructions given you about staff or equipment?

A At that time we were preparing for a larger number of cars than come in and we had for the first few days some of our staff and, I think,

two or three University students which we had taken on at the time to cope with a largenumber of cars.

Q How many people in all would have been employed at the outset? A: I would think possibly in the first few days anywhere up to four mechanics and three or four University students. I am only making a guess at that.

Q What was your own position with regard to this matter? A:I was asked to look after it originally.

Q You were in charge of the operation, is that correct? A: Yes.

Q Were you given any instructions as to where the cars were to come from or go to?

A We were allotted space at Hastings Park, the race track, and asked to store the cars there. They were to be brought into Hastings Park and at ~~xxx~~ time the Mounted Police were on the job there along with us and they were responsible for the security of the cars.

Q Let me just get your instructions correct. You were to take the cars into your custody, is that correct? A: No, the cars weren't actually in our custody. They were in the custody of the Mounted Police. We were to aid in assembling the cars in such a manner as they would be properly looked after and to prepare them for eventual disposition if they were to be disposed of.

A.E.Cruise,
In Chief.

Q Were you given any instructions as to the maintenance of the cars and their care while at Hastings Park? A: Only inasmuch as they were to be stowed in an orderly manner, proper tabulation was to be kept of them and tabulation of extra equipment on them.

Q Where did you actually receive the cars? Where did you first come in contact with the cars?

A I am trying to think whether at Hastings Park or whether they were delivered at some sub-depot. I think most of them were delivered direct to Hastings Park.

Q Did you send a crew out to Hastings Park?

A We had a crew on hand for the receipt of the cars, yes.

Q And what procedure was followed when a car was received? A: The cars were parked. We had a sign painted and the serial number of the car on the windshield. We checked the equipment in the car and we had a form set up for completing the record of the different data on the car, which we endeavoured to keep in order.

Q Some form of blank form on which the material particulars could be put?

A Yes.

Q Was that form completed by you at the time of receiving the car?

A As far as it was possible to do so.

Q And would it be possible in most cases?

A In most cases it was possible to get the bulk of the information. In some cases you couldn't get full license data of the car.

Q Who would make those forms up, as far as filling in the details on them?

A I think that was handled generally by myself personally and one of the University students.

Q Do you know whether or not the Japanese owners were given any receipts for the cars when the R.C.M.P. took them?

A I don't remember them having been given a receipt. I wouldn't say they weren't, but I don't remember having seen them.

Q The R.C.M.P. were working with you, is that correct

A Yes.

Q And did you actually receive the cars from the R.C.M.P.? A: We didn't, as I understand it, receive the cars at all. They were brought to Hastings Park. We were there doing a job and looking after them and tabulating them. The R.C.M.P. were in charge of Hastings Park.

Q In any event, you didn't get any receipts for the cars? A: No, not so far as I remember.

Q These registration forms or information forms that you have been discussing, what became of them? A: When we left the job, presumably they were left with the cars at the Exhibition Grounds at that time.

Q And were those forms turned in in triplicate or duplicate? A: No, they were made up in the form of envelopes with a printed space on the outside, and I think there were two sizes, one containing the license papers and the other any other papers pertaining to the car, and the information was recorded on the outside of the envelopes.

Q Did those forms also record any special equipment on the cars? A: Yes.

Q Was any equipment removed from the cars by you?

A No.

Q After the registration had been completed, what did you do with the vehicle?

A We stowed the vehicles in the parking area of the race track, that is on the race track which was considered a parking area. We would put them in rows and had them numbered, endeavoured to see the windows were closed and that generally the cars were in such a shape that any extra equipment couldn't be stolen off or disposed of.

Q And did you lock the cars?

A I don't remember locking them. I would say offhand no, because with the number of cars there it would probably be only possible to lock about 50% of them.

Q Was any segregation made of the cars?

A That is as to different types?

Q Yes, different types.

A Generally speaking, I would say no, although

trucks were kept more or less in one section and cars in another section and motorcycles in another section.

Q Were any other steps taken to protect the cars from whatever harm might befall them from the weather? A: The cars were left in the open. There are very fee steps you can take to protect a car from the weather.

Q The windows were closed? A: Yes.

Q Was anything else done, that you redall?

A No. Right today they store brand new cars from the factory outside. It is common practice.

Q How about the climate at the time the cars were being stowed? Would it have any effect on the cars? A: Well, the Vancouver climate. There was a lot of rain and mud, I remember.

Q Was anything done to the cars to protect them from freezing? A: Yes, the radiators were drained.

Q And what was done with the batteries of the cars?

A I don't think anything would be done with the batteries.

Q Did you take any steps in regard to the information on the title to these cars?

A Yes, I took a trip to Victoria to the Licence Department to tabulate complete information from the licence number of the car as to the ownership of the car.

Q On whose behalf did you do that?

A On behalf of the Custodian..

Q And what became of that material you obtained?

A All the material would be gathered was either turned over to the Custodian or the Provincial Police.

Q How long did you say your company was engaged in this particular receiving of cars?

A That, too, is a guess as to what happened six or seven years ago, but as I remember it was only a matter of two or three weeks.

Q You, yourself, were in personal charge throughout that period? A: Yes.

Q With the staff from your company?

A Yes. We cut down on our staff after the first few days.

Q Why did you cut down on your staff after the first few days? A: Because there was only somewhere around 400 cars received, whereas we had originnally planned to receive up to 2,000.

A And did you receive about 400?

A In that neighbourhood.

Q Did you, yourself, have anything to do with the appraisal or sale of these cars?

A No.

CROSS- EXAMINATION BY MR. McMASTER:

Q What was the purpose in having mechanics out there? A: The purpose of having mechanics would be, once we received a car,

to put it in running condition until such time as we could put it in storage.

Q That was for a matter of two or three weeks?

A If we had mechanics for that period, and I don't recall we did, it would possibly be to keep flat tires up and the general duties attached to that.

Q You don't recall clearly whether you had mechanics for that period of time?

A I don't recall whether we had mechanics for that period of time. We only had men to do a specific job in the first two or three days, anticipating a big number of cars.

Q Do you recall the contents of these forms you filled in?

THE COMMISSIONER: Have you any such forms?

MR. BRAIDWOOD: I don't think we have, my lord. Perhaps the witness might have.

A Idon't have any here. I could possibly obtain them. They were made up, as I remember, of two envelopes; one envelope roughly 8 x 11.

Q I meant the contents of the information. You said certain information was written on the face of the form. A: Yes. One of those envelopes was a virtual duplicate of the licence paper, which is attached to your steering form of the car, and that was a form purely for handling papers, transfer papers, and handling the ownership papers. The other was to compile that information plus other information as to the condition of the car and the extra equipment on

the vehicle such as spotlights, radio, condition of tires.

Q Do you know who ultimately got those envelopes, or were they just left there when you left?

A As I recall, they were left there in the office of the R.C.M.P. at the Exhibition Grounds.

Q In fact, the R.C.M.P. did apparently issue receipts to each person as he delivered his car, and on that they tabulated certain information with respect to the car. Did they obtain that information from you, or did they themselves inspect the car? A: They, themselves, were there at the time.

Q Were they actually inspecting the cars? Were they taking, for instance, the speedometer reading and serial numbers and looking the car over to see what condition it was in and that sort of thing? A: I don't recall whether they did or not. Most of that information would be on that envelope of which I spoke.

Q And your contact with these cars was for a matter of two or three weeks immediately after the delivery to Hastings Park?

A Yes.

(Witness aside).

HENRY POWEL GRONE, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. BRAIDWOOD:

Q What is your occupation, Mr.Grone?

A Sales Manager at Ross Baker Motors.

Q What type of service man?

A Managing the metal shop, paint shop and so on.

Q You manage the shop? A: Yes.

Q Dealing in automobiles? A: Yes.

Q How long have you been employed in the auotomobile business? A: Approxi st ely 25 years.

Q Where did you start?

A InGermany.

Q How long have you been engaged in the business in Canada? A: Since 1926.

Q Would you give the Court some idea of where you have been employed.

A In Brandon, Manitoba, with the Western Motors and City Motors and Master Service. I came to Vancouver in 1934 and worked for the Marine Garage. In 1935 I worked for Stonehouse Motors, now Colliers, and in 1940 I started to work at McDermott Motors. They were bought out by Ross Baker Motors last year.

Q And you are in charge of the shop there?

A Service operations, yes.

Q You are the Managerof the service operations department? A: Yes.

Q And in the course of your employment what phases of the automobile industry have you taken part in?

A I have been a mechanic the biggest part of the

time and shop foreman part of the time.

Q Have you done any selling of cars?

A No, but I have managed the used car reconditioning department for several years.

Q And in the course of your employment, have you been familiar with and worked on most types of automobiles? A: Yes, practically.

Q You were mentioning a moment ago that you had been in charge of the used car and reconditioning department, is that correct?

A Yes.

Q Did you have anything to do with the sale of those cars? A:No.

Q Did you have anything to do with the valuations of those cars? A: I was appraising the cars, yes.

Q Where was that carried on?

A From 1940 till 1942, at McDermott Motors.

Q And in the course of that employment, did you fix the prices that the cars would be sold at?

A No, I didn't.

Q Did you give any report forms?

A Yes.

Q And are you familiar with the prices those cars were sold at? A:Definitely.

Q Were they sold on the basis of your appraisal, to your knowledge? A: Approximately, yes.

Q Now, I understand you were interested in certain Japanese motor vehicles shortly following the

evacuation of the Japanese from the Lower Mainland?

A That is right.

Q Will you tell his lordship your first connection with the Japanese Motor vehicles?

A I was called in by Staff Sgt. Cathey of the R.C.M.P. to pick out a number of vehicles for the R.C.M.P. in 1942, and I was asked to pick out exceptionally good cars for the R.C.M.P. to use, as no new cars were available at that time.

Q Were you asked to appraise those cars?

A Yes, I was asked first of all to check them and then appraise them.

Q Did you make a report to the R.C.M.P.?

A Yes, I made a report to Staff Sgt, Cathey and, I think, Col. Hill at the time.

Q Were you given any instructions as toyour method of valuation or appraisal?

A No, my instructions were to be fair and honest in my appraisal.

Q And is that what those apraisals were?

A Definitely, yes.

Q What type of cars were involved in that particular appraisal?

A Some Chef's, some Pontiacs.

Q The general run-of-the-mill cars?

A Yes.

Q Standard makes? A: Yes.

Q How many vehicles were involved?

A I believe the first one, around 15 approximately. There were more later on.

Q I am just dealing with the first of the R.C.M.P. vehicles. About 15, you say?

A Yes. I am only guessing at that.

Q In any event, it was some where near thatfigure?

A I would say so.

Q At this time, you were still in the employ of McDermott Motors? A: Yes.

Q Following that, were you retained by the Custodian in any capacity? A: Yes, later on.

Q How much later on?

A A matter of two or three weeks, I would say.

Q Do you know when you were retained by the Custodian? A: No, I have no dates on that.

Q When would it be in relation to the Japanese evacuation? A:I would say early in the spring of 1942.

Q Do you know whether the Japanese had been evacuated around that time?

A They were beginning to fix up the housing for the Japanese at Hastings Park at that time. Some Japanese were stationed in some of the Exhibition buildings by that time, all ready.

Q How were you instructed by the Custodian?

A I was called into the office by Mr. Edgar Reid.

Q Who was Mr. Edgar Reid?

A He was attached to the Secretary of State's office.

Q Was he in charge of the office?

A He was in charge of the office at the time.

Q And he asked you to come to see him?

A Yes.

Q And what was the result of your interview?

A He asked me to check and appraise a certain number of trucks at first and put an appraisal on them, and I was again asked to be fair and honest in my appraisal at that time.

Q Was your attention directed as to what standard you should use in your appraisal?

A Well, the standard was the going used car value or used truck value at that time.

Q Would I be correct in saying that the standard was the market galue of used cars at that time?

A Yes.

Q By the way, was there a fairly definite value for cars of that nature?

A There was a used car buyers' and sellers' guide at the time, but owing to the market conditions at the time it wasn't very much use. Prices actually were below the used car guide.

Q Why do you say owing to conditions at the time?

A Gas rationing had come in and cars were simply not selling. Used car lots were filled. At that time,our own building was completely filled and I would say we had around 100 or 150 cars on top of the Medical-Dental Building at the time we couldn't find sufficient storage space for.

Q Would you say there was a good market or bad market?

A:The poorest con-

ditions I have ever seen.

Q That is for the sale of these cars?

A That is right.

Q Did you have any written instructions from Mr. Reid? A: No, I didn't.

Q Did you have one interview with Mr. Reid, or more than one? A: A number of interviews.

Q What was the reason for a number of interviews?

A He would call me into the office and give me a number of envelopes with keys. The trucks were marked with a "T" and the cars a straight number.

Q You were given the cars in lots at a time?

A Yes.

Q How many at a time? A: Three or four sometimes, sometimes half a dozen; sometimes 20 or 25.

Q On these other occasions, was there any discussion as to the method you should use in your valuations? A: I was admonished on several occasions to be fair and honest.

Q And you received keys from Mr. Reid?

A From Mr. Reid or his secretary.

Q Did you receive any documents from Mr. Reid?

A No.

Q You were to be paid?

A McDermott Motors were to be paid for my services.

Q As a result of the instructions you received from Mr. Reid, what did you do?

A I went out to Hastings Park. The cars were parked

in the race track, in the center, and I would pick out those cars and, in the majority of cases, I would have to remove the battery. I carried an extra battery and some extra gas. I had a tire pump. I had to inflate tires and change tires; get those cars going, check them mechanically, and in some cases Ihad to jack them up and remove a wheel to check bearings -- the same procedure I would follow in taking in a used car in a dealership.

Q Would you say your inspection was a complete or incomplete inspection?

A A complete inspection might require five or six hours. I couldn't spend that much time on them.

