CLAIM NO. 1388 - DEEP BAY LOGGING COMPANY LIMITED, and Eikichi KAGETSU

This claim is made in respect of two tracts of timber land situate on Vancouver Island, British Columbia, as well as in respect of the buildings, logging equipment, foreshore rights, booming grounds, log dump landing, coal dock and other structures erected by the claimants on one such area, used in connection with logging operations conducted thereon by the claimants prior to March 1942.

The claimants allege;

1. That one tract, i.e. Block 195, Cowichan Lake District, had a fair market value of $247,500.00 at the date when it was sold by the Custodian for the sum of $93,000.00.

2. That the other tract, comprising 11 blocks of land described in the claim form, certain felled, bucked and cold-decked timber and a stand of immature timber, as well as the said plant and equipment of the logging operation situate in the Newcastle District, all of which is hereafter described as "the Deep Bay property" had a fair market value of $292,039.00 and was sold by the Custodian for $40,000.00.

3. That a logging railway situate on the Deep Bay property had a fair market value of $28,260.00 when the same was sold, together with the property described in No. 2 for the consideration mentioned therein.

4. That certain logging equipment enumerated in items 3, 4, 5 and 8 of the claim, having an aggregate fair market value of $62,368.55 was sold by the Custodian for $34,604.53.

5. That the claimant Kagetsu's dwelling situate at 5286 McKenzie St., Vancouver, had a fair market value of $5500.00 at the time when the same was sold by the Custodian for the sum of $4300.00.

6. That a Plymouth 1942 model Sedan motor car had a market value of $1396.00 when it was sold by the Custodian for the sum of $1025.00.

The claimants claim, in respect of the difference between the alleged fair market value of the property mentioned in paragraphs numbered 1 to 6 hereof and the sum realized on the sale thereof by the Custodian, the sum of $464,134.02. vs 172,929.53 sale price

All of the property, the subject of this claim, was administered under the direction of the Custodian by P. S. Ross & Sons and their Vancouver agents, Frederick Field & Co. from the date of the evacuation in 1942 of the claimant Kagetsu, who was the major shareholder and Managing Director of the Deep Bay Logging Company Limited until the said property was sold in 1943 on instructions of the Custodian.

During the period of the Custodian's administration of the said property, efforts were made to sell the tracts of timber and the logging operation, by Carl Stewart, a Vancouver Solicitor who then held a general Power of Attorney from the claimant Kagetsu, which is described by Kagetsu in his J.P. Form (Exhibit 9) as giving full power to the Attorney to deal with his property, both real and personal. Stewart reported to P. S. Ross & Sons, by letter dated November 23rd 1942, that he had been negotiating for sale of the Deep Bay property with five different firms, that the best offer he had received was $2.75 per M for the timber (then estimated by him on instructions from Kagetsu to contain 17 to 18 million feet) including the use of the equipment. This offer was rejected by Kagetsu. On March 3rd 1943 Stewart reported to the Custodian (Exhibit 35) that he had received two offers for purchase of Block 195, i.e. $85,500. cash, and $100,000. on stumpage payments spread over 2½ years, that the

Specifically rejected offer for property at Sayward Junction

Mixup re personal & Co. holdings

claimants had rejected both offers and fixed as the rock-bottom price $125,000.00 cash. It appears that Stewart was unable to effect a sale of any of the said property up to the date when the Custodian received instructions to offer the same for sale by public tender. Stewart further reported to the Custodian (vide Exhibit 32) that a tract of timber lying to the North West of the Deep Bay propert, which the claimants had expected to acquire from the E. & N. Railway Company with a view to logging the same in conjunction with the Deep Bay operation, had been optioned by the E. & N. Railway Company to another logging operator. This factor in his opinion had made the Deep Bay property less attractive to prospective purchasers.

There is evidence, which I accept, that Frederick Field during this period in the interest of the claimants endeavoured unsuccessfully to persuade the E. & N. Railway Company to make the adjoining tract available to the claimants, so that the same might be sold with the Deep Bay timber.

These properties were advertised for sale by public tender by the Custodian, during the summer of 1943, in two separate parcels, i.e. Block 195 and the Deep Bay property. I think it is unnecessary to canvass in detail the steps taken to bring the properties to the notice of persons interested. Suffice it to say that in my opinion the advertising is shown to have been adequate, and in fact attracted general interest among persons engaged in the logging industry.

The Custodian or his representatives, before considering the tenders received in response to these advertisements, caused both timber tracts to be cruised for volume and valued by Eustace Smith, Esquire, a timber cruiser and valuator of long experience in the timber industry of British Columbia, who was then and now is held in high regard both for his

competence and integrity, and the equipment and buildings to be appraised and valued by Eustance Smith and by George W. Skelding, a machinery appraiser representing the Universal Appraisal Company, Vancouver.

NB One tender was received for the purchase of Block 195 - that of H. R. MacMillan Export Co. Ltd., for the sum of $93,000. This offer was accepted by the Custodian, after consultation with and upon the advice of Eustace Smith, who expressed the opinion that the offer was fair and in excess of the value placed upon the timber by himself, i.e. $80,050.00. The effective date of this sale, I find, was June 15th 1943, when the Custodian notified the MacMillan Company of his acceptance of the offer.

Smith father-in-law to president of H.R.M.

NB One offer only was received for the Deep Bay property - that of H. R. MacMillan Export Co. Ltd., who offered $40,000.00 for the standing and fallen timber, log dump, booming ground, fore-shore lease and right-of-way from timber to dump with rails removed. This offer, which also exceeded the appraisal, was ultimately accepted on the advice of Eustace Smith. Prior to acceptance, however, the MacMillan company, at the request of the Custodian, made an offer for all of the Deep Bay property as advertised for sale, which included timber, equipment and other property enumerated in Exhibit 45, being the report on liquidation dated 15th March 1945. This offer of $75,000.00 was rejected by the claimant, Kagetsu, who at the same time expressed the opinion that $40,000.00 was a reasonable price for the timber. The Custodian consequently accepted the MacMillan offer of $40,000.00 and caused the other property advertised for sale to be sold by private sale under the circumstances later mentioned. The sale of this timber was not finally consummated until March 13th 1944, due to title difficulties, although tenders were closed on August 31st, 1943. Since the offer was not accepted by the Custodian until the latter date, I find the effective date of sale to have been March 13th 1944.

? WRONG

NB

Early in the course of the Inquiry, after extended argument from all Counsel concerned, I announced my conclusions as to the principles upon which I considered that fair market value should be determined under the terms of reference directed to me, vide General Report. Now I have had the benefit of further argument from Counsel for these claimants, who I apprehend accept the conclusions then expressed, though Counsel submits that the principles subsequently adopted by the Supreme Court of Canada in Diggon-Hibben vs. Regem (1949) S.C.R. 712 should be followed. This decision, as I interpret the opinions of the several members of the Court, is designed to clarify and explain the decisions upon which my earlier conclusions were founded, and does not alter or vary the principles which I have held applicable to all claims under consideration on this Inquiry. I do not consider that the allowance of 10% for compulsory taking, applied by the majority of the Court in that case, can be applied to sales made by the Custodian.

why?

