REPORT TO

THE UNDER SECRETARY OF STATE

REGARDING THE

JAPANESE EVACUATION SECTION

OF THE

OFFICE OF THE CUSTODIAN

AT VANCOUVER, B. C.

Vancouver, B. C.
June 26th, 1942

G. L. Drewry
Manager

Introduction

From time to time since the Evacuation Section was opened in Vancouver in March last, following the passing of Order in Council P.C. 1665, dated March 4th, Mr. McPherson and I have reported verbally to you regarding the growth and operation of this Section, but it seems advisable for me now to report to you formally on the progress which has been made.

It will be remembered that following your visit to Vancouver in March Mr. Frank Gates of P. S. Ross and Sons in Montreal came out here for the purpose of assisting in and advising on the set up of this organization, and prior to his return to Montreal he prepared a memorandum setting out, in a general way, the combined views of himself, Mr. McPherson and myself as to how the organization might reasonably be expected to develop. As this report proceeds it will be seen that the plan of development as outlined in Mr. Gates' memorandum has been varied in some particulars and it seems advisable to indicate the reasons for these changes.

When you originally asked me to come to Vancouver to assist in this work it was understood that I would be here for three months and at the end of that time the matter would be reviewed. Nearly four months have elapsed since I first came to Vancouver on this work and I believe that I can now return to Toronto leaving the management of the Section in the hands of Mr. R. P. Alexander, who has been acting in the capacity of Assistant Manager since shortly after this Section was set up.

Mr. Alexander is capable and hard working and will, I hope, prove completely satisfactory in this capacity. He has, however, not had much experience in meeting the public in Canada as most of his business life has been spent in Japan and I feel it would be a wise thing if Mr. Edgar T. Read could be kept in Vancouver indefinitely so as to be readily available for consultation and possibly to supply the mature balance and experience found in a man of Mr. Read's years and training. I understand that Mr. McPherson has had some correspondence with you regarding Mr. Read and he and I have discussed this whole matter and are agreed that probably the best arrangement to ensure balanced management of the Custodian's office out here, which would include both the Evacuation Section and the section dealing with Enemy Property and Internees, would be one where Mr. Read would be placed in what might be termed the position of General Manager, with Mr. Alexander in charge of the Evacuation Section and possibly Mr. Wright in charge of the other Section.

I am satisfied that it is not only advisable but necessary to have someone in such a capacity as I am proposing for Mr. Read as the two Sections of the office are two distinct branches of the Custodian's work out here, and the problems of the Evacuation Section in many respects are quite distinct from those arising in the case of the other Section. This is due to the wording of P.C. 1665, as amended by P.C. 2483 dated March 27th, and in particular Section 12 thereof which imposes on the Secretary of State's department the duty of looking after the

property of evacuees. Under this Order in Council it can be said generally that none of the liquid property of the evacuees vests in the Custodian, and by reason of the governing words of the section the prime purpose of the work of the Custodian's office in regard to the property which actually does vest is to protect and preserve it. In addition it must be borne in mind that the cost of the work of the Evacuation Section, by reason of the wording of the Order in Council, cannot be charged against the property which has vested and will, of necessity, have to be paid by the Government of Canada. Nevertheless, while the principles of administration and the cost of the operations differ as between the Sections, it is all a part of the Custodian's office and it seems important that there should be one directing head to ensure harmony between the Sections and uniformity in policy wherever this is possible.

Establishment of the Section

At the time P.C. 1665 was passed on the 4th March last the Custodian had a small office in Vancouver which had been opened by Mr. McPherson immediately following the outbreak of war with Japan. The staff consisted of Mr. H. P. Gardner, Miss F. Carroll and Mrs. L. Farrant, and the office space occupied comprised a small general office and one private office. It was obvious that these quarters would prove most inadequate for the Evacuation Section, which had not yet come into being. Consideration was immediately given to the problem of office space and as the British Columbia Security Commission had been located in the Marine Building we considered endeavouring to obtain space there, however, P. S. Ross and Sons' agents, Frederick Field & Company, with whom the Enemy Section of the office of necessity have almost constant daily contacts, were already located in the Royal Bank Building under lease. It was felt, therefore, that while there would have been an advantage in being in the Marine Building, and while we undoubtedly could have obtained adequate space in some other building at a lower rental than is charged for space in the Royal Bank Building, the advantages of having the entire organization close together outweighed other considerations. Negotiations were at once opened with the Royal Bank of Canada to secure space in this building, and about the middle of March the nucleus of the new Section moved into Room 516, which was being vacated for us by the Victory Loan Committee. At the same time arrangements were made for additional

space in 506, 507 and 508 and in 501 for the Enemy Section. At the same time Frederick Field & Company moved down to 504. Since then the Evacuation Section and the Enemy Section have grown amazingly and towards the middle of May it became clear that the present quarters not only were but would continue to be insufficient. It was then arranged that P. S. Ross and Sons' agent, Frederick Field & Company, would give up the space they were occupying on the fifth floor and move to new quarters on the fourth floor and the Custodian's office would take over the space which they previously occupied on the fifth floor. Due to the growth of the Evacuation Section it had, in the meantime, been necessary to lease Room 513 and also Room 1409. It is expected that the new quarters for Frederick Field & Company will be available about the end of this month and immediately following their removal from 504 the Custodian's office will move in and will, at that time, give up 1409. The space which will then be occupied by the Custodian's office and which, in my opinion, should be adequate unless there is some further and unexpected development of the work, will comprise the following:

Evacuation Section - 504, 506, 507, 508, 513, 516 and 517.
Enemy Section - 501, with part of space available in 504 and 513.

The basic rental in the building is $2.00 per square foot and the entire area occupied will be about 3,800 square feet and the monthly rental about $626.50 per month. This should, in my

opinion, be apportioned between the two Sections on the basis of the actual square foot area occupied.

I have discussed with the Bank the necessity of our having a lease for this space and the Bank is quite satisfied to have the Custodian's office occupy it on a month to month basis without any lease. It is understood, however, that should the Custodian desire to give up this space before the expiration of one year the Bank will be reimbursed for a proportionate part of the outlay which it incurred originally in making 506, 507 and 508 suitable for our purposes. The arrangement is that if the rental arrangements are terminated by the Custodian after six months the Custodian will pay half this expenditure, if terminated after nine months, one quarter, and if the Custodian remains for one year the Bank will absorb the whole of this cost.

Considerable expense has been incurred in connection with telephones and for the last three months the office has been operating with a switchboard containing four trunk lines and ten stations. This has proved quite inadequate and when the removal is made to the new quarters there will be a new switchboard with a capacity for ten trunk lines and thirty stations. This will be larger than is necessary but is the board recommended by the B. C. Telephone Company considering the number of phones required. It is not proposed to use more than four trunk lines and there will be fourteen stations.

As the organization developed some equipment and furniture was obtained on a rental basis from some of the Japanese

companies under the control of the Enemy Section, but sufficient was not available from this source to supply more than a small percentage of the requirements and additional furniture and equipment was obtained on a rental basis through several different office furniture firms in Vancouver. Due to the uncertainty as to how long steel filing cabinets would be available it seemed advisable to purchase these outright, and it is intended to acquire further cabinets immediately to provide for the growth of the files. If, as seems likely, this Section of the Custodian's office is to continue in operation out here for the duration of the war, it would, in my opinion, be advisable to purchase the bulk of the equipment which is now being leased. While I have not obtained definite prices I should think the total purchase price for the equipment now under lease, other than typewriters, would not exceed $3,500.00. It is not, of course, suggested that the equipment being used by the registration bureaux should be included in this purchase as the work of these bureaux is now almost completed.

Consideration should shortly be given to the requirements of the Farm and Protection Departments regarding automobile transportation and it may be that the wise course would be for the Custodian's office to supply the field men, of which there will probably be one in the Protection Department and not less than two in the Farm Department, with cars or alternatively enter into some arrangement permitting them to purchase their own cars which will be used in this work. Up to the present time this

transportation has, in most cases, been provided by hiring U-Drive cars, which is expensive and not wholly satisfactory.

Registration

As the movement of the Japanese from the Coastal regions was commenced by the British Columbia Security Commission almost immediately after the passing of the Order in Council, and as the Order in Council at that time did not specifically refer to evacuation from the protected area, it was felt that the duty of this office to take control of and administer the property of the Japanese being moved commenced immediately they were removed from their homes. This meant that before there was any organization set up to handle it the work had already begun. The result, of course, was that it was not handled as efficiently as would have been the case had it been possible to lay plans in advance and to engage the necessary staff to handle this work.

The first step necessary was to devise a form which could be completed by the Japanese to give particulars of their property so that the Custodian would know what property he had to handle. In devising the "JP" form the statement of affairs used for debtors in bankruptcy proceedings was adopted as a guide, and I would here like to acknowledge the kind assistance given by Mr. Frances in preparing this form. It should be kept in mind that when the "JP" form was prepared it was hoped and, in fact, anticipated by us that the Government would amend Section 12 so as to vest all property of the persons of the Japanese race at once instead of deferring the vesting until either registration or evacuation, and instead of limiting the property which vests to the non-liquid type. Even after it became apparent, however,

that the desired amendments would not be made by the Government, it seemed inadvisable to change the "JP" form by omitting the references to the liquid assets as this information will be of assistance to the Custodian in administering the property which has vested. In addition it has been found that the information given in the "JP" form regarding the liquid assets is most useful if the evacuee is subsequently for any reason interned.