Q Well, I will put it this way: Would you say that your inspection was sufficient to give you a proper idea of the value of the car?

A Yes, definitely.

Q Did you use any form for keeping your notes on a particular car?

A Yes. We have a form. It is a General Motors form, specially set up for used car appraisals.

Q And what type of information is on that form?

THE COMMISSIONER: Q: Have you got a copy of the form?

A I can supply you with a copy, if you like.

MR. BRAIDWOOD: I might ask the witness if this is one, my lord.

THE COMMISSIONER: Yes.

THE WITNESS: That is the form.

THE COMMISSIONER: I think the form might be put in

just as a sample.

MR. BRAIDWOOD: Q: I have just shown you a form: Is that the type of form which you have discussed with us a few moments ago as the General Motors used car prices?

A Yes.

(USED CAR FORM MARKED GENERAL EXHIBIT NO. 52).

MR. BRAIDWOOD: That is put in purely as a sample, your lordship said?

THE COMMISSIONER: Yes.

MR. BRAIDWOOD: Q: Did you use these forms on all your inspections?

A Yes, on each and every one of them.

Q And is that form standard in your other appraisals on cars, that is, other than Japanese cars?

A Yes.

Q Are you still using that form?

A It is used all over the continent.

Q You have told us you got three or four cars at a time to inspect. A: Sometimes three or four cars; sometimes larger.

Q Do you know in all how many cars you did appraise?

A No. I imagine it would be between 400 and 600 cars and trucks, approximately. I am just guessing at that.

Q Did you carry on any appraisal other than Hastings Park? A: Yes, I went on two or three occasions to Mission.

Q And did you appraise both Japanese motor vehicles and trucks? A: I think they

were mainly trucks. They were over at the Co-operative Growers' Union.

Q What have you to say as to the general condition in which you found these cars?

A Well, a lot of cars had suffered from sitting outside for a number of weeks; paint, tires flat, upholstery mildewed, particularly on older models that didn't have the turret top. Some of them were leaking, but they had been leaking previous to being parked there.

THE COMMISSIONER: Q: While on that subject, could you estimate with any degree of accuracy what percentage of depreciation had occured in the cars due to sitting outside?

A It would be fairly hard to say, your Honour.

Q Would it be a percentage that would be considerable, or not amount to much?

A It wouldn't amount to very much over the total picture.

Q As much as 5%? A: Yes, it could have been. Some of the batteries were dead and wouldn't re-charge again.

Q Would you say a maximum of 5%, or higher than that? A: I would say it could be from nothing to 10%.

Q Nothing to 10%? A: Yes, depending on individual cases.

MR. BRAIDWOOD: Q: Now, at this time when these appraisals were being carried on, were you still employed by McDermott Motors?

A Yes.

Q Were youdoing any appraisals for McDermott Motors at that time? A: I was working in the shop in the meantime as Shop Foreman.

Q Were you doing any appraisals for their used car sales at all? A: The occasional one. There were a very few coming in at the time.

Q Were you familiar with the market for used cars at that time? A: Yes.

Q And the prices being paid for used cars?

A Yes.

Q Following your inspection, what did you do with your inspection reports?

A They were turned in. I had to return the keys, and inspection reports to the Custodian's office.

THE COMMISSIONER: Exhibit 52 is a sample of the inspection report, is it not?

MR. BRAIDWOOD: Yes.

THE COMMISSIONER: Q: I wonder if you would explain the entries on thisparticular form. For instance, opposite "paint" there is a figure,$4.00.

A Thepaint mightbe bruised.

Q And that would mean a cost of $4.00 to restore it?

A That's right,

Q And the various other money entries indicate the cost of repair?

A That's right.

MR. BRAIDWOOD: Q: Where the check mark is on, that would mean that that item is satisfactory?

A That is right.

Q And were these forms signed by yourself?

A Yes.

Q They were made at the time and signed?

A Yes.

THECOMMISSIONER: I don't recall ever having any of these forms put in.

MR. HUNTER: Quite a few were, my lord.

THECOMMISSIONER: Were they?

MR. HUNTER: Yes, in individual cases.

MR. BRAIDWOOD: Q: How long were you employed or engaged in this business?

A The whole thing off and on lasted from early Spring until well on into the racing season.

CROSS-EXAMINATION BY MR. McMASTER:

Q When would the racing season be?

A It would be in July and August. The cars were moved from Hastings Park at the beginning of the racing?

A Yes, they were moved at the beginning of the racing. They were moved in behind the barns, out of the oval.

Q What type of motor vehicle did McDermott Motors specialize in? A: They were dealers for Chevrolet and Oldsmobile.

Q Did they carry on a used car business as well?

A Yes, one of the largest in the city.

Q Was that used car business primarily from turn-ins? A: Just from turn-ins on new cars.

Q So most of the cars that came into McDermott Motors, there would be a tendency for older models Chevrolets to come in?

A No, I wouldn't say so.

Q You would say there was quite a wide variety?

A Yes.

Q Were there any trucks very often turned in on new Chevs. or Oldsmobiles?

A On new trucks?

Q What kind of trucks were you selling?

A G.M.C. and Chevrolet as well.

Q At the time you appraised these cars, were you aware of the fact that the Custodian intended to dispose of them?

A No, I was not aware of that fact immediately when I started. I didn't know what was going to happen. Nothing was said about selling them.

Q Then, in your appraisal, did you take into account the possibility that the Custodian intended selling them? A: Yes, I had an idea he might.

Q And I think you have mentioned already that you considered it a very slow market for cars at that time? A: Yes.

Q Did you take that into account in your appraisal?

A I appraised it in reference to the same value as you would find in any other car sitting on the lot.

Q Would you be good enough to explain that to his lordship? A:Supposing you would find a 1939 Ford at that time on the lot

selling at $595.00, it would include a new paint job, re-capped tires or new tires, overhaul of motor. In general, that car would be in first-class condition. I would take into consideration, for instance, a 1939 Ford of equal age on the lot that possibly needed $100.00 or $150.00 to bring it up to the same market value as you would see on the lot. So, I naturally then allowed $150.00 less for that car.

Q On thelast exhibit filed, Exhibit 52, how did you arrive at the selling price of $410.00 on that car? A: The total in this case should have been $446.50.

Q You appraised the car at $446.50?

A That is right.

Q How did you arrive at such an exact figure as $446.50? Would you have a comparable car at that exact figure? A: I beg your pardon?

Q I draw your attention to the fact that your appraisal, before you knock off anything for repairs, was $446.50. A: Yes.

Q Would you have an example in your experience of a car of the same make and model which had sold for $446.50? A: I suppose so, but it is so many years ago I can't remember that.

Q Isn't it rather odd that you should have that exact figure rather than a rough figure such as $450.00 or $425.00? Can you explain why that would be? A: Well, I don't

know. I used to take the figure from the used car guide and from the market value at that time.

Q Where did you get any indication of the market value at that time?

A From the prices that cars were sold for on used car lots at the time.

Q Did you have any list ofprices at which cars were being sold on used car lots?

A No, but I could see it in any newspaper any day of the week, and upon any used car lot. I was in that business at the time.

Q Were you, in fact, relying on the experience of McDermott Motors in the sale of their used cars in the relevant period?

A I was relying on general prices in the City of Vancouver at the time.

Q And you got that information from where?

A Newspapers, used car lots.

Q From the newspapers and used car lots?

A Yes.

Q I take it you would get information of what cars were offered for? A: Yes.

Q Did you have any indication as to what they were selling for? A: They were selling for about that price.

Q Where did you get that information?

A From our own used car lot.

Q Primarily, your knowledge of the market was from the sales of cars at McDermott Motors used car lot? A: Not necessarily.

This was the general picture at the time.

Q Now, you would, I take it, fix a price you thought was the market price, is that right?

A That is right.

Q And you deducted the various items from that price, which you show on your appraisal slip?

A Yes.

Q As being necessary repairs?

A That is right.

Q And that is the way you arrived at your value?

A Yes.

Q According to your evidence, you would agree that there was an abnormally slow market in 1942 for automobiles? A: There was.

Q Supposing there had been a normal market, in which there were buyers who were willing and able but not anxious to buy automobiles, by how much do you think your appraisals would have been increased?

MR. HUNTER: My lord, I would like a more precise question than that.

A I don't want to answer that question, because it is too long ago.

THE COMMISSIONER: Yes, we are in the field of pure conjecture now.

THE WITNESS: May I make a statement?

THE COMMISSIONER: Yes.

A At the time the Japanese cars were sold through the Custodian's office, quite a number of Japanese disposed of their cars before they were

seized and they were sold, as a general rule, lower than the appraised value of the Japanese cars at Hastings Park.

Q You speak of that of your knowledge, do you?

A Yes.

MR. McMASTER: Q: How do you know that?

A I heard from a number of people who bought cars at the time.

Q Then it is hardly from your ownknowwledge. If the market was already dull, as you suggest, would the fact of placing some 800 or 1,000 cars on the market all at once, in your opinion, decrease the price that could be obtained for them?

A They were not put on the market when I appraised them.

MR. HUNTER: There is no evidence they were placed on the market all at once.

MR. McMASTER: Q: Did you take into consideration the possibility that they might all be offered for sale at approximately the same time?

A Yes.

Q Andthat entered into your appraisal?

A I knew they would be sold eventually, but whether all at once I don't know.

THE COMMISSIONER: Q: You do not understand the question. Counsel suggests that you took that fact into consideration in reaching the appraisal figures you did -- that they were going to be sold soon on a slow market.

A No, definitely not.

MR. McMASTER: Q: How much time would you spend on the average on a car in making this appraisal?

A From one to two hours, in some cases.

Q Would that be the average?

A I would say so, yes.

Q One or two hours? A: Yes.

Q When making an appraisal for McDermott Motors, how much time would you spend on appraisal?

A Approximately the same. The only thing is, if I do make an appraisal for McDermott Motors, I have the car on the floor and I have a boy check the battery for me and jack up the car and remove the tires. The whole time on the appraisal would be shorter, but adding up two or three fellows' times it would amount to the same thing.

Q After you made your appraisal, would you say that subject to the repairs you note on these appraisals, the cars could be warranted to be in good condition, subject to those repairs?

A In fair shape, yes.

Q Did you, in making your appraisals, take into consideration the mileage that appeared on the automobile? A: Yes.

Q And did you adjust your appraisals according as to whether the car had been used a great deal?

A Naturally, the more miles a car has on the speedometer, the less the price will be.

Q Normally, when appraising a car for McDermott Motors or anybody else, how much difference would you make in your estimate of the re-sale value

of the car? A: It depends on general appearance and condition of the car.

Q So that, the mileage doesn't enter into it, in your figures? A: No.

THE COMMISSIONER: Q: It is just one of the factors, is that what you mean?

A Yes.

MR. McMASTER: Q: In these appraisals, did you take into account any extras on the cars?

A Yes.

Q Was there any place in your appraisal form to show extras? A: No, there isn't, but I usually have it marked on the trucks what size tires there were on it and whether a heater.

THE COMMISSIONER: Q: I notice that Exhibit 52 shows five tires and the condition.

A On trucks particularly. You may get the same truck but two entirely different sets of tires..

MR. McMASTER: Q: I was thinking of things like heaters or radios.

A I don't think I know of one car that had a radio in it at the time I appraised it.

Q What about heaters? A: There were several heaters. I am sure they were marked on the appraisal slip.

Q Did you consider chains and that sort of thing to be standard equipment?

A I hadn't seen any chains on cars at all.

Q You didn't see any chains on cars at all?

A No.

Q Were there any signs of any extra equipment having been taken off these cars when you appraised them?

A Yes, in some cases I would say stuff had been removed.

Q Did you make any enquiries as to whether it was available so that you could examine it?

A No.

Q Was there any evidence of anything in addition to extra equipment having been removed; any of the normal equipment?

A No, I don't think so.

Q At the time you appraised these cars they nearly all had 1942 licenses on, didn't they?

A No; they had 1941 licenses on.

Q Would you say all of them had 1941 licenses on?

A I think so, yes, because later on in the summer we moved them to town and we had to use "D" plates, and I had to get in touch with Inspector Lemon and I asked for permission to move them to Main Street without licenses.

Q Do you recall at what time the licence came into effect in 1942? A: The usual time, the 1st of March, wasn't it; and my understanding was most of these cars were delivered to Hastings Park subsequent to the 1st of March, 1942.

Q You don't know whether that is so or not?

A No.

Q But your recollection is--

Q In the summer of 1942, when he did move them

down town, we had old licenses on them.

Q On all the cars? A: I think so.

Q You don't recall any exceptions to that?

A No, I couldn't make no statement to that.

Q You have had no experience yourself in selling cars?

THE CHAIRMAN: He said so.

A I never was a car salesman.

MR. MCMASTER: Q: Have you had any experience in advising the purchaser of a car as to the amount he ought to pay for it?

A Yes.

Q Prior to 1942, I understand that there was published a table by the automotive industry of the resale prices on cars?

A Yes.

Q Which was used fairly widely in the industry?

A Yes.

Q Is it not true that that generally was used by agents for new cars as a basis for turn-in values? A: That's right.

Q And isn't it true, generally speaking, that there was a certain deduction allowed for the first year for a car and then a certain percentage deduction for the next year and so on?

A Depending on the condition of the car, yes.

Q But I mean to arrive at the value of a 1939 Plymouth, say, in 1941, when this list was being used, your valuing a car would be on the basis

of that table? A: Yes.

Q On a certain percentage deduction?

A Yes.

Q And you would arrive at a figure which would indicate the value of the car?

A Less so much for repairs and reconditioning.

Q Certain adjustments for any variations from ordinary conditions in that price?

A Yes.

Q Did you use this table of depreciation and deduction in estimating the value of these Japanese vehicles? A: Yes.

Q Can you advise his lordship as to what those deductions are for each year?

A No. Approximately you figure in the first year $300.