The questions raised on the investigation of this claim, as it relates to timber, which occupied 16 full day Sessions of the Inquiry, involved two principal issues, namely: quantity and price. The volume of merchantable and accessible timber in any given area I think depends in large measure on market conditions in the logging industry at the time when the timber is cut and transported for manufacture. Chief Justice Sloan in his Report on the Forest Resources of British Columbia, made in December 1945, has defined the terms "merchantable" and "accessible" at pages 26 and 29 of the Report as follows:

"The next gradation finds the forest an advanced "(so-called) second-growth forest composed of trees sufficient "in size to contain measurable amounts of usable material. "If normal growth continues, the forest reaches the rotation "age or continues on to the maturity of an old-growth forest. "Forests in the third and fourth stages of gradation (<u>those before mentioned</u>)(my italics) contain trees of a size and quality "which, under normal conditions can be profitabley marketed. "These are the <u>merchantable</u> trees.

"'Accessibility' is a term definitive of area. "An accessible area is one from which the forest crop may be "harvested at a profit. An inaccessible area is one in which

"the cost of extraction does not leave a margin of profit. "The term is a variable one and its components are computed "in terms of (inter alia) location, i.e. distance from "markets, terrain, logging methods, degree of utilization, "site, quality, and the market price for logs and for the "end product. Thus an area may be inaccessible today "and accessible tomorrow, depending upon the relation of "the cost of production to the realizable price of its crop. "The same factors also operate to render inaccessible areas "now classed as accessible. Areas of accessibility expand "or contract in direct relation to logging economics. "Location and difficulties of terrain are merely elements "to be considered as affecting production costs."

Here the testimony of many witnesses called on behalf of the claimants on the one hand and the Government on the other discloses a wide divergence of opinion on both of the principal issues. I am satisfied that the very marked difference of opinion between these groups of witnesses has arisen from the factors of <u>merchantability</u> and <u>accessibility</u> as defined by Chief Justice Sloan.

The bases for the Custodian's acceptance of the tenders made for both tracts of timber are the valuations per thousand feet board measure (MBM) and the volume estimates made by qualified persons in and immediately prior to 1943 founded upon economic conditions then existing in the logging industry, whereas in my opinion the bases for the claimants' claim in respect of these tracts rest upon like valuations and estimates which have been unwarrantably influenced by economic conditions in the logging industry existing at the date when the claim was presented in 1948. The claimants caused volume cruises to be made of both areas, one of which, i.e. on Block 195, was completed in November 1948, the other in December 1948. Both are expressed to relate to conditions pertaining to 1943, though in my judgment the appraiser has not successfully avoided the influences of the changed conditions which are shewn to have occurred subsequent to 1945.

Lehrle 1943 cho mean 48 also unshel conclusion?

I am satisfied on the evidence, as well as from my knowledge of conditions in the timber industry of British Columbia in the interval between 1943 and 1947, of which I consider I may

take judicial notice, that a marked rise in the market value of standing timber and timber products occurred between those years, and further that a radical change in the degree of utilization of timber occurred in the same period, which resulted in classification as merchantable and accessible much standing timber of a quality and dimension that would not have been so classified in 1943. These factors in my opinion serve substantially to explain the divergence of opinion noted on both principal issues.

see Brief

It is I think desirable to review, in what must necessarily be a very summary way, the evidence and argument on these issues taken in the course of this investigation, which extend to some 1200 pages of evidence and nearly 200 pages of argument.

The claimants now allege that Block 195 at the date of sale had a fair market value of $247,500.00 based upon a volume estimate of 55 million feet valued by them at $4.50 per thousand, although in the original claim they valued the same timber at $187,500.00, said by the claimant Kagetsu to have been based upon a volume of 50 million at $3.75 per M. This block of timber was bought by the claimants in 1937 for $75,000.00. (Interest charges about $30,000, TAXES high rate; Old cut more like 150000 !)

Had to estimate no accurate records

The volume estimate made by Mr. Schultz is based upon an examination of 4% of the entire area, in which is included all merchantable timber TALLIED BUT REJECTED 12" diameter, breast high (DBH) and over. At the time the cruise was made the area had been logged to the extent of about 80% of the whole. The estimate on the logged portion was based on measurement for diameter and height of stumps remaining. The volume of standing timber tallied was compiled from volume tables. This estimate shows a net volume of approximately 22 million ft. of fir, 26 million ft. of hemlock and balsam, and approximately 8 million ft. of cedar and pine, a total of 55,474 M. ft. The tender of the MacMillan Company for purchase of this

tract of timber from the Custodian was based upon a cruise estimate made by Eustance Smith in 1923, which he had checked in 1940 and then had increased by 1 million ft. to 31 million ft., in which the timber under 12" DBH was not included. Smith again rechecked the former cruises on instructions from the Custodian in 1943, and at the same time considered a cruise made by P. F. Sheehan in about 1925 which showed approximately 50 million ft. A letter from Sheehan, identified by Smith, disclosed that the Sheehan cruise was made on the assumption that the timber removed would be manufactured by a mill on the ground. He therefore included as merchantable timber a grade and quality which he would not have considered merchantable if it was necessary to transport the timber any distance for manufacture. Smith then adopted his 1940 check cruise estimate and declared that his cruise was conservative. I do not attempt to reconcile the differences between these cruise estimates, since other evidence, now discussed, in my opinion provides more reliable evidence of the volume of timber considered to be merchantable and accessible under economic conditions prevailing subsequent to 1945.

In the period 1945 to 1948 the MacMillan company caused Block 195 and an adjoining tract (Block 403) to be logged together. Soon after its purchase of Block 195, that Company negotiated by private treaty for and bought Block 403, the purchase being based as was that of Block 195 on a cruise made by Eustace Smith, employed for the purpose by vendor and purchaser. He estimated the timber on Block 403 at 22 million ft. Keith Shaw, a senior executive of the MacMillan company testified that the two areas contained timber of similar type and quality, and that the timber stands were approximately of equal density, which statements are substantially confirmed by William Byers, a witness called by the claimant (vide p. 264). He stated, and it appears from the scale records found in

Exhibit 23 that 58,752 M. ft. of merchantable timber had been removed by contractors for his company at September 1948; that he estimated as a result of frequent examinations of the standing timber that 12 million ft. of standing timber then remained on the two areas, i.e. a total of 70 million ft. or an over-run on the aggregate of the Smith cruises of approximately 17 million ft. In view of this evidence, I consider it reasonable to assume that there will have been an approximately equal over-run on each tract. Founded upon this assumption, I conclude that Block 195 is shewn to have contained 41 million ft. or 10 million ft. more than the volume content estimated by Eustace Smith, on which the Custodian's sale was based.

I am satisfied that on all of the evidence the degree of utilization in most B.C. logging operations was substantially greater in the period 1945 to 1948 when this timber was logged than would have applied in 1943 when this tract was cruised by Smith. The evidence of the various witnesses on the subject of comparative utilization does not permit an accurate estimate of the difference in volume. In these circumstances, however, I consider that it is reasonable to estimate that 10% greater volume of then merchantable timber will have been removed in 1947 than a competent cruiser would have stimated to be merchantable in 1943, which brings me to the conclusion that the volume of merchantable and accessible timber on Block 195 as at the date of sale was 37 million ft. or 6 million ft. in excess of the cruise on which the sale by the Custodian was based.

On the subject of market value of this timber, Keith Shaw said that his company bought Block 403 by private treaty soon after its purchase of Block 195, and at a slightly lower price than was paid to the Custodian; further that his company had also bought a comparable tract of timber in the same area at about the same time at a price equivalent to the $3.00 per M paid for Block 195. I accept his evidence as establishing the fact that the fair market value of standing timber on Block 195

at the date of sale by the Custodian was $3.00 per M. However, in view of my conclusion that Block 195 contained 37 million feet of merchantable and accessible timber, I find, that the fair market value at the date of sale by the Custodian was not less than $111,000.00, or $18,000.00 more than was realized on the sale.