THE COMMISSIONER: Q: Is that irrespective of price?

A Well, it is hard for me to give a hard and fast rule without seeing the car.

MR. MCMASTER: Q: Let's allow that after you arrive at this price you are going to make adjustments for the condition of the particular vehicle, I take it that price is fixed for the purpose of a car in reasonably good condition?

A Yes.

Q Let's deal with a car in reasonably good condition. Your percentage for the first year is how much?

Q $300.

Q Does that vary according to whether it is a high priced or low priced car; for instance, a Packard and a Ford?

A Yes, naturally.

Q On the Packard it would be more?

A Yes.

Q Does it represent a percentage of the cost price?

A Not necessarily.

THE COMMISSIONER: Q: To what category of motorcars does your $300. deduction apply?

A I would say, Ford, Plymouth, Chevrolet.

MR. MCMASTER: Q: I suppose in the higher priced cars you would put Oldsmobiles and Packards and Studebakers? A: They might run from $400. to $500. the first year.

Q Isn't it quite definite in those tables whether $400. or $500.?

A There was a definite price, but I haven't any of those tables in front of me.

THE COMMISSIONER: Rather than trust the witness' recollection would it not be better to have a table filed?

MR. MCMASTER: Yes. I would like to have the usual table filed with deductions according to year.

THE COMMISSIONER: Q: Could you put your hand on one of these tables now?

A I will try to. It might be hard to locate one.

Q If you could I should be glad if you would send it into Mr. Hunter, who is the Government Counsel.

A Fine, sir.

REDIRECT EXAMINATION BY MR. BRAIDWOOD:

Q Referring to Exhibit 52 again, my friend was quoting a figure of $446.50 as being the selling price of that car. Would that be correct?

A Yes.

Q What is the figure of $410. there?

A The original figure is $446.50.

Q And you deduct the cost of your reconditioning?

A Yes.

Q How much are the repairs required on that car?

A $36.50

Q And that makes a net price of $410.?

A That's right.

(Witness aside)

THE COMMISSIONER: Have you any other witness today?

MR. HUNTER: I'm sorry, my lord, I haven't. I didn't know how long we would be today.

THE COMMISSIONER: It is pretty difficult to estimate, I can appreciate.

We will adjourn until 10 o'clock tomorrow morning.

(ADJOURNED AT 3.15 P.M. UNTIL 10.00,A.M., SEPTEMBER 30, 1948)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

Deputy Official Stenographer

Vancouver, B.C.,
September 30th, 1948, 10:00 A.M.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MR. HUNTER: Your lordship may recall in the case of Tokio Makawa you suggested that an affidavit should be obtained from Mr. Frederick Field, who liquidated the Company.

THE COMMISSIONER: Yes.

MR. HUNTER: That affidavit has been obtained and I will file it now.

THECOMMISSIONER: Mr. McMaster, that seems to shut out this claim in view of the terms of Reference to me.

MR.McMASTER: Well,my lord, I would like to communicate the facts contained in the affidavit to one of my representatives in Toronto. The only possible way outof it that I can see is if he can establish clearly the shares were held in trust or they were transferred before this man died.

THE COMMISSIONER: I will give you an opportunity to speak to it later and you can set this down when you have instructions. That had better be filed, Mr. Secretary, with the motion papers. You might hold it over in the meantime until Mr. McMaster asks it be brought back on the list.

What do you proceed on this morning?

MR. HUNTER: Mr.C. P. Leckie in regard to fishing nets.

CLAUDE P. LECKIE, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HUNTER:

THE COMMISSIONER: Mr. Secretary, I wonder if Mr. Leckie would sit at the end of the long table, because I would like to see the witness when he is speaking.

MR. HUNTER: Q: Mr. Leckie, what is your occupation?

A Manaufactuerers Agent, importer of fishing supplies mostly.

Q And you handle fishing nets?

A Yes.

Q How long have you been in that business?

A Since 1930. I worked for a fish net company up to 1935 and then I started my own business.

Q Is your business retail or do you handle used nets? A: We sell mostly new nets to the canneries and we would handle very few used nets ourselves.

Q Do you know of anybody who is in the business of handling used nets?

A No, there are no used nets being handled --

Q You mean, there are no used net dealers?

A No, the used nets are handled right at the canneries mostly by the fishermen buying from the net bosses or the cannery.

Q Now, in 1942, you were asked by the Custodian to appraise certain fishing nets.

A Yes.

Q When was that? A: In May, 1942, I was asked to accept the position of valuator of nets, and they called upon me to do so.

Q I produce a letter of May 14th, 1942, from the Custodian's office to C. P. Leckie & Company. Is that the letter instructing you to appraise these nets? A: Yes.

Q That will go in as an exhibit?

THE COMMISSIONER: 53, is it?

THE SECRETARY: Yes, no. 53.

(LETTER REFERRED TO MARKED GENERAL EXHIBIT NO. 53)

MR. HUNTER: There will be no need to take this down.

(Reading same).

THECOMMISSIONER: What is the date of that letter?

MR. HUNTER: 14thMay, 1942, my lord.

Q Did you confirm that that list was correct, or did you correct it?

A I corrected the list.

Q It wasn't right? A: Not quite right.

Q Now, when did you start appraising those nets? Or did you first of all start gathering them up, as suggested in that letter?

A Well, the arrangement was that I would have nothing to do with the gathering up of these nets or the advertising. That was left to the Custodian, and shortly after that they asked me I believe, to go down and value a group of nets and to make these trips to Steveston and other places which were recorded by me, and I don't remember the exact dates of each one.

Q That is, you would appraise groups of nets from time to time? A: Yes, when I was asked to do so.

Q Were they large groups or small groups?

A They varied from time to time. Sometimes there would be only one and at other times 20 or 30 nets.

Q Did I understand you to say up until that time you had not dealt with any used nets?

A We had not dealt with them in a big way -- only a very few.

Q Well, when you were asked to do this task, how did you go about establishing the value of these nets? A: Well, I, of course, had visisted canneries before that every year in our usual rounds and I had gained a knowledge from seeing what they had been sold for at the canneries, and I established a depreciation table based on the prices prevailing at that time -- that is, the net price to the fishermen.

Q That was in 1942? A: Yes.

THE COMMISSIONER: The net price to the fishermen based new nets? A: Well, the depreciation was based on the new price and each net, according to the size of the twine, has a certain life. A fine twine might only last a short time and a heavy stringed net might last five years, so I worked out a table according to the twine and the use. The Custodian's have a copy of that.

MR. HUNTER: Q: Yes. I produce what appears to be a depreciation table, dated December 2nd, 1942. What is that and why was it made; and why is it

dated at that time?

A Well, this is the depreciation table I worked out. I had worked it out osome time before this, and as I remember it, the Custodian asked me for a copy of this at a later date.

Q I see. That was furnished at the request of the Custodian? A: Yes.

MR. HUNTER: I would like to file that, my lord, as Exhibit 54. I think your lordship will possibly notice it covers different types of nets and their average ages and the amount of depreciation for the different types of nets.

(TABLE MARKED GENERAL EXHIBIT NO. 54)

Q Now, having arrived at this depreciated price, was that the final price that you set on them?

A No. In some cases, if I used that table, the net would have no value at all, but at the same time there was a certain value to that net, which I tried to keep for the seller if the fishermen wanted it. We would not turn a net over to a fisherman for nothing, if it were two years old and even if it had no intrinsic value -- if I thought it was still capable of catching a few fish, there would be some value.

Q And how did you calculate the market price as distinguished from the depreciated price?

A In astablishing the age of the net, there is no way of saying how old that net is. There has to be a certain amount of examination and a certain amount of guessing, and if I was near at

the time, I might ask the nearest net boss his opinion, and then having established the age I would try to work out the intrinsic value and a fair price for it, and it came down to this -- if the price set by the Japanese was too high, his net would not be sold, and I would set a price and the fisherman would buy it if he thought it was all right, and if not he wouldn't, because there was not such a shortage of nets at that time.

Q Was there a shortage of nets?

A There was a large amount of used nets around at that time and there were a lot of new fishermen coming in, because they had heard of the big catches and they would get the information from the net bosses if there were any nets to be had, and if the nets were all right they would buy them.

Q Now, you say these nets vary in life.

A Yes.

Q That depends on what factors?

A The size of the twine and the care that a good fisherman gives to the net, he can make his net last a year or two longer than a careless fisherman. And with a careless fisherman, a net may not be any good after three or four weeks, if he has not cleaned it properly and looked after it.

Q Well, what is the preparation for looking after a net and cleaning it?

A It must be cleaned with bluestone once a week and then all that solution taken off again before it

goes back in the water.

Q And what is the proper way of caring for a net when not in use?

A The best method of storage is to hang the net up loose. They get it put up on a high beam and double it over so that there is no bunching of it on the floor, so that air can get through to it. If it is bundled up and left in a dry place, depreciation is more likely to set in, in the storage of it.

Q Because of what? A: Well, the nature of the flax seems to be that it likes air and likes to be dry, and if it is bundled up, if there is any bacteria in there, they seem to work fast, especially if there is any dampness there.

Q They work faster if they are not properly kept dry? A: Yes.

Q And is that what the bluestone is used for, to get rid of bacteria?

A To get rid of bacteria and all that.

Q Well, why do you wash off the bluestone again?

A Well, it is slightly harmful -- especially if it is kept in too strong a solution and it should be washed out after it has been in the tank.

Q Well, you kill whatever infection there is with bluestone and then you wash the bluestone out?

A That is the idea.

Q Well, what is generally the market, or are you able to say what is generally the market for used nets? Is there a good market always for

used nets, or does it vary from year to year?

A Oh, it varies considerably.

Q And upon what factors does the sale of the used nets depend? A: Well, it would depend on how good the fishing is at thetime, and what prices are being offered for the fish, and whether or not there are many new nets available. When there are not many new nets available, as there are right now, then the used net market is in better shape than at other times, but at that time there were a lot of new nets around because the Japanese had gone from the fishing grounds and many men had gone to the war and the number of fishermen had been reduced considerably, and the acute shortage of new nets had not really begun to come in at that time, in my opinion.

Q Was there an increase in the value of nets in '42 or '41? A: No.

MR. McMASTER: What are you referring to, new nets or used ones?

MR. HUNTER: I did not specify, but I will specify.

Q Was there an increase in the value of new nets in '42 over '41? A: No.

Q Was there an increase in the value of used nets in '42 over '41? A: No, I wouldn't think so. You see, any used nets that were lying around would have a certain amount of depreciation, particularly if they were in bad storage.

Q Now, when you were appraising these nets, you have told us of a table for depreciation that you

had, andhow you would try to arrive at a fair market value. Just how do you calculate the age of a net? A: The way I used to do would be by the strength of the individual strands, as far as possible, and by the appearance of the net. As I said before, it is practically impossible to be accurate every time, You do a certain amount of guessing. You might say a net that is well looked after, that is three years old, it might have the appearance of a 2-year old net, and then if the individual strands are strong you write it down as a 2-year net and vice versa: A net that is poorly looked after would show up in the strength of the fibres and so on.

Q How do you test the strength of the strands?

A Well, there are several ways,when you are experienced. I would just unroll the strands and break the individual strand by hand test, and if a fisherman had any doubt, he could always take these nets to the laboratories to arrive at the exact poundage, because there are certain specifications set up for new nets. If the net is used, he can see how far off the strength is, if he wants to go to all that trouble.

Q But they don't usually go to that trouble, do they? A: No, they use the hand test method principally.

Q Well,how does the average fisherman, whenhe wants to buy a net, know what kind of a net he is getting? A: Well,he would

know from what cannery it had come and what use had been made of that net, and he could get a record of it -- in the case of these Japanese nets, he usually put it on the tags what he said was the age of the net.

Q Well, is knowing the age of a net something the usual buyer demands or not?

A Oh, yes, because if he knew the fisherman looked after his gear properly, he would have more confidence in buying the net, but if he did not know the original owner he might feel doubtful about it.

Q Well, if he was in the position that he had no knowledge of the histroy at all, what would be his position relative to purchasing the net?

A Well, in these cases he would probably ask his net boss or his cannery manager what he thought the net was worth, and then he would check that against my valuation, where I did any valuations and make up his mind.

Q Well now, I presume these used nets varied, there were some good and some bad?

A Yes.

Q What would be the position in regard to buying a poor type of net? Is there any market for those, or do they just go more cheaply?

A Well, when I came across nets, which in my opinion were worth nothing and would fall to pieces when they went in the water, I would just say, "Get the best offer you can get."

Q And you didn't place a value on those?

A No, I didn't place a value on them.

Q What market is there for a net of that kind?

A Very poor, for a fisherman who knows anything about fishing, he wouldn't even gamble $30.00 for it.

Q Has it any other use?

A For growing sweetpeas or something like that, or else they would throw it away.

Q Now, do you know anything about the Japanese fishermen, were they good fishermen or not?

A Well, I could tell you a lot about that. They are considered good fishermen and the majority of them looked after their gear quite well.

In these particular cases, I found that many of these were not well stored and they were bundled up, which is not, in my opinion, good storage.

Q And do you think that that was due to their evacuation, or do you think that was from normal storage, or do you know?

A Well, I wouldn't know any of the conditions -- how those storage conditions came about.

Q Are you able to give us any opinion as to the general condition of these nets?

A Well, in general theywere in pretty fair condition. There were some that were obviously not correctly labelled. An owner might label his net as 200 fathoms and when the fisherman came to measure it out, in quite a few cases, theyfound it was only 120 or 150 fathoms long. And there

was another thing about these Japanese nets: They did a certain amount ofhand work on some of their nets, or they would buy a strip and put it on top of one of their nets andthen theywould drop it to the bottom of it and there would be three different age strips in one net, and nets of that kind are of very doubtful value, and it is very hard to put a value on them unless you open them up and go over them very very carefully.