Deep Bay Property

Turning now to consideration of the Deep Bay property: This tract of timber is shewn on the evidence to have been a remnant? of an area which had been logged for 20 years by the claimants. The claimants had bought from the E. & N. Railway Company blocks of this area from time to time between 1923 and 1941 at prices varying from $1.10 per M. to $2.00 per M., the last purchase made in 1941 (that of Block 617) being at $1.10 per M. All such purchases were based on cruise estimates made by the Railway company discussed later. The claimants now allege that at the date of sale by the Custodian the area contained in excess of 56 million feet, based on a 5% to 10% cruise made by Mr. Schultz in 1948, having a fair market value of $4.00 per M. The claimant, Kagetsu, acknowledged that the most accessible timber had been removed prior to 1942. Eustace Smith confirmed this statement. He said that the heart had been cut out of the stand, and described the logging of it as a salvage operation.

NB - final payment not made

wrong

In 1942 Kagetsu's Attorney, Stewart, endeavored to sell this timber to various purchasers, and then reported to the Custodian that Kagetsu estimated the tract to contain 17 million to 18 million ft. of merchantable and accessible standing timber and 2½ million ft. of felled and bucked timber. Confirmation of Kagetsu's estimate is found in a minute of a meeting held in April 1942 attended by Kagetsu, vide Ex. 30.

private holdings only, excludes Deep Bay Company holdings

Eustace Smith's cruise estimate of this area, founded upon the same E. & N. cruises upon which the claimant bought this timber, and upon a check cruise made by himself in 1942, shows approximately 14 million feet of standing timber in

addition to an undetermined quantity of felled timber then lying on the ground.

There is evidence that the entire area of 11 blocks when acquired by the claimants from the E. & N. Railway Company was estimated to contain approximately 88 million feet. All testimony introduced on the subject shows that E. & N. cruises were extremely conservative, confirmation whereof is found in a record of the Deep Bay Company's cut from the area to March 1942 showing that more than 112 million feet had been removed by the claimants, that is to say, - the cut exceeded the cruise estimates by 27%.

It was shewn that the contractors for the MacMillan Company subsequent to purchase from the Custodian had cut and removed from the area up to September 1948 approximately 16 million feet; further, that additional timber remained of which no estimate was furnished on the Inquiry.

wRONG See Schultz Report

The foregoing testimony does not permit of any satisfactory conclusion as to the quantity of standing timber on this area at the date of sale. The estimate by Schultz shows half as much timber on three blocks, two of which were partly logged, as the entire area of eleven blocks was estimated to contain when bought by the Claimants. Conservative as the E.&N. cruises are shewn to have been, it is not conceivable that the total area contained 100% more timber than was estimated by E.& N. Railway Company cruises, which must have been the case if the Schultz estimate is accepted. On the other hand, Smith's cruise, which is founded substantially on E.& N. cruises, is shewn to err in the other direction, but to a substantially less degree. In view of the claimants' estimate of 17 to 18 million feet, and the fact that the cut made by the MacMillan contractors exceeded 16 million feet, leaving an undetermined quantity of standing timber, the best estimate which I find it possible to make is that the volume of merchantable and accessible timber standing on the area, determined under conditions existing in 1943, exclusive of felled and bucked timber, did not exceed

? Not logical there are good and bad blocks among the eleven

BK 617 and Tonkel

basis?

17 million feet or an excess of 3 million feet over the Smith cruise on which the selling price was based.

Stumpage value of Deep Bay timber.

Keith Shaw has said that the tender of the MacMillan company was based on the Smith cruise and upon his own estimate of value at $2.50 per M., the latter figure being applied because of the fact that the available standing timber was widely scattered and that a truck road was required to be constructed of approximately 8 miles to remove the timber. I find nothing in the evidence to support a conclusion that the standing timber was then of greater value than $2.50 per M.

?

It is true that the going price of timber of comparable quality at the date of sale is shewn to have been about $3.00 per M. However, the scattered nature of the stand in my opinion operated to reduce the market value of this timber below that figure.

much more

wrong sec Ex 25 p 36 Transcript p 1191, 1193 p 1090.

It is I think significant that none of the five logging operators with whom Stewart had conducted negotiations were sufficiently interested to tender for purchase of this timber when the same was offered for sale by the Custodian. The best offer received by Stewart was $2.75 per M., and that offer included the use of all the claimants' equipment.

Alaska Pine Deposition

Holding back for bargains in page beginning

Since I find that the quantity estimate on which this sale was based shewed 3 million feet less than the tract contained, I therefore estimate the fair market value of the standing timber at the date of sale to have exceeded the price realized therefor by the Custodian by the sum of $7,500.00.

I therefore find the fair market value of the timber and the various structures sold with it was $47,000.00.

Felled, bucked and cold-decked timber.

It was shewn that approximately 2,500 M. feet of felled, bucked and cold-decked timber cut by the claimants prior to March 1942 was lying on the area and was included in the sale made by the Custodian. The claimants allege that this felled timber had a value of $29,000.00 calculated on a basis of approximately $11.00 per M. It may be inferred that this fallen timber had suffered some deterioration due to the fact that it lay on the ground for not less than 18 months prior to the date of sale. No satisfactory evidence was introduced before me on the investigation of this claim as to the value of such timber. However, a similar claim for felled and bucked timber was made by another claimant (Claim No. 1381). On that investigation it was shewn that approximately 2½ million feet of felled and bucked timber which had lain on the ground for an equivalent time had been sold in September 1943 by the purchaser from the Custodian at the sum of $6.50 per M. In that claim I estimated the value of the felled and bucked timber at $13,750.00 based upon an estimated market value of $5.50 per M.

700 M cold decked
1,868 bucked

The stumpage value of the timber under consideration in Claim No. 1381 was found to be $3.00 per M. compared with $2.50 value of this timber.

Cold-deck so add 3.50

Applying the information furnished in Claim No. 1381 and taking into account the difference in stumpage value, - i.e. 50 centers per M., I estimate the fair market value of the claimants' felled and bucked timber at $5.00 per M. i.e. an aggregate sum of $12,500.00.

However, since this felled and bucked timber was appraised by Eustace Smith at $4500.00 (vide Exhibit 45, schedule 3) upon which the Custodian in part based his acceptance of the MacMillan tender - consequently an allowance of $4500.00 for felled and bucked timber having

Smith's appraisal 4500.00

been included in the sale price - that sum must be deducted from the estimate of fair market value of felled and bucked timber now made. I THEREFORE RECOMMEND payment to the claimants on this head of the claim the sum of $8000.00.

Logged off lands.

The claimants present a further claim of $43,225.00 for stands of so-called immature timber on logged-off areas, being part of the claimants' lands. This claim is supported by the Schultz report (Exhibit 61 page 20) from which it appears that approximately 5500 acres of logged-off land contained immature timber said to be of from 5 to 65 years of age. No value for such timber was taken into account on the sale made by the Custodian.