Q These nets, I presume -- perhaps this is leading, but I think it is obvious: They would be at least one year old at the time you appraised them?

A Yes, but I came across very few nets that were only a year in use.

Q Did you find any new nets that had not been used?

A As far as I remember, I don't think I came across one net that had not been used.

Q And you would conclude from that what?

A Well, everyone sort of wondered about that -- whether the Japanese had sold themindependently, or whethe they had taken them away and just what had happened, no one knew, but there would not have been an opportunity for very many of them to have accumulated brand new nets, in any case.

Q Why do you say that?

A Well, because, as I remember it, at the time of the evacuation they would have used the nets, and of course if they had ordered new ones, through the cannery, for the next season, they would not have got delivery of them anyway.

THE COMMISSIONER: You would say the evacuation took place soon after the fishing season?

A Yes.

MR. HUNTER: Q: Is it easy to tell a used net from a new net? A: Oh, yes.

Q There is no trouble there?

A No.

Q Now, when you were fixing your appraised value on them, were you in a position to get opinions from any other people?

A Sometimes yes; not very often, though, because the net bosses were usually pretty busy in their own canneries and so on, but occasionally, if I happened to recognize some of these fishermen and knew them to be good reliable men, I might ask them their opinion.

Q You did know some of the fishermen?

A Yes, I knew a few, but actually very few. That is a very minor point there. In general, I did not have very much other advice, except these nets that were in the cannery, and then I would consult with the cannery manager and the net boss for their opinion.

Q Are they usually skilled men?

A Yes.

Q Now, where did you appraise these nets?

A Well, they were in many different places. For instance, I would get a call to go up to Steveston and visit some address, and sometimes to the actual house of the Japanese. That was in the

early part of this business and at other times they would be in the canneries, where they had been stored for the Japanese, and then eventually the Custodian got them put all in a net loft of their own.

Q Were all your appraisals made in and around Vancouver? A: Yes, practically all of them, but on one of my business trips up north I think they asked me to lookat two nets up at River's Inlet.

Q And some of these nets had been tagged by the Japanese? A: Yes, a great many of them.

Q And showed the Japanese valuation?

A Yes, and in nearly in every case they had a price on them.

Q Do you know what that price represented?

A I would say it represented what he hoped to get from the net.

Q Are you in a position to say how that price compardd with your own appraisals?

A In a great majority of the cases, their price was too high. In a few cases their price was just about right.

Q Do you know why their prices were too high?

A Well, I would guess that they thought there was going to be a big demand for nets, and they thought whoever was buying these nets might try to beat them down, so they put as high a price on them as they could get away with or that they could

start barginaing with, anyway.

Q Was that just an inference on your part, or did you have some reason to make you believe that?

A Well, there was one case where I know the Japanese went direct to the cannery manager and this cannery manager had some of ~~hx~~ his nets in storage for sale, and he had various prices on these nets, and he dealt directly with the cannery manager and he appeared to be quite satisfied with prices that were much lower than his original asking prices.

THE COMMISSIONER: Q: Would it not be human nature to puff the value of your own goods?

MR. HUNTER: Yes, my lord, we all try to do that.

Q Now, when you were appraising these nets, what did you do with your appraisals?

A I made a typewritten report and sent one copy to the office in Vancouver and one copy to the Stevesston office, usually.

Q And how did you identify the nets when you signed your report? A: I would quote-- originally I would quote the Japanese owner's name, which he had on a tag, and the size and the dimensions of the net; and then later on the Custodian, when he had all these nets gathered in, he put his own numbers on them and we would identify them by number. In some cases, of course, there was no name on these nets or sizes - or description, I might say.

Q And you would just refer to the Custodian's in

that way? A: Yes, but I would be able to identify the twine and the mesh, at least, and then they would have their number on it.

Q I wonder if I might have Exhibit 54. If you act on the assumption that I know nothing whatever about fishing nets, you will not be exaggerating. Just what do these figures mean -- I can understand the 100,000, but what does the 40- big stroke mean? A: The 40 applies to the single strand in the twine and you may know something about cottons -- they are called 50 and 40 and 30, and the same thing applies to linen. It has to do with the lea of the strand, andthe reference to the ply, and it would be 9 ply of strand No. 40, and the number 50 is finer than the 40 andis worth more money per pound.

Q Is that general, if it is finer it is worth more?

A Yes. It takes longer to spin -- and the 8½ reference to the size of the mesh, and the 50 or whatever that third number is,it is that number of meshes deep.

Q That is the depth? A: That is the depth it hangs in the water -- that is 50 meshes.

Q That is 50 -- 8½? A: Yes, and the 300 fathoms stretch is the length of the net pulled out tight.

Q And when you set out figures, they are always in that order? A: Yes, thatis customary.

Q When you were appraising these nets, Mr. Leckie,

were they all of occidental make or manufacture?

A There were a few of what we called Ramie nets. The Japanese had been bringing in a few Ramie nets prior to the war from Japan, but the Ramie net is a very poor net, and after one season it would be very useless.

Q Why do you say it is a poor net?

A It does not stand up as well as flax and when it has a bad fold, it is apt to break at the knots.

THE COMMISSIONER:

Q How do you spell that?

A R-a-m-i-e.

MR. HUNTER: Q: And where there was such knot, did you show that in your appraisal?

A Yes.

Q There were just a handful of them?

A Yes.

Q Practically of all the nets you looked at,--

A Were British made and made of flax.

Q And these are made where?

A In England and Ireland.

Q They are not Canadian made?

A No.

Q Aren't they making nets here?

A They are now, but not then.

Q But at that time they were all imported from the British Isles? A: Yes.

Q Were they all flax or was there any cotton used?

A No, they are all flax.

QQ That means linen? A: Yes, the flax

is the raw material.

Q In the case where a net was damaged, did you appraise it as a damaged net orwas there some effort made to repair it?

A It would be in a damaged state when I saw it; and if it were badly damaged and the meshes broken -- sometimes there would be quite a few meshes broken one way or another-- perhaps by a fisherman testing them, then I would make some allowance for it in my valuation.

Q The fact it had to be repaired?

A Yes.

Q And how was it done? A:Well,if it is done by hand, it is done by an expert net man -- on a bob-bin and they make the knots by hand.

Q But the normal method of the Japanese testing it is by breaking a piece?

A Well, that is the normal way, it is not very scientific but it gives them a fair idea.

Q Well,,if you have enough of them testing it, it would be in pretty bad shape.

A Well, some of the older nets were in pretty bad shape.

Q What would you say as to these nets generally, as to the necessity for repair?

A Well, I think a fair percentage of them were in good shape, but there were a lot of tag ends left, and I suppose the Japanese hoped to realize something on this stuff, because at the end of the period there was quite a collection of old

wnecks of nets that were not worth anything.

Q Did you buy any of these yourself?

A No, I don't think we bought any. I am sure we didn't.

Q Was there any reason for that?

A Well, I didn't feel that I could, even if I wanted the nets -- as a valuator -- that I could put on a price and then buy themmyself.

THECOMMISSIONER: Just following up Mr. Hunter a last question, I assume there were other firms in the same type of business that you were in around the coast? A: Yes.

Q And were any of these nets bought by your competitors? A: Not to my knowledge.

CROSS-EXAMINATION BY MR. McMASTER:

Q Do you suggest that perhaps there were a lot of secondhand nets on the market in 1942 at the time you were making these appraisals?

A Yes.

Q I suggest to you one reason for it was the fact that these Japs had been evacuated and were out of the fishing industry and their nets were thrown on the market.

A Well, that would be part of the reason, plus the fact that a great many of the fishermen had gone to the cannery.

Q Is it not true that the 1942 salmon season was an exceptionally good season?

A As far as I remember, I think tey were getting prety good prices, but I have just forgotten what the pack was.

Q But there was a good run that year, wasn't there?

A In '42? I believe that was the year of the big run of the Adams River. I amnot sure offhand.

Q Now, you referred to some of these nets as not having been well stored. In particular, where would that be? Would it refer to nets in the canneries or the nets in the Japanese places?

A Mostly to those in the man's own place, because he would not have a high loft where he could string these netsup.

Q Now, where were these places in the main, where the nets were stored in houses?

A Well, mostly around Steveston, in the Japanese own houses, but there were quite a few in canneries. I don't know whether they were brought to the Canneries in most cases for valuation, or whether they had been stored there originally.

Q Now, when you appraised a net, did you open it up?

A Oh, yes, as far as possible. I would not open it up 100%, because some of these nets are 1600 feet long, and there wasn't time to do that.

Q Well, when you got one of these nets with different strips in them, would you open those up?

A Yes, we would usually open those up and try to determine what they were like.

Q In the Fall of 1941, was net twine fairly easily a vailable? A: I think so, yes,

moderately.

Q Is it not true, witness, that some, at least, of the Japanese made their own nets?

A Yes.

Q They didn't buy manufactured nets?

A That is right.

Q And I suggest to you the time of theyear when they usually made their nets would be in the Fall of the year? A: Yes.

Q And around the Christmas season?

A Yes.

MR. HUNTER: Q: Did you say in the fall and winter?

A The fall and winter, yes.

MR. McMASTER: Q: Now, at the time you appraised these nets, did you presume that the tag that was on the net had been placed there by the original owner? A: Well, I had to presume that, yes.

Q So, when you make this statement in the majority ofcases the prices were too high, you are speaking in relation to the tags that you saw on the nets? A: Right.

MR. McMASTER: That is all, my lord.

THE COMMISSIONER: Thank you, Mr. Leckie.

MR. HUNTER: I wonder if I could ask one question.

THE COMMISSIONER: Yes.

RE-DIRECT EXAMINATION BY MR. HUNTER:

Q Mr.Leckie, these tags that were shown on the nets and the prices -- did you have any reason

to believe they were the Japanese prices?

A Yes, because usually the figures were the same writing as the Japanese on the tag. -- and it is easy to tell if the tag is correct -- by examining the net, you can tell ifit is the right description for that net.

Q Well, did you have any reason to believe they were put there by the owner rather than by someone else? A:I felt pretty sure in most cases they were the owner's price.

Q Was this intuitive, or what?

A Well, it is by the general type of the writing on the tags.

Q Did anyone tell you they were the Japanese prices?

MR. McMaster; Well, I think that is going a little too far.

THE COMMISSIONER: Yes,I think you have pursued that subject as far as you properly can. Thank you, Mr. Leckie.

(Witness aside).

MR. HUNTER: I think it would be just as well to have the adjournment now.

THE COMMISSIONER: Yes.

(PROCEEDINGS RESUMED AFTER SHORT RECESS)

MR. HUNTER: I will call Mr. Menzies.

THECOMMISSIONER: Who is this, the Fraser Valley man?

MR. HUNTER: Yes, and rural adviser.

ALBERT MENZIES, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HUNTER:

Q Mr. Menzies, what is your occupation?

A Real estate agent.

Q And how long have you been in that business?

A For 38 years.

Q Where? A: At Port Haney -- at Haney.

Q It has always been at Haney, has it?

A My office has always been at Haney.

Q How long have you lived in the Valley?

A About 57 years.

Q About 57 years. Now, in your real estate business, what area do you do business over?

A Both sides of the Fraser Valley -- approximately from Mission to Lulu Island.

Q Wherewould most of your business be?

A Most of my business would be onthe North Side -- Coquitlam to Mission.

Q And when you say you do business on the South Side, have you done any volume there?

A No, not any volume, but I have had sales over there and I have worked with the agents over there and occasionally take clients over to see properties.

Q Now, do you, in your business as real estate agent, make appraisals?

A Yes.

Q For how long have you been making appraisals?

A Well, I suppose from the time I have been in

business about ten years. and as I was known I was asked to make appraisals.

Q You started in business when?

A In 1910.

Q So by 1920 then you were making appraisals?

A Yes, I had before that. There were not so many of us in the Valley then.

Q Did you ever do any assessment work?

A Yes, in 1914 I made an assessment for the Municipality of Maple Ridge?

Q I see. Were there any appeals from those assessments? A. I think there was an appeal from the Canadian Pacific Railway but nothing that was sustained.

Q I see. Have you done any other assessment work?

A In 1916 I assessed for the Pitt Meadows Municipality.

THE COMMISSIONER: Q; For which?

A Pitt Meadows, my lord.

MR. HUNGER: Q; When you say you assess for those Municipalities did you just assess certain lands or did you assess the whole?

A I assessed the whole assessment roll -- brought the values up to date.

Q And were there any appeals from your assessments?

A I don't remember any appeals in Pitt Meadows.

Q Now when you are making appraisals are those for just individual clients or what type of appraisal work do you do? A. Well, for estates, for lawyers that are handling estates, they quite frequently call on me for to make an

assessment-- an appraisal and also Trust Companies that are handling estates. For instance there is the Royal Trust Company and the Westminster Trust Company and those companies that are handling estates of properties in our area, frequently call on me for appraisals.

Q Do they tell you the purpose of the appraisal?

A No.

Q Could you tell me or have you any idea how many appraisals you have made in the Valley?

A No, I am afraid not. I would make probably ten appraisals in the year at present -- well probably not that many, say five a year at present and in the last few years there has been more of it.

Q Are you in a position to say how many appraisals you would make in relation to the appraisals made by other real estate men?

A No, but I think that I have made more appraisals in my own area, because I am better known and have been longer in the district.

Q And your real estate business, is it an active one?

A Yes.

Q You are still carrying on your business?

A Yes.

Q And could you give us any idea of the volume of business you would do in a year- - the number of sales for instance?

A No, it would probably average five or ten sales a month.

THE COMMISSIONER: As far as I am concerned, Mr. Hunter,

I have no dobut as to Mr. Menzies qualifications and I would be greatly surprised ~~even~~ if his qualifications were to be challenged by Mr. McMaster.

MR. HUNTER: I am gladto hear the first part, my lord, but I am not so sure of the second part.

Q Now Mr. Menzies, you were appointed to the Rural Advisory Committee of the Custodian's office?

A Yes.

Q And were you one of he original appointees?

A Yes.

Q When was that?

A I cannot give you the date.

Q Well, the original appointments were made I think, it has been proven, in March 1942, so I presume that would be when you were appointed.

A Almost as soon as I heard there was going to be a Commission, I was appointed. I think I was one of the first.

Q And who was on the Committee with you at that time?

A There was Judge Whiteside of Westminster, and Eddie McLaren, the Vice-president of the Farmers' Institute, and Jimmy McLellan from the south side of the River, and Mayor Hume of Westminster, I think.

Q Mayor Hume, or do you know Mayor Mott?

A Mayor Mott was the last mayor, but Hume was there then and he was appointed first, but I don't know whether he was ever appointed--

THE COMMISSIONER: We have had all that.

MR. HUNTER: :Q: Now at the time you were on this Committee -- my lord, I do not know whether it is

necessary to go into the methods of sale, which has been covered by other witnesses, as to the policies they a dopted.

THE COMMISSIONER: I don't think so.

THE WITNESS: I would like to add to that statement that Mr. Yamaga was on the Commistee.

MR. HUNTER: I think the ordinary methods of sale have been covered a number of times.

THE COMMISSIONER: Yes, I think the other feature has been covered and if thereiis anything further that Mr. McMaster wants, he is quite free to cross-examine on any matter whether you have introduced it or not.

MR. HUNTER: Very well.

Q Do you recall receiving an offer from the Veterans Land Act for the purchase of certain lands?

A Yes.

Q Do you remember what that offer was?

A Approximately $750,000 for 741 acres.

Q 741 what?

THE COMMISSIONER: Parcels.

THE WITNESS: Parcels, yes, 741 parcels.

MR. HUNTER: Q; Now what action did you take on that. Perhaps I might lead a little. It will be quicker.

THE COMMISSIONER: Yes, some of this I have had almost ad nauseum.

MR. HUNTER: Q: You were a member of the Advisory Committee that went out to make spot appraisals?

A Yes.

Q And you made 17 spot appraisals?

A Yes.

Q And there was you and --

A Mr. Yamaga and Mr. McKenzie.

Q Were there any general impressions you could give of those assessments as to the amount -- I am phrasing this badly -- were you just generally and someone else low generally, or how did it work out? A. Well, we appraised them separately and then compared our appraisals and generally I was in the middle. Mr. Yamaga was a little higher and Mr. McKenzie probably a little lower, but Mr. McKenzie's figures and mine were very often identical, and we often remarked on that that they came out so close, and Yamaga's were very close too, and sometimes equal.

Q Do you recall how the 17 parcels were selected for inspection?

A As I remember it we selected them as near as possible to give a cross section -- to get a cross section of the values of the property, and as I remember it to get typical properties in the different areas. We had to pick them out as near as we could by the descriptions we had so as to get the typical properties, and to cover the whole range of the properties we were dealing with.

Q I notice you did not pick any on Lulu Island. What was the reason for that?

A That was not specifically considered. I don't remember that we did pick out Lulu Island, and it would only be because the other properties were

more typical. Lulu Island was not left out intentionally in any way. It was in a more industrial area and would be more controlled by established prices and that would be a reason why we did not select any farms there.

Q Now did all three of you inspect each property, the 17 parcels?

A Yee.

Q And after you compared your values, how did you arrive at your appraisal?

A Well, we came back and met in a committee, the three of us with the chairman, and we discussed our values and then one was lower or higher than the other two he would try to justify his reason for the difference and Judge Whiteside more or less arbitrated it then and considered the points that were brought up and with a committee of valuators discussed the points brought up by the different ones and adjusted our price so as to have a harmony of opinions.

Q And you finally arrived at a price for each piece?

A Yes.

Q Now when you were appraising these properties, how long did it take you to do the 17?

A I think we had probably the Thursday, Friday, Saturday and Sunday -- I am not sure how much we had done on Thursday I think it was about 3 days altogether.

Q Now before you selected the 17 spot parcels was any suggestion made that Mr. Yamaga's property should be one of them?

A Not that I remember. It was considered in the meeting, and it was referred to when considering the offer, and Mr. Yamaga was asked what he considered his property to be worth and as I remember it, he said it was worth about $2,000 -- probably a little more if the crop was ready for harvest, and I think the appraisal was about $1600 or $1650.

Q Whose appraisal?

A The Soldiers' Settlement Appraisal, that was considered afterwards.

Q I see,. Now having arrived at the appraised values of these 17 properties, you then compared them did you, with the Soldiers Settlement appraisals?

A Yes, of those 17.

QQ And what did you find?

A We found that our appraisals were higher than the Soldiers'Settlement Board appraisals.

Q And then later on the offer of the Soldiers' Settlement Board was increased,

A Yes.

Q To what? A. About $100,000 more -- to $850.000.

Q Yes. And were you one of the Committee that recommended the acceptance of that offer?

A Yes.

Q I see. Now having seen that your 17 parcels were higher in the way of appraisal than the 17 Solider' Settlement appraisals, why did you recommend the acceptance of the Veterans Land offer?

A For several reasons. This was an offer for the

bulk of the Japanese farms -- 740 farms, and it included a lot of farms that it would be difficult to sell, and some that were quite impossible to sell on themarket that prevailed at that time, and our experience, in inspedting these properties, convinced me if we did not sell them quickly they would be so depreciated we would not get much for them -- if we sold them at all, and we had a great deal of confidence in the valuation that was put up against ours. I had personally known these appraisers of the Soldiers' Settlement Board and knew they were good appraisers, and I had worked with them a lot, and I was convinced that they had made a thorough appraisal, particularly in regard to the quality of the appraisal, and I felt if we did not accept the offer we would be left with the responsibility of selling these farms in some other way, and there was so little demand at that time -- probably 25% of the farms could have been sold but the market would be exaggerated by that time and there would be a depreciation.

Now you must understand that these farms, a great many of them were in the hands of tenants and these tenants did not know how long they would be in tenancy, and in a great many cases they were farmers who were attracted by the thought that they could go on the farm which was a fruit farm, and it would be in prime condition and they could reap a harvest in competition with the Japanese who were leaving the farm, and were going to be moved. And that attracted a lot of farmers who

hadn't had any experience in this kind of farming and the farms we were surprised to find that they had been depreciated in one season and were almost ruined for fruit farms because the growth is so prolific in this country -- the undergrowth and small fruits can be so easily damaged by the growth and the damp weather -- and that was a damp spring and it would ruin the crop for that year and the inexperienced farmers suffered greatly from this inexperience.

Q Now speaking of depreciation, are you able to say how rapidly or how slowly the depreciation was on the buildings on these farms?

A Well, the buildings were substandard buildings in the most part ; unpainted buildings and the depreciation is considerable anyway on those-- they were cedar buildings and then again there was considerable vandalism, especially if buildings were left untenants. They were in most cases broken into and if any furniture was left it was scattered all over and the property was left in bad condition.

Q And how was the market for this type of property at that time?

A There was very little market for it, if any.

MR. McMASTER: Q; What time was that?

THE COMMISSIONER: Yes, you had better fix the time exactly that the witness is speaking of.

MR. HUNTER: Q; In June 1943, when this offer was finally accepted -- how was the market at that time?

A Well, there was a market -- for some farms there

was an improvement in the market. I myself sold 17 or 18 farms that spring, and it was more than I had sold the previous spring, but it was definitely to buyers who as I say, anticipated getting the fruit crop -- and ready to reap the crop and these farms were in splendid condition at that time because the Japanese were still on them then.

MR. McMASTER: This is roughly up to June, 1943.

THE COMMISSIONER: Yes, that is correct.

MR. HUNTER: That is correct, Mr. Menzies -- you are speaking of June 1943?

A Well, from March '42 to June '43 is the time I am speaking of. That is the time I was selling these farms -- before they were evacuated. There was an improvement in the market after the announcement that the Japanese were going to be evacuated and before the time they were actually evacuated.

Q And that improvement was due to what?

A Due to the buyers taking an opportunity of buying a farm from the Japanese, who knew they were going to be moved.

Q Well, why did that make them anxious to buy because they knew the Japanese were going to be moved?

A Well, because the Japanese had had a monopoly of the fruit business and the white man had found out he could not compete with the Japanese in the fruit business and the Japanese farms were in beautiful condition at that time as to crop and the Japanese was not going to be there to produce and they thought they would have a monopoly of the market, and of

course, we used that argument too in selling the property.

Q That was one of your sales talks?

A Yes.

Q Now is there any other reason why you would recommend the acceptance of this offer?

A Well we considered a great many reasons, but I think I have covered the most of them.

Q Was there any advantage to you in recommending the acceptance of this offer?

A No, there was no advantage to me whatever. We had thought, or I had thought, in my capacity as a real estate agent, that we might organize a group and form a syndicate and buy up a lot of these properties, but after we had seen the condition of them and the depreciation we thought it would be too risky.

THE COMMISSIONER:Q:I would like you to explain that last answer. After you had seen and made inspections-- just what did you mean by that -- you referred to the depreciation that had occurred. Now was that a depreciation that had occurred between the date when the Japanese owner evacuated the land and the date when you inspected, or was it a depreciation that had occurred whilst in the hands of the Japanese owner?

A No, it was a depreciation that had occurred after the Japanese had quit farming the properties.

MR. HUNTER: Q; Now if you had sold these properties privately, are you able to give any estimate --

as to how long it would have taken to sell them?

A No, not very accurately. I think we would have sold a few of them -- probably 25% or 30% on the market by advertising but I think we would have been left with 50% of them unsold on that market. We have to keep in mind that market at that time, because there was no thought of the market going up.

Q When you refer to the market you are referring to the market when?

A The market that was in sight in 1943.

Q Were there any other factors at that time which affected the market?

A Yes, there was the condition of the war at that time, which affected it adversely, because --

MR. McMASTER: Will you mention what time you refer to?

MR. HUNTER: Q; At the time this offer was considered an acceptance.

THE COMMISSIONER: We tied it down to June 1943 -- a few months either way.

THE WITNESS: I remember that was the time when the Japanese were getting into the Aleutian Islands and there was a feeling among some of our clients it was not safe to buy property too close to Vancouver, and that caused an uncertainty in the conditions.

MR. HUNTER:

Q Are you able to give any estimate as to the strength of that factor -- the importance of it, in affecting the market?

A No, I would not venture an opinion.

Q But you believe it was a factor?

A I believe it was a factor. We heard it from our clients.

Q Well now, you said you feel you could have sold 25% to 30% of these properties. What type of properties would they be?

A Well, the small farms that were still in good condition and had good tenants on them, and the crops were in good condition to be sold and these tenants would have remained in tenancy until they were sold, I presume, and if they had good tenants on them they would be saleable, and these properties that were close to industries, where it would be convenient for the working of the properties, they would have been saleable to a certain extent.

Q Now do you think you could have sold those for more than the Soldiers' Settlement Board appraisal?

A In some cases yes, but not in all cases.

Q Now would you say that that percentage -- 25% or 30% would be the better properties, or the medium properties or the poorer properties?

A They would be the better properties.

Q And you feel in some cases you could have got more money if you had sold them individually?

A Yes, if we could have sold them individually.

Q Well in a sense, Mr. Menzies, weren't you selling the better properties more cheaply in order to get rid of the poorer properties?

A In some cases that might apply. That would apply in any group sale. You have to sell the bad with the good, if you are selling the rest of the property, and if we had sold the cream first we would have

had the bad left on our hands and would not have been able to dispose of it.

Q Would you say you sold the better ones more cheaply in order to get rid of the poorer ones, or could you make a general statement?

A Undoubtedly some of the better properties were included, which could have been sold at a greater valuation individually, but they were in the group, and when we were selling 750 farms in one block we were bound to have some that would sell more readily. For instance, the Soldiers' Settlement appraisal I think, was made from an agricultural point of view without regard so much to the position of the property in regards to industrial opportunity, and particularly in our territory, properties that were close to the mills would have sold to better advantage I would think than the valuation which the Settlement Board put on them -- a few of them.

Q I see. Now supposing Mr. Menzies, you had been in this position where you had been the sole member of the Advisory Committee and they presented the D.V.L.A. offer to you, do you know whether you would have recommended the acceptance of it?

A Well, that is a difficult question. I was giving my own opinion, and I was on the committee and I think I was the one that arrived at the idea first-- if we felt we had obtained the highest possible price that we could get from the Soldiers' Settlement Board we should take it in order to obtain the best value for the Japanese for their property in

order to save the depreciation and the vandalism and throw in the property on the generally unfavorable market.

Q Now these 17 spot appraisals that you made, do you consider them to be sound?

A I do.

Q Even knowing they were higher than what you recommended to the D.V.L.A. in the deal?

A Yes, for the reasons I have already outlined. We knew these valuators were good valuators and they declared to us they had made this valuation without knowing they were going to be interested in the property, and that had some influence on my deciding to join in recommending an offer less than our appraisal.

Q Well now, in recommending acceptance of the offer, as a member of this Advisory Committee, was there any influence of any kind brought to bear upon you to accept the offer?

A None whatever. The only influence that was brought to bear on us, was theinfluence of the Soldiers' Settlement Board.

Q That was when you were bargaining?

A Yes, that was when we were bargaining.

Q There was no government influence brought to bear on you? A. No, there was no influence of any kind.

Q Now supposing I ask you this question, Mr. Menzies: As an experienced real estate man, do you consider that the offer of $850,000 by the Veterans Land Act

represented the fair market value of these parcels. Would would you say to that?

A I would say it represented the fairest value that we could obtain from that market. It is so difficult to keep the market from then to now out of mind, but there was a very unfavorable market prevailing at the time we made these appraisals.

Q Now how did you in your own mind explain the difference between your higher appraisals on the 17 parcels and the S. S. B. lower appraisals and yet believed this offer of the Veterans Land Act as representing the fair market value .