There is not before me any satisfactory evidence that such areas were considered as having particular value at or prior to the period of 1944 when this timber was sold, though it does appear that since 1945 logging operators have considered as of real value for reforestation purposes areas which have been logged off in earlier years. The claimants held these lands in fee, and had continued to pay taxes thereon up to the date of sale by the Custodian. In these circumstances, notwithstanding that the change in practice of logging operators did not occur until two years after the sale, I consider that the claimants have been shewn to have placed a value of such areas, though the extent thereof is not readily determined. In the circumstances I estimate the value of the logged off lands to have been $8,250.00 at the date of sale, i.e. $1.50 per acre.

basis? arbitrary?

too low even tax assess 2.00

A further claim is made for 40 buildings, formerly used by the claimants for housing of its logging crews. Various witnesses have testified that the buildings were not suitable for occupation by Occidental crews, and therefore were esteemed valueless from the point of view (vide Diggen-Hibben v. Regem supra)) of an Occidental purchaser. However, since value to the owner at the date of sale is the criterion to be adopted in circumstances such as are found here, I consider

?

there is evidence to show that the buildings were of value to the owners, which I estimate at $1000.00.

Logging Railway.

The claimants had constructed and in operation at the date of evacuation a logging railway which comprised 8½ miles of main line, upon which steel was laid. It was shewn that the railway was in poor condition. Kagetsu stated that if he had continued in operation he would have converted to truck hauling.

A claim is made in respect of the railway for value of the railway in use, for $28,260.00. This claim I take it is based on the assumption that the claimants would acquire the tract contained 25 million ft. before mentioned, lying behind the Deep Bay tract, and would have used the railway for the hauling of logs to salt water. It is shewn that this latter tract had been alienated to Alaska Pine Company by the E. & N. Railway Company, and consequently was not available to the claimants. The purchasers from the Custodian scrapped the railway and converted to truck hauling, using approximately 4 miles of the railway bed in the construction of the truck road; from which information I infer that these 4 miles of railway bed had some value to the purchaser and will not have had less value to the owner. In the absence of any evidence as to the value calculated on this basis, I estimate the same to have been $1000.00.

Logging Equipment.

The claim for this equipment is set out in items 3, 4, 5 and 8 of the claim form. The claimants allege that this property had a fair market value of $62,368.55 when sold by the Liquidator on instructions of the Custodian for $34,604.53. They therefore claim in respect thereof the difference, being $27,764.02. During the investigation of the claim, Counsel for the claimants and the Government asked me to consider a proposal for settlement of this part of the claim which had been the subject of discussion between Counsel. Evidence had not been then introduced

on this subject other than certain appraisals of such property which had been obtained by the Custodian.

I required Counsel to file memoranda outlining the basis on which the proposal for settlement had been calculated. These memoranda, signed by Counsel, together with a letter of the claimant, Kagetsu, confirming the proposed settlement, are filed as Exhibit 64 on this Inquiry.

I am satisfied after thorough examination of the material filed that the proposal is fair and reasonable, as between the parties, and that the figure of $8,000.00 proposed for payment to the claimant, added to the sum realized on the sale, is equivalent to its fair market value at the time of sale, that is to say the fair market value then was $42604.53.

No just a Compromise

5286 McKenzie St.Vancouver and 1942 model Pontiac Sedan motor car.

Claim made in items 6 and 7 of the claim form arising out of the sale by the Custodian of the marginally noted dwelling and car will be disposed of by agreement between Counsel, on the basis of the over-all recommendation made by me in respect to the property of the same nature.

I THEREFORE RECOMMEND payment to the claimants of the sum of $51,750.00,being the aggregate of the excess of the estimates here made of fair market value over the sale price, summarised as follows:

Block 195	$18,000.00
Deep Bay	7,500.00
Deep Bay felled and bucked	8,000.00
5500 acres immature timber	8,250.00
40 buildings - Deep Bay	1,000.00
Railway	1,000.00
Logging equipment	8,000.00

to which will be added the aggregate of the over-all recommendations in respect of the dwelling and motor car.

(signed)

H. I. BIRD
Commissioner.

March 24th 1950

T. G. Norris, K.C.

BARRISTER AT LAW, SOLICITOR
NOTARY PUBLIC

TELEPHONE PACIFIC 5254
CABLE ADDRESS: "NORRIS"
VANCOUVER, CANADA

BANK OF NOVA SCOTIA BUILDING
602 HASTINGS STREET WEST
Vancouver, B.C.

OR 7571

AIRMAIL

June 14, 1950.

E. Kagetsu, Esq.,
8 Mountview Avenue,
Toronto 9, Ontario.

Dear Mr. Kagetsu:

Re: Property Claim.

I enclose herewith a copy of Mr. Justice Bird's finding in connection with your claims. With respect, I think that the amount allowed by him is far below the amount to which you are entitled. I have not had time yet to consider the decision in detail but will do so within the next few days and will write you again so that you may decide on what course of action you may wish to adopt.

I think that in one very important respect he has fallen into error. In the middle of page 11 this sentence appears:

> "Further, that additional timber remained of which no estimate was furnished on the Inquiry."

As you know, Schultz' report shows 30,000 M cruised. The additional 10,000 M estimated from air photo interpretation, etc. was of 18" DBM and over, that is, excluding the 12" to 18" DBM entirely. It would appear that the Schultz report has been overlooked completely in this regard.

There are other matters which I shall draw to your attention and on which I will, as I say, write you later.

Yours faithfully,

TGNorris

TGN:mt
ENCL.

June 16, 1950.

Mr. T. G. Norris, K.C.,
Bank of Nova Scotia Building,
602 Hastings Street West,
Vancouver, B. C.

Dear Mr. Norris:

Re: Property Claim - Bird Report.

Thank you very much for the copy of Bird's report on our claim. I anxiously await your further comments and suggestions regarding the above.

I fully concur with you that Bird's recommendation is in the aggregate much too low. I think that in the items that really count, namely, Block 195 and timber of Deep Bay Logging, that he takes a biased viewpoint giving us an unfavourable judgement at almost every turn.

For now, I would like to draw attention to the following:-

Near the bottom of page 4 he states " -- Kagetsu, who at the same time expressed the opinion that $40,000 was a reasonable price for the timber." This I deny expressing at that late date.

At the foot of the same page Bird's statement "I find the effective date of sale to have been March 13th, 1944." This I think is significant and can be used to our advantage. He over-emphasizes the difference in market conditions then as compared with 1948. When the sales were consummated the market , and hence utilization, was well on its way up. If he were consistent, he by the same token (much poorer pre-evacuation log market) should substantially discount evidence regarding our earlier sales negotiations, not to mention my unfortunate commitment regarding my estimate of Deep Bay timber (17 - 18 million feet). Bird also forgets that high quality stands, as mine were, are not affected by utilization factors as most stands are.

I cannot but feel indignant towards Bird's attitude of Schultz's reports. On the one hand, he rejects reports which are backed by sound technical data, and on the other, he accepts without question testimony or evidence of such witnesses as Smith and Shaw who cannot back up their statements with anything concrete.

KAGETSU & CO., LTD.
TIMBER EXPORTERS

VANCOUVER CANADA 19

FOR RETURN OF

VESSEL CERTIFICATE NO. MARKS

BOOM NO. AT LOADED TO

Referring to the foot of page 11, we produced evidence including a cruise of Block 617 which had not been cut at all! You no doubt have Schultz's figures in this connection.

The third paragraph of page 12 can be explained merely by the element of time. The timber morth of T'sable River was no longer available.

His stand on the felled, bucked and cold-decked timber is reasonable. However he should be reminded that cold-decked timber is worth many more dollars than wood just felled and bucked. This in itself makes a difference of many thousand dollars which should be credited in our favour.

His views on logged off lands, too, are reasonable. I think, however, that again he fell short in his values. Even tax assessments are $2 per acre - not a mere $1.50.

Re logging railway, I deny remarking of conversion to trucks. I remarked of possible use of trucks as "feeders" (to supply my railway system). $1,000. payment for 4 miles of subgrade is extremely cheap. He recognizes the need for compensation, but even $1,500. per mile would be cheap, not forgetting the costly equipment charges during war years.

These are some points which now come to my mind. I am very anxious to know of what recourse one might now have to pursue this matter further and certainly will write soon after receiving your next letter.

Best personal regards,

Yours very truly,

E. Kagetsu.

T. G. Norris, K. C.

BARRISTER AT LAW, SOLICITOR
NOTARY PUBLIC

TELEPHONE PACIFIC 5254

CABLE ADDRESS: "NORRIS"
VANCOUVER, CANADA

BANK OF NOVA SCOTIA BUILDING
602 HASTINGS STREET WEST
Vancouver, B.C.

June 23, 1950.

E. Kagetsu, Esq.,
8 Mountview Avenue,
Toronto 9, Canada.

Dear Mr. Kagetsu:

I received your letter of June 7th with reference to the Suspense Account. I enclose herewith an extract from Mr. Wray's evidence with reference to the redemption of the debt and as to the collateral.

With regard to the Hompa Buddhist Temple, I have been pressing Messrs. Locke and Company in connection with the matter and Mr. C. C. Locke has promised to get in touch with me without any further delay. I will write you further on this matter in due course.

I enclose herewith a copy of a memorandum which I have sent to Mr. Justice Bird and a copy of a letter which I have sent to the Secretary today. In the memorandum of course I could only deal with matters which I considered were errors, not matters for argument. I expect at the beginning of next week to have some knowledge as to what can be done at Ottawa with regard to the whole report, which I consider is not at all fair to you, and I will write you after I have received the information which I am seeking.

Yours faithfully,

T. G. Norris.

TGN:mt
ENCLS.

June 23, 1950.

The Secretary,
Japanese Property Claims Commission,
Court House,
Vancouver, B.C.

Dear Sir:

Re: Claim No. 1388.

I enclose herewith a memorandum covering certain points which it appears to me the Commissioner has overlooked in connection with this matter. Will you please submit it to his Lordship as soon as possible. I have sent a copy to Mr. Braidwood.

This memorandum does not of course purport to cover all matters for argument with regard to the sufficiency of the award on the evidence submitted.

Yours faithfully,

T.G. Norris.

TGN:mt

cc D. T. Braidwood, Esq.,
with enclosure.

MEMORANDUM FOR THE HONOURABLE MR. JUSTICE H. I. BIRD, COMMISSIONER, JAPANESE PROPERTY CLAIMS COMMISSION.

Re: Claim No. 1388 - Deep Bay Logging Company Limited and Eikichi Kagetsu

It is respectfully submitted that the report of the Commissioner on this claim dated March 24th, 1950, indicates a probable oversight of certain important matters of fact which vitally affect the result. The matters referred to are as follows:

1. At page 11 of the Report in the second paragraph from lines 12 to 16 the following statement is made:

> "It was shewn that the contractors for the MacMillan Company subsequent to purchase from the Custodian had cut and removed from the area up to September, 1948, approximately 16 million feet; further that additional timber remained of which no estimate was furnished on the Inquiry."

It is respectfully submitted that there was in fact an estimate furnished at the Inquiry as to the additional timber remaining after the cut by the MacMillan Company up to September 1948. This information is contained in the Schultz Report (Exhibit 61) at page 5, item 3 of his Summary where he sets out the results of the detailed cruise and estimate, the total volume amounting to 39,799 MBM as at November, 1948.

2. At the top of page 11, the Commissioner states:

> "There is evidence that the entire area of 11 blocks when acquired by the claimants from the E. & N. Railway Company was estimated to contain approximately 88 million feet. All testimony introduced on the subject shows that E. & N. cruises were extremely conservative, confirmation whereof is found in a record of the Deep Bay Company's cut from the area to March 1942 showing that more than 112 million feet had been removed by the claimants, that is to say, - the cut exceeded the cruise estimates by 27%."

The E. & N. <u>estimates</u> of 8 blocks (<u>not of 11 blocks</u>) was 88,500 M feet, these blocks being 198, 256, 267, 274, 276, 504, 566 and 617 (See Exhibit 63 -- 1st and 2nd columns).

The statement further down on page 11 made in connection with the report by Schultz, reading as follows:

> "The estimate by Schultz shows half as much timber on three blocks, two of which were partly logged, as the entire area of eleven blocks was estimated to contain when bought by the claimants. Conservative as the E. & N. cruises are shewn to have been, it is not conceivable that the total area contained 100% more timber than was estimated by E. & N. Railway Company Cruises, which must be the case if the Schultz estimate is accepted."

it is respectfully submitted is therefore not correct because of the error as to the 11 blocks.

Further, the cut which is stated to have exceeded the cruise estimates by 27% was the incomplete cut -- the cut which Kagetsu had made. The completed cut will show a much greater over-run above the E. & N. cruise. It was already about 50% in 1948.

3. It is respectfully submitted that apart entirely from the error as to quantity, the proposition that it is not conceivable that the total area contained more timber than was estimated by the E. & N. Railway cruises must be based on an assumption that each block contained the same amount of timber. It is submitted with respect that this conclusion is based on a false premise as reference to Exhibit 63 will clearly show. This exhibit lists quantities varying from 3,000 M feet to 30,000 M feet for each individual block.

The three blocks referred to by the Commissioner are apparently 504, 566 and 617, but the quantity of timber shown by Schultz on these blocks is very much less than the quantity shown on 267 and 276 for example.

In any event, there were only 8 blocks instead of 11 and the divergence if it could be worked out between the E. & N. cruise and the Schultz report would be very much less than 100% and would in fact not be an unreasonable quantity at all.

4. If the error as to the number of blocks and the error arising from the premise that all blocks contained the same quantity of timber be eliminated, then, it is submitted, it is clear that the quantity of timber is very much greater than that suggested by the Commissioner.

5. The suggested increase which would result from the foregoing is made up as follows:

Schultz' estimate of the total volume, 18" DBH and over on the limits in 1942 before MacMillan began cutting, approximately (See Exhibit 61)	56,500 M ft.
LESS felled and bucked allowed under separate head and included in Schultz' figure of 46,500 M	2,500 M ft.
Leaving	54,000 M ft.
LESS 10% as suggested by Commissioner to equate figures between 1943 and 1948 by reason of difference in accessibility and merchantability (See page 9 of the Report)	5,400 M ft.
	48,600 M ft.
LESS estimated quantity on the basis of which Custodian sold (Smith's estimate)	14,000 M ft.
	34,600 M ft.
@ $2.50 per M (Commissioner's figure as to the fair market value of this timber) =	$86,500.00

It might be pointed out with respect that the Commissioner lays very considerable stress -- as against the Schultz evidence -- on the difference in utilization between the years 1942 and 1948 when Schultz' cruise was made. However, while the Schultz cruise shows a quantity of timber 12-18", his figure of 56,500 M feet accepted in the foregoing calculation covers only 18" DBH and over.

It is respectfully submitted that the figure of $86,500.00 should be substituted for the Deep Bay figure of $7,500.00. This would change the amount of the recommended award from $51,750.00 to $130,750.00.