A Well, I was a real estate agent myself and our training is to magnify the advantages of a property, and Mr.Yamaga was a fruit grower and he would see in these properties that he was valuating all the work that they had put into them and Mr. McKenzie was not a real estate men. He was more of a company man, promoting at that time the manufcturing of flax -- the growing of flax and things like that, and I consider that perhaps we were getting away from the actual basic value on account of these influences, and that the Soldiers' Settlement valuation could not be ignored, because I knew they were good valuators.

Q Do you consider the Soldiers' Settlement Board appraisals to be sound?

A I do, and I consider them to be very uniform. We have had so many valuators on properties, and there is always a difference in valuators, but

the Soldiers'Settlement Board are always very uniform. They are standardized in their valuations

Q Do you consider their appraisals to be conservative or more optimistic?

A No, I think they are conservative.

Q And you think the Soldiers Setttlement Board appraisals are conservative?

A Yes, I think they are bound to the basic values. They get down to the basic value of the agricultural value and they don't take into consideration the location value as we do in selling properties, and that accounts for the difference.

Q You don't say that they gave a residential value?

A No.

THE COMMISSIONER: They disregarded the opportunities for employment in the visinity?

A Yes.

Q That is, off the farm employment?

A Yes, and we in selling probably emphazised those features.

MR. HUNTER: Q; Well, may I take it that they were appraising from an agricultural viewpoint in your opinion?

A Yes.

Q And you think that they did not take into consideration any industrial opportunity?

A I think they trimmed off a lot of those advantages in arriving at their values.

Q If you had been selling these properties individually or if the Custodian had, upon your recommendation sold these properties individually, was there any commission in those cases payable to real estate

agents? A. Yes, when they were sold individually.

Q Were they always sold through real estate agents or were they sometimes sold directly by the Custodian? A. I think they were sometimes sold directly by the Custodian, but generally through real estate agents.

Q And if these had been sold individually --

A I will qualify that. There were some offers came in from individuals and no commission was involved.

Q Did you sell any properties in which the Custodian was interested?

A Yes.

Q And you got your commission?

A I got my commission.

Q Now did you appraise any of the properties that you sold? A. No, I did not appraise any of those properties.

Q You steered clear of that, did you?

A Well, on one or two occasions when I was asked to appraise property I sent back word that I could sell that property and asked them to make another appraisal, when I had a buyer for it.

Q You mean you asked them to have someone else appraise it? A. Yes, to have some one else appraise it.

Q I think that is all, my lord.

THE COMMISSIONER: There is a question I would like to put, and I think it would be fair from your point

of view if I put it now.

Q In view of your remark that you considered the Soldiers' Settlement Board appraisals were conservative, Mr. Menzies, are you able to say to what degree they were conservative in terms of percentage of the total appraisals?

A I have given that considerable consideration on different occasions, in trying to get at that, and I think it would be in the neighborhood of 25% comparing it with valuations that I would make myself.

Q That is over all?

A Overall, yes.

Q And that I presume means that it might well be 50% in the case of some properties and substantially less than 25% in others?

A Yes, substantially less, because some properties would not have sold at all, if they all had to be sold at market.

Q Yes, I see. Was that feature of the offer considered by the Advisory Committee during their discussions?

A What feature, my lord.

Q Just what you tell me now -- that because the assessments -- the appraisals were conservative, you think now if they had been nearer a fair value at 25% higher overall -- was that feature discussed by the Advisory Committee?

A Yes, I think it was discussed in the way that you mean. The reason for the difference was discussed

over and over again as to why the difference -- and we argued our values against theirs -- well perhaps I am getting a little confused now.

Q Well now, what was the consensus of opinion -- when you say you think they were 25% low overall, what was the view of the other members of the Advisory Committee on that point?

A I couldn not answer that, my lord. I don't think it was discussed in the terms of percentage except the difference that was evident between their valuation and ours, and I think the Committee expressed the opinion that their was the difference and it could be accounted for by the fact of the agricultural value and the fact that we were selling a large group of properties and some of them would be very poor properties , and in their valuing a larger group they would be more conservative than we would on a few.

Q Now when did the real estate market start to move upwards, noticeably?

A Well, I would say, my lord, as soon as it was announced that the Japanese were going to be evacuated, there was then a movement to obtain the pick of the Japanese properties.

Q Yes, but apart from that, was there a marked movement in real estate prices in the Valley. Did it occur in 1943 or did it occur in 1944 and if so, what part of 1944? A. Well, I think it started in '43-- or in '44 --the demand was not so much for farm properties so much as the fact that people who were

coming to the Coast were coming to work in factories and in the industries and they could not get a home in town and they would want a home along the river, close to the industry, and as I remember there was not the same inducement to farm for the purpose of producing farm produce for sale. It was more for homes for people coming to live out there.

MR. McMASTER: I realize it is a little early to adjourn, my lord, but I think I could shorten my cross-examination if we adjourn now.

THE COMMISSIONER: That is reasonable enough. We will adjourn now until two o'clock and that will give you an opportunity to prepare for cross examination, because I think Mr. Menzies evidence is most important and I would like to give you every opportunity to deal with it. We will resume at two o'clock.

(PROCEEDINGS ADJOURNED UNTIL 2.00 P.M.)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.
E. Blygl
Deputy Official Stenographer

(2:00 P.M. PROCEEDINGS RESUMED)

ALBERT MENZIES, resumed stand and testified further as follows:

CROSS-EXAMINATION BY MR. McMASTER:

Q Mr. Menzies, I would like to deal first with a few of the things which you mentioned this morning and then try to find out some further information on matters which did not appear to come out this morning. Just before we adjourned you expressed the opinion that generally you would consider the Soldiers Settlement Board appraisals to be about 25% below what your own appraisals would be; is that a fair statement?

A Yes.

Q Now, is that opinion based on the assumption that the Soldiers Settlement Board appraisals were sound? A: Yes.

Q That is, you say they were sound but they were conservative to that extent?

A Yes.

Q Now, when you say that the Soldiers Settlement Board appraisals were conservative to that extent, are you referring to a sale of the properties in a bulk sale? A; No.

Q Would you say that even if they were sold individually, that is all the difference would be?

A Yes.

Q And the fact that they were sold in a bulk sale, would that affect your estimate of 25%?

A No.

Q Now, when you appraise a piece of property to determine the fair market value of that property, what factors do you consider?

A I consider the type of the property, the location of the property, its relation to services such as shopping centres, schools, etc., its accessibility, the condition of the improvements and utility in connection with the property.

Q Yes. A: And, of course, the availability of electric light and water. I think that covers it.

Q Are there any other factors you would take into consideration in making the appraisal?

A Well, just the impression taht one gets through handling similar properties for the last 20 years, and you would get -- it is like examining furs -- you realize when you look at a property what you can get for it from the average buyer.

THE COMMISSIONER: I think your question is directed to farm land.

MR. McMASTER: Oh, yes, to farm land.

Q Now, would you say that those are all the factors that you consider in making an appraisal of farm land? A : No, I would not say that they were all.

Q Are there any other important factors?

A Well, there are such factors as possibility of floods and deterioration from extreme weather conditions owing to the position; that all comes

into the picture.

THE COMMISSIONER: If there are some factors which you consider should be considered, you should put them to the witness.

MR. McMASTER: Before I do that, my lord, I would like an answer.

Q Which of those factors you have mentioned would you consider to be the most important, or are they more or less equal?

A I think they are all too important to be overlooked and considered in the valuation.

Q Now, when you are appraising a piece of farm land, do you make any attempt to find a comparable piece of property which has been sold at a date reasonably close to the date of the appraisal?

A: Yes, that naturally comes to my mind.

Q And if you find such, would that factor weigh heavily in your appraisal?

A It would depend on the reasons for the price that was obtained, if there are factors that influence that particular property or not.

Q You would inquire into that?

A When you are selling all the time, you have a general idea of what the general market is and what properties are fetching.

Q And it is in the main, I take it, you rely on that general experience rather than on any specific properties you might look at or are comparable?

A: Well, our

experienced has been judging and graduating the farm market to the sales that are taking place. The market is established, in our mind, by our experience prevailing in the selling of property.

Q Do you collect any other data on sales other than your sales; that is, sales that donot go through your hands? A: I know of most sales that go through in the district and keep in mind the prices that are obtained, if that is what you mean.

Q I am asking you. A: Is that the question?

Q Do you keep any record of these sales,or is it just something that comes in to your general knowledge? A: I keep a record only of my own sales.

Q And do you, in appraising a piece of property, take into consideration the usage to which that property might be put?

A Yes.

Q And would you say that is an important factor in determining the fair market value?

A Yes.

Q And do you, in appraising a piece of property, take into consideration the speculative value of the property? A: If there is a definite speculative value.

THECOMMISSIONER: I suppose your question is related to other possible use than that for which the property is bought. Is that it?

MR. McMASTER: Yes, or the possibilities of property values rising in relation to that property. I might just give an offhand illustration which comes to my mind.

Q If there was a possibility of a new highway being built back of Haney, properties on the potential site of that highway would possibly have a speculative value apart from any other value they have? A: If the highway was definitely located.

Q Yes, you would take those factors into consideration.

A They would be creating the position of the property in regard to accessibility and convenience.

Q Now, in appraising a piece of property to ascertain its fair market value, would you take in to consideration any abnormalities of the market? That is, of the market at the time you were making the appraisal.

A Yes, I would try and ascertain the normal trend of the market, the mean of the market.

Q Now, in your examination this morning some reference was made to a statement which Mr. Yimaga was supposed to have made in regard to his own property at the time those discussions were being carried on in Committee. Do you recall mentioning that this morning?

A Yes.

Q In fairness to Mr. Mimaga, would you say that when he suggested $2,000.00 was a little better

valuation of his property, you were referring to the Spring of 1942 at the date when the appraisal was made by the Soldiers Settlement Board?

A He was referring to the time at which he made the statement. That is when the Committee was sitting.

THE COMMISSIONER: That was when?

A I think it was about June,1943, the Committee was sitting.

MR. McMASTER: I think it would be around May 24th, in 1943. A: Yes.

Q Now, do you recall his exact statement?

A I think he said that his property -- the value of his property would depend upon the crop condition at the time it was sold and that the value would be around $2,000 and a little more if the crop was ready to take off.

Q At the time you discussed that matter or that he discussed that matter, were you discussing appraisals which had been made by the Soldiers Settlement Board inthe Spring of 1942?

A I don't remember that we were discussing that; we were discussing the value of his property in relation to the marketing of the whole properties.

Q Were you not discussing his property just in relation to the appraisal that the Soldiers Settlement Board had put on the property?

A No, I think we had not any appraisal at that time

Q I am referring, Mr.Menzies, to Volume No. 9 of the Public Accounts Committee, minute of proceedings and evidence which took place in May,

1947, at which Mr. Shears gave evidence --

THE COMMISSIONER: Page?

MR. McMASTER: At page 212. There is an extract at page 212 of the minutes of the meeting of the Rural Advisory Committee which deals with this matter. I quote: "Mr. McPherson said . . . . . would be $1,614.00."

A The reference was made afterwards, after he said that.

Q You were present at the meeting?

A Yes.

Q At which that took place. Do you concur that is a proper minute of what took place at the meeting? A: Yes, but I don't--

Q I would like you to --

THE COMMISSIONER: Let us have the witness's answer.

A I don't recollect that the valuation of Yamaga's property was looked up until after he made the remark, because otherwise --

Q I would like you to read that minute. It is a little difficult when I read it. And see whether that is a fair report of the discussion which took place at that meeting.

A Yes, I think that is fair, with this exception, the reference to the Soldiers Settlement showed the appraisal -- Mr. Yamaga did not know that appraisal when he gave his appraisal. None ofus knew of it. I remember that particularly.

Q I draw your attention to the statement of Mr. McPherson. He thought the Committee should decide

how they should check the valuation of the Soldiers Settlement Board; he suggested Mr. M Yamaga's property might be used as an example and he asked Mr. Yamaga what he would consider a fair price for his property so it might be compared with the Soldiers Settlement Board's valuation.

A Yes.

Q I put it to you, Mr. Yamaga was comparing, in the answer that he made -- he was comparing it or intended it to be compared with the valuation that was made in the Spring of 1942.

A Yes, he did not know the valuation when he made the reference.

THE COMMISSIONER: Q: He did not know the Soldiers Settlement Board's valuation?

A No.

MR. HUNTER: I think the witness misunderstood the purpose of the question.

MR. McMASTER: I think the minute speaks for itself.

THE COMMISSIONER: It is really argumentative. It is not for the witness to draw an inference as to what is mean by the minutes. That is probably my task.

MR. McMASTER: Q: Now, in your evidence this morning, Mr. Menzies, you said that the tenants on many of those places did not know the terms of the tenancy, or words to that effect.

A Yes.

Q And what did you mean by it?

A I meant that in these fruit crops -- they are

annual crops and if the tenant was not assured that he was going to have a lease of the property for three or four years, for instance, he would not plant young raspberries; if was not sure that he would have a crop next year, he would not prepare for next year's crop. He would not plant out his young strawberries to continue the strawberry crop, which has to be renewed --

Q What is your opinion of the terms of the tenancies under which those tenants were on Japanese properties? A: Well, I could not answer that. It was different on different properties.

THE COMMISSIONER: Q: I take it the point you are seeking to make is that there was not assurance of a long term for the tenant.

A That is right, my lord. A lot of those Japanese had just rented their own property to the end of the war was the term.

MR. McMASTER:

Q You said this morning it was a very wet spring, but I am afraid my notes do not show which spring you were speaking about. Will you make that clear? A: Well, that would be the spring of '42.

Q The spring of '42. Now, if as you suggested this morning the buildings on a large number of those Japanese properties were sub-standard, would you agree that that condition of the buildings would find expression in the assessments in the district as compared with the assessments of

Occidental properties?