The fact that there is an error is confirmed if it is realized that the Commissioner is saying, in effect, that there remained standing in 1948 after MacMillan's scale of 16,720 M feet, 2,780 M feet, arrived at as follows:

Standing in 1943 (Commissioner's estimate)		17,000 M ft.
LESS the MacMillan cut, i.e.		
Scale	16,720 M ft.	
LESS Kagetsu's felled and bucked - already felled and bucked in 1943	2,500 M ft.	14,220 M ft.
		2,780 M ft.

As against this there is Schultz' painstaking detailed 5-10% cruise (see page 1 of his Report - Exhibit 61 - for the method and the following pages especially, e.g. page 26 showing the minute detail with which it was conducted) showing a NET after large breakage and cull deduction of 29,999 M feet so cruised of 18" DBH and over (eliminating entirely the dispute about relative utilization in 1943 and 1948) plus the further estimate of 10,000 M odd on the other blocks -- a conservative estimate in Schultz' opinion.

The Commissioner has found that Schultz , in spite of the nature of the cruise he made, was in error to the extent of approximately 37,200 M feet, the difference between 39,999 M feet and 2,780 M feet.

With the greatest deference, it is submitted that the report by Schultz represents a more comprehensive and detailed estimate of the quantities of timber on the property than does that of Eustace Smith, who, by his own admission (Exhibit 45), does not purport to have made more than a rough survey:

> "I made a general examination of the timber that was still remaining when this operation was closed down

early in 1942 and while this was not a systematic cruise the check I made should give a fair idea of the amounts accessible." (italics mine)

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Counsel for the Claimants,
Deep Bay Logging Company Limited
and Eikichi Kagetsu.

Vancouver, B.C.
June 23, 1950.

Transcript at p. 733-734. Cross-examination by Mr. Norris of Mr. Wray

November 24, 1948, 2.15 p.m.

Q. Now, this morning you referred to this Kagetsu debt of $23000.00 due to the Yokohama Specie Bank. You remember that?

A. Yes.

Q. I understand that there was collateral held for that debt.

10. A. As to that, I couldn't say.

Q. Don't you know?

A. No. We would report the existence of the debt to the Custodian's Office.

Q. Do you know now there was collateral?

A. Only from what I've heard. I can't say.

Q. All your knowledge is pretty well from what you've heard isn't it?

A. I beg your pardon.

Q. This knowledge you got as to Kagetsu is what you have heard?

Mr. MacPherson: My lord, before the witness answers this question, might I point out to your lordship and to my learned friend Mr. Norris, that he knows as well as I do that at this very moment Mr. Brewin is making representations to the Department in Ottawa as to whether there was collateral.

Mr. Norris: I don't know that at all.

Mr. MacPherson: I think Mr. Norris and Mr. Baldwin should know that, because I don't think Mr. Wray can give a legal opinion as to whether this is collateral.

Mr. Norris: Q. I want to know if it is a question of fact that there was collateral.

A. I would say at that time, no.

The Commissioner: Give us all the information you have, Mr. Wray. If you have not any, I would like you to say so. A: I think it is a fact that I haven't any information as to collateral held.

10. Mr. Norris Q: You have no information now as to whether or not collateral was held - information?

A. No, I have no information.

A. None at all? A: No.

Transcript at p. 740. Re-Direct Examination by Mr. McPherson of Mr. Wray

Q. What about the debt owing to the Yokohama Specie Bank? Was it paid?

A. I believe it was paid. The funds were turned over to the

Custodian's office. My understanding was it was to be paid out of them.

10. Mr. Norris: This witness doesn't know anything about the Yokohama Specie Bank, he said.

Mr. McPherson: This witness has stated there was a debt owing to them.

The Commissioner: He says it was his understanding it was to be paid out of the proceeds, but that does not establish the fact it was done. If there is anything of moment in regard to this Yokohama Specie Bank debt, we better have it from somebody else who knows about it, although, as far as I can see, it does not seem to be relevant to the matter with which I am concerned at all.

T. G. Norris, K.C.
BARRISTER AT LAW, SOLICITOR
NOTARY PUBLIC

TELEPHONE PACIFIC 5254
CABLE ADDRESS: "NORRIS"
VANCOUVER, CANADA

BANK OF NOVA SCOTIA BUILDING
602 HASTINGS STREET WEST
Vancouver, B.C.

July 20, 1950.

E. Kagetsu, Esq.,
8 Mountview Avenue,
Toronto 9, Ontario.

Dear Mr. Kagetsu:

Following my conversation with you and your son in Toronto, I am sending you by express for your consideration the following documents:

1. Indexed transcript of the proceedings and argument at the hearing before Mr. Justice Bird (4 volumes).

2. Commissioner's findings.

3. My submission to the Commissioner dated June 23, 1950.

4. Three folders containing exhibits produced at the hearing.

You will remember that you were going to analyze the evidence so that a submission might be made showing how the Commissioner had erred and giving me references to the evidence and exhibits.

I will be glad if you would preserve the documents carefully and send them back to me with your analysis.

In the meantime, will you please acknowledge receipt of the documents?

Yours faithfully,

TGN:mt

8 Mountview Avenue,
Toronto 9, Ontario.
August 10th, 1950.

Mr. T. G. Norris, K.C.,
313 Bank of Nova Scotia Building,
602 Hastings Street,
Vancouver, B. C.

Dear Mr. Norris: Re: Property Claim - Bird Report

A somewhat detailed brief is being prepared on the above from all the evidence on hand, but I wish for the present to submit the following. Thanks to Mr. Byers, we now have copies of the Official Scale of Timber up to the end of June 1950, so tabulations of both the Deep Bay Area and Cowichan (Bk. 195) Area are enclosed. (The Cowichan Area has some scales missing as noted.)

As for the Deep Bay Area, one might make the following calculations:-

Scaled to June '50	23,644 M
Minus 10% per Bird's recommendations	2,364
	21,280 M
Minus fell & bucked timber in '42	2,500
	18,780 M + STANDING TBR
Smith's estimate	14,000
	4,780 M

This will be augmented by many, many millions of feet because of the timber still remaining or being cut. Already the Commissioner's figure of 17 million feet has been well exceeded.

Turning now to Block 195, you may recall that satisfactory apportionment of the scale between the two blocks could not be made (vide P.261). So, treating the blocks together, we have:-

Smith Cruise of 195	31.0 Million Ft.
Smith Cruise of 403 (vide Ex.41)	20.8 " " (N.B. not 22 as Commissioner thinks)
Both Blocks	51.8 Million Ft.
Scale figures available	70.1 Million Ft.
Add estimate for Oct., Nov., and Dec. '48 (Actual figures missing) cut to end of June '50	4 Million Ft.
Total	74.1 Million Ft. + STANDING TIMBER

Here again, it is obvious that Bird's conclusions of 70 Million feet in the aggregate is far too low, for no doubt there must be considerable timber yet remaining.

It occurs to me, therefore, that a proposition whereby the Government makes periodic compensations to me on the basis of what actually is recovered off my former limits (minus Bird's factor of 10% for utilization) at an established stumpage rate would be fair. After my receiving the recommended minimum award, I would then wait for the balance as far as timber claims are concerned. This, I suggest, if Schultz's estimates are not accepted by Ottawa.

With regard to the timber on the ground at date of evacuation, the Commissioner has overlooked the fact that 700,000 feet had been cold-decked (vide p. 51-52). Applying 3.50/M for SKINGLING cold-decking, we should, therefore, claim $2,450 on this account.