A No, not so much.

Q You gave evidence that you made the assessment when? A: 1914 and '16.

Q And in making an assessment, would you place as high an assessment on a sub-standard property as on a standard property -- sub-standard buildings as on standard buildings?

A No.

Q Now, in your evidence this morning, whether it was a mistake or otherwise, I am not sure, Mr. Menzies, I think you said that at June, 1942, the Japanese were in the Aleutian Islands. Is it not true that in the summer around June or July, that the last of the Japanese were driven out of the Aleutian Islands by the Allied Army? You were suggesting that influenced the market.

A Well, I was trying to identify the situation and I might have been wrong in that reference, but the feeling was there that the properties on the coast were not safe.

Q You say that was in June of 1942.

A Yes, it was so after the war started.

Q I think Mr. Shears gave evidence before the Commission that the 17 properties which were selected for the sub-Committee to appraise were selected at random. Did I understand from your evidence this morning that they were selected with more care than that?

A Well, they were selected in districts so that as

near as we could judge they would be representative of a district as well as representative of the farms we had to appraise. That is, so that we would have an average farm to appraise, including the different types we would have to handle.

Q Who made the selection?

A I don't remember.

Q Can you explain ~~it~~ why there were no properties selected from Delta Municipality?

A No, that was never brought to our attention. It was never discussed that we were missing any territory.

Q Are you aware that there was a fairly large number of Japanese properties in Delta Municipality?

A Yes.

Q I have gone through the 17 appraisals and I find that there are two appraisals which belong to husband and wife and were operated as one farm. Was it intended those should represent two separate appraisals or was it intended they should be considered as one unit in making the selection?

A I would like to know what property you are referring to. Do you know the location?

Q Well, it does not matter.

A I think I know the properties. They were valued separately, discussed separately; valued either separately so that the total value of the two --

Q The point I am coming to is there were three sets of properties which were adjacent properties in

this sample of 17. What I am wondering is, whether that was deliberately selected that way or was it purely accidental?

A It must have been accidental, I think.

Q What else did the Committee have in front of them besides the name and the legal description when they selected these properties?

A We had the name, the legal description, the assessed value and the acreage.

Q And the Soldiers Settlement Board appraisal?

A No, we didn't have that.

Q You didn't know the Soldiers Settlement Board appraisal? A: Oh, no.

Q I take it, then, that at the time the Committee considered the offer of the Soldiers Settlement Board or the several offers of the Solders Settlement Board, that they did not know the basis of the Soldiers Settlement Board appraisal?

A I don't understand that question.

Q Did the Soldiers Settlement Board disclose to the Rural Property Committee the basis on which they had made their appraisals?

A At what time?

Q At the time that the negotiatons were being carried on for the purchase of these properties by the Veterans Land Act?

A No. If I understand the question, they never disclosed the basis of their valuation.

Q I do not imagine any person of thatCommittee had seen all of the 741 parcels?

A No.

Q Had you personally ever appraised more than the 17 that you appraised with the sub-Commttee of the 741? A: No.

Q And my understanding is that the Committee did not have in front of them the Soldiers Settlement Board appraisal reports; that is, the detailed reports? A: No.

Q Have you ever had an opportunity to examine those? It is a long report, showing the details.

A I don't think we had. We may have had when we were arguing values with the Soldiers Settlement Board. They may have referred to the reports to get the details to support their valuations, but not when we were making any appraisals.

Q As I understood Mr. Shears' evidence, those reports were not available at the various meetings?

A No, that is correct.

Q Would you say they were not available?

A They were not available.

Q Would you agree, ~~xxxx~~ then, that the opinion which you expressed that those appraisals were sound was based purely on the reputation of the appraisers? A: Of the appraisers?

Q Of the Soldiers Settlement Board appraisers.

A Not on the reptuation as much as my own knowledge of them. I had worked with those men on appraisals.

Q On your experience with them?

A My experience with them and the fact I knew they

were employed with different outfits to make appraisals.

Q What type of outfits?

A Well, I don't remember the corporations that did employ them, but I think a corporation that would consider them expert appraisers and they were used by different Government branches in giving appraisals.

Q You did not know the amount of the Soldiers Settlement Board appraisal on any individual properties other than the 17 properties that you said you checked on? A: No, we didn't know anything of the Soldiers Settlement appraisals.

Q You acted as agent on quite a few Japanese private sales at the time of evacuation, did you not?

A Yes.

Q Did the prices obtained by Japanese on private sales at the time of evacuation affect your estimate of the value of the 17 properties which you appraised?

A The sales that I had made prior to the evacuation affected your estimate of the values of the 17 properties which you appraised?

A The sales that I had made prior to the valuations definitely had an influence on my appraisal.

Q So that it is not purely coincidental that all 12 properties, the details of which have been filed as an exhibit -- the difference between the private Japanese sales in the Spring of 1942

and the Soldiers Settlement Board appraisals is 53%; and the difference between the sub-Committee's recommendations on the 17 appraisals and the Soldiers Settlement Board appraisals is also 53%. That is not entirely co-incidental?

A I didn't know that was a fact.

Q Now, what instructions did the Committee give to the sub-Committee with regard to these appraisals?

THE COMMISSIONER: Well, you had better clarify that. What committee?

MR. McMASTER: The Rural Property Committee.

Q What instructions did they give to you, yourself, Yamaga and Mr. MacKenzie as to the appraisals you were to make?

A The only instructions they gave us was to go out and appraise the 17 properties and report back to the Commission when we had completed it.

Q Now, as of what date did they instruct you to appraise them? A: I don't remember the date.

Q I don't mean the date they gave you the instructions. As of what date was your appraisal? At what date was the value to refer to; 1942, when the Soldiers Settlement Board appraisal was made, or the date when you actually made the appraisal? A: The date when we actually made the appraisals.

THE COMMISSIONER: Q: You have already told us there was not any great difference between March of

1942 and June of 1943?

A That is right, my lord.

MR. McMASTER: Q: Mr. Menzies, there is a report in the Public Accounts Committee which has already been referred to in these proceedings, that Mr. MacKenzie considered the values of the -- page 214 -- I refer to the minutes, Mr. Menzies:

"The feeling of all the members of the Committee . . . . . higher."

Now, do you agree with the opinion purported to have been expressed by Mr. MacKenzie in that statement that the appraisals of the sub-Committee were conservative?

A I would say they would be fair, not conservative.

Q If I recall correctly, Mr. MacKenzie's appraisals on the average were a little bit below your own appraisals? A: I believe that is correct.

Q Now you submitted those appraisals to some representative of the Custodian before the next meeting of the Committee, did you?

THE COMMISSIONER: In any case, the Committee got them.

A We met together as a Committee and went over the appraisals.

MR. McMASTER: Q: Do you recall any representative of the Custodian's Office or a Committee arriving at a value on the 741 parcels of approximately a million and a quarter dollars?

A No, but I remember assessing figures like that in the Committee. I don't remember that the Custodian

arrived at it, unless it was from working out the figures in proportion to our valuations.

Q Well, did the Committee arrive at that figure as being the value of the whole 741 parcels?

A I don't remember that figure.

Q Well, can you explain this reference in a letter dated May 29th,1943, from Mr. Murchison to Mr. McPherson, which appears at page 217 of the Public AccountsCommittee, where in the second paragraph he said advice had been received from Mr. Barnet at Vancouver to increase that, or the Vancouver Committee considered those particular parcels are worth approximately one and one quarter million dollars?

A The Vancouver Committee?

Q He is writing this from Ottawa. I take it Vancouver and New Westminster are not very far apart down there. A: That means our Committee, does it?

Q If that is what he meant by a Committee, your Committee, can you explain how Mr. Barnet would get the information that the Committee considered a value of a milion and a quarter?

A Well,that would be -- I don't know just how that figure was arrived at. I could have in mind that we could hope to obtain a million dollars for the property. We raised the Soldiers Settlement offer of $850,000.00 to, did he say a million dollars or a million and one-quarter/or that was discussed as a bargaining price?

Q Did you consider the 17 parcels a fair sample of the 741 parcels?

A Yes.

Q Was it your opinion that the fair value of the 741 parcels would have been approximately 50% above the total appraisals by the Soldiers Settlement Board, based on your sample?

A Whatever the difference was between our values and the Soldiers Settlement Board -- will you ask that question again?

Q Was it your opinion that the fair value of the 741 parcels would have been approximately 50% above the total appraisals by theSoldiers Settlement Board on these 741 parcels, in view of your sample? Let me break it down, Mr. Menzies: I asked you if the 17 parcels were a fair sample. Your appraisal on the 17 parcels, the sub-Committee's, was a little more than 50% of the Soldiers Settlement Board.

A More.

Q Yes, above. Now, ~~what~~ was it your opinion that, being a fair sample, the same amount could be added to each of the other 741 parcels to arrive at the fair value of all the parcels?

A That is where we started negotiating.

Q I would like your personal opinion on that matter. If those were fair samples, and if you say the values that you put on were fair values in your own personal opinion, would it not be fair to say that the whole transaction should have had

50% added to the Soldiers Settlement Board appraisal? A: Except the consideration of the fact we were selling 700 properties for cash and group value is necessarily less in proportion.

Q You gave us your reasons this morning as to why you agreed to reduce it from that.

A When we made the values, we considered that.

Q Now, I take it you agree with the statement made by Mr. Murchison in the Public Accounts Committee at page 182, Volume 18, at the beginning of the third paragraph: "These conditions did not impress me . . . . . ."

Now, do you concur in that statement by Mr. Murchison both as to the facts and as to his opinion and the effect it would have on the market for real estate in the areas where those Japanese properties were situated?

A Insofar as I have alrady referred to it. The situation in the war had an effect on the purchasing -- the purchase of properties in the coast area.

Q Well, do you agree with his opinion there was a terror of invasion in the Spring of1942 which affected real estate values?

A Yes, I concur that it affected real estate values.

Q Well, would you agree with this statement by Mr. Murchison which appears at page 189, the second question: "What had been the direction in which land values in the Fraser Valley . . . . . in that

section?"

THE COMMISSIONER: Perhaps you would like to have this before you.

MR. McMASTER: Page 189, the second question at the top of the page and the answer to it.

A I think the effect of the peril was still in effect, but the demand for accommodation affected properties favourably.

Q And the market had shown definite signs of improvement? A: Particularly in properties located close to industries.

(PROCEEDINGS RESUMED AFTER SHORT RECESS)

Q Mr. Menzies, I would like you to turn to page 210 of the Public Account Reports. Mr. Shears is giving evidence on an extract of minutes appearing at the top of that page of a meeting held in March in 1943, and I draw your attention to the last three lines which indicate that Mr. MacKenzie was also of the opinion that there were many people waiting for the opporutnity to buy this land and they should be given an opportunity to do so. Now, do you agree with that, what was reported by Mr. MacKenzie?

THE COMMISSIONER: Just one moment. We had better establish, is it a fact that Mr. MacKenzie expressed that opinion?

MR. McMASTER: Q: Do you agree that is a proper recording of the meeting and that Mr. MacKenzie expressed that opinion? A: Yes.

Q Now, do you agree with the opinion expressed by

Mr. MacKenzie that there was a demand for this land in March, 1943?

A No.

Q Mr. Menzies, you are aware of the discrepancy between the Soldiers Settlement Board appraisals and the assessment on those 741 parcels at the time it was considering negotiating.

A Yes, I believe there was a discrepancy.

Q I believe evidence has been given that the total appraisals by the Soldiers Settlement Board were approximately $876,000.00 and that the total assessments on those lands were a million and a quarter. Have you any recollection of those being the approximate figures?

A Those are the approximate figures, I believe.

Q What is your opinion as to how prices obtained on three properties on private sales generally compared with assessments in 1942?

A Well, the assessment -- we considered the assessment was not a guiding figure for us.

Q I wonder if you would be good enough to answer the question I asked; that is, have you any opinion as to how prices obtained on three private sales generally compared with assessments in 1942 in Maple Ridge Municipality?

A I think they would compare close to assessments. They would be lower than the assessments in a great many cases, and in some cases higher.

Q Where would the majority lie, below or above?

A I think the majority would lie below.

Q Far below or just a little below?

A Just a little below.

Q I imagine you would agree that assessments don't necessarily represent the fair market value of property? A: We find them of no use in arriving at value.

Q Mayor Mott, the other day, in giving his evidence expressed the opinion that allowing for any qualities in individual cases, taken as a whole, assessments on property in New Westminster City were equitable between properties. Would you agree this would be true in Haney?

THE COMMISSIONER: I would like that question read again.

(Question read).

THE COMMISSIONER: I do not know what that means.

MR. McMASTER: The question?

THE COMMISSIONER: No, the statement by Mott, "Equitable as between properties."

MR. McMASTER: As between property owners or as between properties.

Q I put it this way: As between two partidular properties, if you are thinking of two particular properties, there may be inequalities in the assessment of these two properties.

A Yes.

Q But taking the whole average, that is, taking the full assessment, would you agree that in Maple Ridge those inequalities would balance themselves out on the whole average?

A With this qualification, that any new buildings that are put up on properties in the last ten years would require a permmit, and whether that permit was brought to the attention of the assessor, the definite value of the improvements to the property -- those properties had been assessed higher than those just carried on from year to year, with improvements ignored.

Q You would consider in cases where improvements had been made, that the rate of assessment is on those improvements? A: Yes, where improvements had been brought to the attention of the assessor. The assessor never has time to go over the properties and it is impossible for him to get from his office. The municipalities up there have no time to keep their assessments up to date in respect to assessments from time to time.

Q Why would the rate be higher on improvements made?

A The rate would not be higher. I mean the improvement value would be higher.

Q Naturally, the assessment would be increased because there were more improvements, but it would be the same principle of assessment that would be applied to any improvements as was ~~xx~~ applied to the improvements that were on the land before.

A Yes.

Q You agree with that? A: Yes.

THE COMMISSIONER: What the witness says is that the calculation of costs on new buildings is more

accurate than the estimate of cost on old buildings at the time the original assessment was made.

Q That is my understanding of your answer. Is that what you meant to convey?

A Yes, my lord, with this remark, that the buildings which were assessed 15 or 20 years ago and have not been visited since, the depreciation would not be brought up to date.

MR. McMASTER: Q: So that would probably balance off against this other thing?

A Yes.

Q And make for equality on the whole average?

A It would have that effect.

Q You have indicated you had experience with real estate in other municipalities besides Maple Ridge. Would you say that is true of the other municipalities in the Fraser Valley?

A I would think it was true.

Q From your experience, would it be your opinion? It would be, for instance, in Pitt Meadows?

A Yes.

Q And in Mission? A: Yes.

Q What about Matsqui? Would you have experience over there? A: Not so much experience over there.

Q And on the south side, I take it your experience was limited to the occasional sale?

A Yes.

Q Now, witness, will you agree that farm properties were very low between 1932 and 1939?

A Yes.

Q And that they began to stiffen about 1940?

A I would not be sure that they began in 1940, but they began to stiffen between '40 and '43.

Q What is your opinion of the increase in ~~three~~ there private sales between 1942 and 1943 -- what percentage increase in the market price?

A That would be a year's time.

Q Yes. If you take all the sales in 1942 and all the sales in 1943, what would you say would be the increase between those two years?

A Oh, I think it would be 10%.

Q Which? A: 10%.

Q What would be your opinion as to the increase between the year 1943 and the year 1944, with regard to free, private sales?

A It is difficult to arrive at that. Sales values were so spotty from there on. People were getting big prices in some places and selling for the prevailing values in others. There would be no equality of prices obtained during that period.

Q Do you suggest between 1943 and 1944 that the prices were all over the place, if I may use that expression? A: They were beginning to be very irregular.

Q But you are unable to estimate the increase between 1943 and 1944?

A It would be very difficult.

Q Are you able to estimate the increase between 1943 and 1945? What increase was there in those two

years? A: Well, it is difficult to arrive at a proportionate increase in those periods, remembering back from now.

Q You don't feel that you can express an opinion upon it? A: Not at this distance.

Q I wonder if I might have Exhibits 36 and 37. Witness, if you turn to page 115 of the Public Accounts Reports, you will see there a Table referring to '43 cases which were withdrawn from the Vererans Land Act transaction, where the Soldiers Settlement Board had made appraisals on the properties with the exception of two and the properties were subsequently appraised and sold by the Custodian. Now, in Exhibit No. 36, which has been filed, the sales by the Custodian in 1944 appearing in the total at page 115 have been extracted separately and the sales made by the Custodian in 1945 have been extracted separately. I would like you to look at Exhibit 36. Now, I draw your attention to the sales prices on 15 properties in 1944 by the Custodian, amounting in total to $29,995.00. Those properties the Soldiers Settlement Board -- the same properties -- had offered to purchase at $12,153.00. Having regard to the fact that these sales were made in 1944 and the appraisals were made in 1942, can you account for the very great discrepancy between the monies actually received by the Custodian and the offer of the Soldiers Settlement Board? A: Except in this way, that by that time the buying public knew that

lands were being taken over by the Soldiers Settlement Board and therefore would not be available, and it stimulated buying; together with the fact, as I mentioned before, that the Japanese producers were being eliminated from the competitive field or from the producing -- from the market.

Q Yes, they had already been eliminated two years.

A Yes, and the bulk of the famrs had been taken to the Soldiers Settlement Board and that stimulated a desire for the balance that was left.

Q Would you suggest that the difference shown there between the sales prices by the Custodian and the offer by the Soldiers Settlement Board was the difference in the market in 1944 compared with 1942 -- generally?

A No, not generally.

Q Just for those particular Japanese properties?

A Yes.

Q Now, you were on the Rural Advisory Committee at the time that these 43 properties were withdrawn. Do you recall that? A: Yes.

Q They were withdrawn by reason of the fact that the titles were involved in an estate or an agreement had to be completed, or there was some encumbrance on it higher than the Soldiers Settlement Board appraisals?

A Yes.

Q In other words, they were not selected out of the Soldiers Settlement Board properties?

A No.

Q That they purchased because of their good quality?

A No.

Q It was just random selection by circumstances that these 43 were withdrawn?

A Yes.

THE COMMISSIONER: Q: Mr. Menzies, I would like to make sure I have you answer to the previous question put by counsel correctly. I interpret your answer as meaning that you explain the difference in prices realized on the sale of the 43 parcels as compared with the Soldiers Settlement Board Appraisals on the same property by the fact that the removal of the D.L.V.A. lands from the market stimulated the demand for the remaining property, is that correct?

A That is right.

MR. McMASTER: Q: Mr. Menzies, a few minutes ago you indicated that the general increase between '42 and '43 was 10% and the market between '43 and '44 was very irregular. Was it on the basis of that opinion that you made your own appraisals, where you did make appraisals, on properties not sold to the Soldiers Settlement Board?

A Will you ask that question again, please?

Q You said there were certain conditions of the market in 1943 and 1944 and you did make appraisals of certainof those farm lands whichwere not sold to the Soldiers Settlement Board --

A Oh, yes.

Q For the Committee? A: Yes.

Q Was it on the basis of your opinion that you have expressed as to the condition of the market that you made those appraisals and so advised the Rural Committee?

A I made the appraisals on the condition of the market at the time that I made them.

Q Put it this way: At the time that you were making those proposals, were you of the same opinion as to the condition of the market as you have expressed yourslf to be today? I am talking about the appraisals, the appraisals which you made in 1944 and 1945 on farm land to the Rural Committee. In other words, has your opinion changed since 1944 and 1945 as to the condition of the market? A: Yes, from '42 to '44 it has changed. Is that what you mean?

Q I am sorry. I am not talking about the market, but about your opinion, Mr. Menzies. Have you changed your opinion -- is the opinion you express today that the market increased generally about 10% between 1942-1943, and that the market was very irregular between 1943 and 1945 -- was that the opinion that you held of the market at the time that you were making the appraisals?

A Making the appraisals in '42 and '43?

Q No, in 1944 and 1945. You did not make any in 1942. A: Nok not individually. I took the condition of the market as a consideration at the time I was making the

appraisals.

Q Mr. Menzies, would it be fair to say that the Rural Committee leaned heavily on you, in your experience, for values in considering sales prices with regard to Fraser Valley properties?

A Not while other appraisers were available.

Q I take it that you would have property appraised not always by yourself, but the Committee would have property appraised,

A Yes.

Q And then the appraisal report would come into the Committee. The Committee would then have to consider whether it was a proper appraisal, would it not? A: Yes.

Q They would then have to consider whether they would accept tenders that were lower than that appraisal? A: Yes.

Q And I suggest to you that in arriving at this decision the Committee depended in a large measure with regard to Fraser Valley properties on your opinion?

A I don't know how much they depended on my opinion. If the appraiser was approved, we depended upon his appraisal.

Q Witness, I would like you to turn to page 189 of the Public Accounts Minutes, about halfway down the page, where the question is asked: "So far as the interests of the owners are concerned . . . . . That is right." Was it the understanding of the Committee at the time you

were negotiating the sale, that was the attitude of the Veterans Land Act?

MR. HUNTER: My lord, I would like that question reframed, unless it was discussed or something of that kind. I don't think he can say what the understanding is.

MR. McMASTER: Q: I will ask was it your understanding at the time you were acting for the Committee that the attitude expressed by Mr. Murchison in the answer to these few questions was the the attitude of the Veterans Land Act in these negotiations?

A Well,we understood that the attidue of the Director of the Veterans Land Act was the attitude of the buyer to obtain as good a price as possible, but we were dealing on the valuation that they had created, that they had made -- the appraisal they made before they knew -- according to the information they gave us-- before they knew they were going to be interested in the property.

Q Now, witness, would you consider that the policy of liquidation adopted by the Custodian in the spring of 1943 depreciated the fair market value of the lands in the Fraser Valley; that is, the Japanese lands in the Fraser Valley?

A You mean the attitude of the Custodian?

Q No, I understood that it was in March of 1943 or thereabouts, early in 1943, that the Custodian decided to dispose of or to liquidate the assets

of the Japanese people. I believe reference was made to liquidating them in an orderly fashion. Now, do you consider the adoption of that policy by the Custodian depreciated the fair market value of the Japanese lands in the Fraser Valley?

MR. HUNTER: My lord, I would like to object to that question. I don't see how it is possible to depreciate the fair market value -- if he would say the fair market value.

MR. McMASTER: Q: Would you consider the policy of liquidation depreciated the market value of those lands in the Fraser Valley?

A You mean the lands that remained unsold of the Japanese?

Q No, as of March, 1943, or the spring of 1943, before any of them had been actually sold.

Q Well, it stimulated the value of the lands that were available for the public to purchase.

THE COMMISSIONER: Q: You are talking about a condition after the transaction was concluded with the D.V.L.A., are you?

A Well, after the public had generally understood that the Japanese properties were going to be turned over to the D.V.L.A. -- that impression got around very early and it stimulated the buying of the individual Japanese properties privately.

THE COMMISSIONER: I understood your question to be directed to the time prior to the conclusion of any bargain between the D.V.L.A. --

MR. McMASTER: Yes.

THE COMMISSIONER: Better put your question again.

MR. McMASTER: Q: Would you consider that the policy of liquidation adopted by the Custodian in the spring of 1943 depreciated the market value of Japanese lands in the Fraser Valley at the time that you were negotiating with the Veterans Land Act for the sale of those properties?

A No.

Q Would you consider that the acquisition of those lands by the Veterans Land Act for the purpose of rehabilitating soldiers is a factor that should be considered in determing the fair market value?

A No.

Q Would you agree that the sale of 741 parcels of land scattered over a wide area is a unique type of sale?

THE COMMISSIONER: What difference does it make if it is or if it is not.

A It is an unusual sale.

MR. McMASTER: Q: Would you agree, Mr. Menzies, that in any sale between a vendor willing to sell and a purchaser willing to buy, any general enhancement of prices due to war or otherwise would be reflected in the market value?

A Yes.

Q Would you agree that a willing vendor who, in 1943, insisted on all cash would be as likely to get as good a price as if he gave reasonable terms?

A. There would be some difference.

Q Which way? A: Terms prices would be a little higher in some cases.

Q And approximately how much, would you say?

A There is very little difference in the value there because we get 6% on agreements as a rule, and most owners that have to sell -- and you are speaking of a willing seller that does not have to sell -- he would be probably quite willing to take interest.

Q And if one took a reasonably large down payment, there would be adequate security in the property for the balance of the payments?

A That would depend on the property.

Q If you took, say, a 50% down payment?

A Yes, generally that would affect the property.

Q Do you know whether it would the practice of the Custodian, from your experience on the Rural Committee, to pay the taxes, fire insurance, ordinary repairs and agents' collection commissions out of the rents which were collected from these properties?

THE COMMISSIONER: That is a matter, if you have not already got the answer from Mr. Sheard, and I think you have, which should have been put to him and not to this witness.

MR. McMASTER: Very well, my lord, that is all.

THE COURT: Any re-examination, Mr. Hunter?

RE-DIRECT EXAMINATION BY MR. HUNTER:

Q There was only one question, Mr. Menzies, that I was not quite sure of. At one time I think you said that the differences between properties, individual properties, was not necessarily reflectdd in the assessments. I was wondering why that was so.

A Well, I did not mean that in that broadest sense. I mentioned those things influenced the assessment. If the value of a property by some transaction or a report of an improvement brought to the attention of the assessor -- it might be higher than a similar property which had not been brought to his attention, and therefore we find them undependable -- to go on assessments.

Q Do you know whether buildings are erected in the Valley without permits?

A They always have been until just recently, the last two or three years.

Q Things such as houses erected by Japanese?

A Oh, yes, you could erect anything without a permit up to two years ago, is that what you mean?

A Yes, I was just wondering what the assessments mean so far as improved land. Is there any real relation ship at all between individual properties If you can put up a building -- suppose one person puts up a very large structure and another person puts up a smaller structure, can both be put up without a permit?

A Not now. They could a few years ago. We didn't

a building by-law.

Q Could they in 1942 and previous?

A Yes, in 1942 I think you could put up any building without a permit.

Q Well, I presume that the consequence of that would be unless the assessor caught up to them, they would still be assessed equally, although one might be considered more valuable?

A That is the point I was trying to make. If it was not brought to his attention, he might not know of it andhe would not raise the assessment.

Q So that in that way you could have an inequality between farms.

A Yes.

MR. McMASTER: Q: The possibility of that situation continuing with respect to any major improvements of property for any length of time would not be very great, Mr.Menzies?

A No.

(Witness aside)

MR. HUNTER: My lord, we have no more witnesses today. As for tormorrow, we had been counting on Mr. Reeve. He is still ill and unless we start the D.V.L.A., which I am not anxious to do, unless we can go right through with all the D.V.L.A., I would rather not go on.

THE COMMISSIONER: You have nothing else left except Mr.Reeve, or can you get any other Vancouver man? Is Reeve the only one you propose to call?

MR. HUNTER: He was the only one I was going to call

at this time. The others we have not interviewed and Mr. McMaster estimated that Mr. Menzies would go over today and were relying on Mr.Reeve for the rest --

THE COMMISSIONER: Mr.Reeve is still laid up?

MR. HUNTER: Yes.

THE COMMISSIONER: I am in your hands.

MR. HUNTER: I would prefer not to start the D.V.L.A., because there is a long gap now and I would like to have it all at onae, so that if there is a general impression to be gathered from it we can get it clearly.

(PROCEEDINGS ADJOURNED TO OCTOBER 12, 1948, AT 10:00 A.M.)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

Deputy Official Stenographer