In closing, I might mention that a few of the exhibits are missing (shown as blanks on schedule), but I don't think this is serious.

In connection with compensations, I find upon examining exhibit 45 that, I find that for Deep Bay Logging Co. alone, it has cost me over $17,000 which represent disbursements

taken out from the account by Ross & Sons for liquidation and for winding up the affairs of that company. Could one not pursue recovery of this, I wonder? Similar charges from my personal account, it would appear, comes to about $1,500. As for Kagetsu and Company, I do not have the reports of Ross & Sons (which I would like to have), but no doubt the amount is substantial in the aggregate.

I am enclosing for your information the following:

List of Exhibits
Tabulated Scales for Cowichan & Fanny Bay Areas
Statements of Liquidation Costs for E. Kagetsu
Deep Bay Logging

Yours very truly,

E. Kagetsu.

ENCLOSURES

c.c. Mr. W. Byers,
P.O. Box 56,
Ganges, B.C.

Revised

DISBURSEMENTS

from

FORCED LIQUIDATION -- CHARGED TO

DEEP BAY LOGGING COMPANY

(Excerpts from Ex. 45 of Claim #1388, vis P.S. Ross & sons Statements)

Watchman's Wages	$ 5,842.22
Watchman's Tax deductions	1,242.92
Telephone Account	457.20
Car & Truck Storage	130.09
Handling Material	1,000.80
Appraisals	700.00
Advertising	312.09
Repairs	51.21
Gas and Oil	62.89
Exchange	31.89
Control & Liquidation Fees	4,980.00
" " expenses	269.79
Retainer - C.M. Stewart	1,250.00
Locke, Lane, Guild & Sheppard	831.28
	$ 17,162.38

TIMBER SCALED FOR T'SABLE RIVER LOGGING COMPANY
UNDER TIMBER MARK 2K9 IN F.B.M. (Exhibit 22 Figures brought up-to-da

	Mar - Nov 1946	Jan - Dec 1947	Jan - Dec 1948	Jan - Dec 1949	Jan - June 1950	Totals	Percent Of Total	Percent Within Species
Fir								
#1	115,489	325,136	384,142	258,508	55,564	1,136,839	4.8	9.1
#2	1,308,632	1,532,655	2,425,007	1,902,743	579,892	7,748,929	32.8	61.6
#3	611,103	407,424	1,179,066	1,157,388	310,656	3,665,637	15.5	29.3
TOTAL	2,033,224	2,265,215	3,988,215	3,318,639	946,112	12,551,405	53.1	100.
Cedar								
#1	72,518	144,809	12,861	41,193		271,381	1.1	5.4
#2	573,992	1,050,391	354,546	358,039	18,237	2,355,205	10.0	47.2
#3	455,187	667,435	646,138	518,246	81,572	2,368,578	10.0	47.4
TOTAL	1,101,697	1,862,635	1,013,545	917,478	99,809	4,995,164	21.1	100.0
Hemlock								
#1	22,198	63,865	61,030	61,358		188,451	0.8	5.1
#2	149,241	625,703	177,038	166,872	456	1,119,310	4.7	30.2
#3	400,528	876,093	392,231	719,365	10,995	2,399,212	10.2	64.7
TOTAL	571,967	1,565,661	620,299	937,595	11,451	3,706,973	15.7	100.0
Balsam								
TOTAL	397,774	617,655	300,097	463,971	1,304	1,780,801	7.6	
Cypress								
#1			1,985			1,985	0.1	
#2		31,274	33,444	10,405		75,123	0.3	
#3	8,727	80,387	97,751	66,600	59	253,524	1.0	
TOTAL	8,727	111,661	133,180	77,005	59	330,632	1.4	
Pine								
#1				1,322		1,322	0.0	
#2	619	9,949	19,749	49,358	268	79,943	0.3	
#3	22,941	26,519	26,715	40,363	627	117,165	0.5	
TOTAL	23,560	36,468	46,464	91,043	895	198,430	0.8	
Others								
TOTAL	10,094		12,886	46,969	10,742	80,691	0.3	
GRAND TOTAL	4,147,043	6,459,295	6,114,686	5,852,700	1,070,372	23,644,096	100.0	

Immaterial

TIMBER SCALED FOR STOLTZE LOGGING CO. LTD.
UNDER TIMBER MARK 106 (Exhibit 23 brought up-to-date)

	Feb - Dec 1944	Jan - Dec 1945	Jan.- Dec 1946	Jan - Dec 1947	Jan -Sept 1948 & N3	Jan.- Dec. 1949	Jan - June 1950	Totals	Percent Of Total	Percent Within Species
Fir										
#1	81,251	553,026	776,770	604,130	487,731	309,818	69,101	2,881,827	4.1	10.7
#2	3,393,636	2,887,834	2,939,085	2,900,708	1,527,454	2,440,392	959,357	17,048,466	24.3	63.1
#3	1,407,226	920,978	1,101,860	1,439,071	661,001	989,182	532,095	7,051,413	10.0	26.2
TOTAL	4,882,113	4,361,838	4,817,715	4,943,909	2,676,186	3,739,392	1,560,553	26,981,706	38.4	100.
Cedar										
#1	6,012	77,362	281,007	173,725	15,457	31,915	3,085	488,563	0.7	5.7
#2	210,843	715,637	1,650,139	1,022,661	343,545	218,942	61,753	4,323,520	6.2	50.6
#3	468,019	480,726	1,008,924	892,132	304,881	374,696	198,919	3,728,297	5.3	43.7
TOTAL	684,874	1,273,725	2,940,070	2,088,518	663,883	625,553	263,757	8,540,380	12.2	100.
Hemlock										
#1			173,344	171,198	54,750	61,937	10,365	471,594	0.7	
#2			703,714	1,015,573	481,292	670,097	139,447	3,010,123	4.3	
#3			1,777,399					1,777,399	2.5	
Ungraded	3,448,950	2,242,028	1,073,982	3,766,046	1,879,727	2,669,271	595,911	15,675,915	22.3	75% Ungraded
TOTAL	3,448,950	2,242,028	3,728,439	4,952,817	2,415,769	3,401,305	745,723	20,935,031	29.8	
Balsam										
TOTAL	32,786	569,580	4,079,933	4,391,897	1,753,153	743,363	10,698	11,581,410	16.5	
Cypress										
#1			11,316	54,797	20,827	7,007		93,947	0.1	
#2		1,976	61,318	240,054	69,843	9,511	2,361	385,063	0.6	
#3		3,243	57,369	316,423	84,798	11,082	2,388	475,303	0.7	
TOTAL		5,219	130,003	611,274	175,468	27,600	4,749	954,313	1.4	Immaterial
Pine										
#1	1,238	6,318	2,194		4,461	3,988		18,199	0.0	
#2	124,639	118,971	47,610	10,282	30,206	78,315	31,801	441,824	0.6	
#3	67,525	59,112	23,862	10,157	18,701	52,741	22,600	254,698	0.4	
Ungraded			110,750	223,577				334,327	0.5	
TOTAL	193,402	184,401	184,416	244,016	53,368	135,044	54,401	1,049,048	1.5	
Others										
TOTAL	2,483				19,770	109,006	2,184	133,443	0.2	
GRAND TOTAL	9,244,608	8,636,791	15,880,576	17,232,431	7,757,597	8,781,263	2,642,065	70,175,331	100.	

N.B. Oct. Nov. & Dec. figures for 1948 to be added to above.

8 Mountview Avenue,
Toronto 9, Ontario.
August 10th, 1950.

Mr. T. G. Norris, K.C.,
313 Bank of Nova Scotia Building,
602 Hastings Street,
Vancouver, B. C.

Dear Mr. Norris: Re: Property Claim - Bird Report

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In connection with compensations, I find upon examining exhibit 45 that, I find that for Deep Bay Logging Co. alone, it has cost me over $17,000 which represent disbursements

SHOULD INCLUDE ALLOWANCE FOR PART OF SUCH ITEMS AS:- PROFIT & RISK WORKS COMP. INSURANCE DEPREC.

taken out from the account by Ross & Sons for liquidation and for winding up the affairs of that company. Could one not pursue recovery of this, I wonder? Similar charges from my personal account, it would appear, comes to about $1,500. As for Kagetsu and Company, I do not have the reports of Ross & Sons (which I would like to have), but no doubt the amount is substantial in the aggregate.

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Statements of Liquidation Costs for E. Kagetsu
Deep Bay Logging

Yours very truly,

E. Kagetsu.

ENCLOSURES

c.c. Mr. W. Byers,
P.O. Box 56,
Ganges, B.C.

DISBURSEMENTS

from

FORCED LIQUIDATION -- CHARGED TO

DEEP BAY LOGGING COMPANY

(Excerpts from Ex. 45 of Claim #1388, vis P.S. Ross & sons Statements)

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Telephone Account	457.20	457.20
Car & Truck Storage	130.09	130.09
Handling Material	1,000.80	1000.00
Appraisals	700.00	530.00
Advertising	312.09	
Repairs	51.21	51.21
Gas and Oil	62.89	62.89
Exchange	31.89	31.89
Control ~~& Liquidation Fees~~	4,980.00	4384.21
" " expenses	269.79	
Retainer - C.M. Stewart	1,250.00	1250.00
Locke, Lane, Guild & Sheppard	831.28	831.28
Liquidation		575.33
Sale of work done		150.00
Examination operations		27.68
Advertising group	$ 17,162.38	1298.38
		37.74
		17882.30
		17.60
		14.84
		9659.74

Fagelson & Co

E.K.

DISBURSEMENTS

from

FORCED LIQUIDATION -- CHARGED TO

DEEP BAY LOGGING COMPANY

(Excerpts from Ex. 45 of Claim #1388, vis P.S. Ross & sons Statements)

Watchman's Wages	$ 5,842.22
Watchman's Tax deductions	1,242.92
Telephone Account	457.20
Car & Truck Storage	130.09
Handling Material	1,000.80
Appraisals	700.00
Advertising	312.09
Repairs	51.21
Gas and Oil	62.89
Exchange	31.89
Control & Liquidation Fees	4,980.00
" " expenses	269.79
Retainer - C.M. Stewart	1,250.00
Locke, Lane, Guild & Sheppard	831.28
	$ 17,162.38

Revised

8 Mountview Avenue,
Toronto 9, Ontario.
August 19th, 1950.

Mr. W. Byers,
P. O. Box 56,
Ganges, B. C.

Dear Mr. Byers :

As you might have guessed, I am working on the appeal of my father's timber claims. Will you please send me the average selling price of logs for 1948 and 1949 as compiled by the B. C. Loggers' Association? I think figures covering the average for all grades would suffice, but I will need, of course, a figure for each species.

With best personal regards to you and your family.

Yours very truly,

H. Kagetsu.

HK:V

October 24th, 1960.

Mr. T. G. Norris, K.C.,
Bank of Nova Scotia Building,
602 Hastings St. West,
Vancouver, B. C.

Dear Mr. Norris:

Since my financial position is not too good at the present, I was wondering whether the Hompa Temple matter has been straightened out yet.

Also, I am very anxious about the claims case, so would you please advise me as to how the various phases of that are developing. And, would you send me a statement of our account with you since I am anxious to receive the compensation for expenditures encountered in connection with the hearing.

Since Mr. Brewin has been advising us in this matter of inquiry disbursements, we thought we would ask him to pursue this matter for us, knowing it would make no difference to you.

I would ask the favour of an early reply.

With best personal regards, I am,

Yours very truly,

T. G. Norris, K.C.
BARRISTER AT LAW, SOLICITOR
NOTARY PUBLIC

TELEPHONE PACIFIC 5254
CABLE ADDRESS: "NORRIS"
VANCOUVER, CANADA

BANK OF NOVA SCOTIA BUILDING
602 HASTINGS STREET WEST
Vancouver, B.C.

May 22nd, 1951.

E. Kagetsu, Esq.,
8 Mountview Avenue,
Toronto 9, Ontario.

Dear Mr. Kagetsu:

Re: Japanese Property Claim.

I enclose herewith a statement of expenses which I think is as we should put it forward. I do not know how much will be allowed but I would expect that we might get a fairly considerable amount of it.

After you have signed it and return it to me, I will send it direct to my agent at Ottawa and he can take it up with the Department. This should be more satisfactory than sending it through the Custodian here. Possibly I will give the Custodian a copy at the same time.

Will you please return these copies of the statement together with your remarks, if any. You may, if you wish, keep one copy of the statement.

I will write you as to the main claim shortly.

Kind regards,

Yours very truly,

T. G. Norris.

TGN:mt
ENCLS.

May 28, 1951.

Mr. T. G. Norris, K. C.,
Bank of Nova Scotia Building,
602 Hastings Street West,
VANCOUVER, B. C.

Dear Mr. Norris:

Re: Japanese Property Claim.

I was very pleased to receive your letterfor which I thank you very much.

Please find enclosed three signed copies of the schedule of expenses, my having kept a copy. It is obvious that in the aggregate a very substantial amount have had to be expended. Here is hoping that you will be successful in realizing a great proportion of it back.

Am anxiously awaiting word about your progress with the claim. And, may luck be with us.

With best personal regards to all,

Yours very truly,

May 22, 1952.

Mr. J.C. Osborne,
Gowling, MacTavish, Osborne & Henderson,
88 Metcalfe Street,
OTTAWA, CAN.

Dear Mr. Osborne:

Re: Japanese Claims Case

I would very much appreci to your advising me regards progress and prospects of my case. Months have now lapsed since Mr. Morris' brief and having received no word from you my anxiety has mounted to a very high pitch.

Would it be too much to expect to have this matter concluded by this summer? My experience in connection with this case of many summers gives me to believe that there is little activity in Ottawa during the hot months. Circumstances with me are getting more difficult all the time so that it is important that this case be brought to a head before long.

Please, therefore, Mr. Osborne, will you post me on the developments and do what you can for me?

Yours very truly,

CABLE ADDRESS
"USTEGAK"

E. KAGETSU
8 MOUNTVIEW AVENUE
TORONTO 9, CANADA

TELEPHONES
MURRAY 5023
ORCHARD 7571

May 23, 1952.

Mr. J.C. Osborne,
Gowling, MacTavish, Osborne & Henderson,
88 Metcalfe Street,
Ottawa, Can.

Dear Mr. Osborne:

Re: Japanese Claims Case

Many weeks have now lapsed since Mr. Norris' brief on our case was made available but we have not had any word from you. Therefore, I would very much appreciate your advising me as to what progress has been made thus far and remarks as to your opinion as to prospects

Library and Archives Canada
395 Wellington Street
Ottawa, ON K1A 0N4

Bibliothèque et Archives Canada
395, rue Wellington
Ottawa, ON K1A 0N4

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