Steps were immediately taken to set up registration bureaux to provide facilities for the Japanese to register their property prior to evacuation. Notices to this effect were published in all newspapers in the protected area and also in the one Japanese language newspaper which still continues publications. Due to the wording of Section 12, Subsection 3, however, the Japanese were obviously distrustful of the whole machinery set up under Section 12 and it shortly became quite clear that they were taking little advantage of the facilities which were offered. This would not have mattered a great deal had it not been for the fact that the Order in Council made the vesting of the property left behind in the protected area automatic on the evacuation of the Japanese so that unless the Custodian was able to get, prior to the evacuation of the owner, full particulars of the property which would be coming under his care, it would have meant that the Custodian would have been charged with the administration and control of large quantities of property of which he had no knowledge and which probably would only have come to light gradually over a period.

The British Columbia Security Commission was approached regarding this problem, among others, and assurances were given by the Chairman of the Commission that every effort would be made by the Commission to co-operate with the Custodian to ensure that the Custodian would have full particulars of the property of each evacuee before he was evacuated. Much discussion ensued on the subject of centralizing the evacuation but for some time nothing was accomplished in this direction. Finally, however, the different departments concerned, e.g., Labour, Justice, Pensions and National Health, and State, agreed that all evacuees should pass through the clearing house at Hastings Park. Immediate arrangements were made by the Custodian's office following this to enlarge the registration facilities at Hastings Park and it was decided to close the premises at Powell Street, where a registration bureau had been opened. After this was done, however, it was found that in actual practice the evacuation was not being centralized entirely at Hastings Park as had been agreed. Apparently the other departments of the Government were either unable or unwilling to have their work in connection with the evacuation centralized in this one place. It was therefore necessary for the Custodian's office not only to re-open the registration bureau at Powell Street, as well as continuing to operate on a large scale at Hastings Park, but also to send parties out to various points in order to ensure that the necessary information regarding property would be obtained from the evacuees before they were evacuated. In the

result the Custodian had to have registration bureaux for varying lengths of time not only at Hastings Park but also at 314 Powell Street, Vancouver, Steveston, Victoria and a group of travelling bureaux in the Fraser Valley. There were no less than three of these working at one time. In addition special parties were sent out at different times to the Gulf Islands, Chemainus, Woodfibre, etc.

At the commencement of registration Mr. R. P. Alexander, who speaks Japanese fluently, having resided in Japan for a good part of his life, was brought up here from Los Angeles and he organized the Registration Section. When he was brought in to the office at the Royal Bank Building to assist me the registration work was placed under the charge of Mr. G. B. Spain, who also was in business in Japan for a number of years and speaks Japanese. Mr. Spain has continued as head of the Registration Department.

It was not easy to secure competent interpreters but we succeeded in obtaining the services of six. In addition interrogators were necessary to assist in filling in the forms. As the "JP" forms were to be the basis for each individual file the forms had to be typewritten in duplicate to ensure readability and permanence. This meant that the registration staffs consisted of interpreters, interrogators and typists. Gradually, however, the typists became familiar with the form and the interrogators were moved to other work or discharged. All this help was engaged on a daily basis, the men employed as inter-

rogators or interpreters being paid $5.00 per day and the girl typists $3.00 per day.

The Registration Department, in the course of its work, has registered approximately eleven thousand individuals over the age of sixteen. Of these approximately seven thousand five hundred have been evacuated so there are approximately three thousand five hundred who have registered with the Custodian who have not yet been evacuated.

At the peak of the work the numbers engaged on the registration amounted to thirty-six. This has now been reduced and as it appears that registration has proceeded as far as is possible here we should be able to dispense with the services of the Registration Department with the exception of Mr. Spain and possibly Mr. F. T. Williams also, who speaks Japanese and who was in charge of one of the parties in the Fraser Valley.

While registration has been substantially completed in the protected area it will, in my opinion, be necessary for us to make arrangements to register the large number of individuals who have been evacuated from the protected area without registering their property with the Custodian. No definite figure regarding the numbers of these is available but we have, by arrangement, made a survey of the files, notes and records of the British Columbia Security Commission, thereby preparing for the Commission what they did not have before - a duplicate of the card records which were prepared for our office at the same time. From these records it is estimated that up to June

23rd there were approximately 2,081 Japanese over the age of sixteen who had been evacuated without registering with the Custodian. In addition to this there are approximately 347 individuals who have been evacuated to Ontario and 1,105 Japanese over sixteen to whom permits have been granted of whose whereabouts the British Columbia Security Commission has no record. I believe that Mr. Spain, and possibly Mr. Williams also, could undertake the work of visiting the sections of the country where the greatest concentration of these evacuated but non-registered Japanese are located. It would not, however, be feasible for them to visit all places where these are now settled as they are apparently located in no less than 97 different points. Mrs. McArthur would not, in my opinion, be suitable for this work but I believe her qualifications fit her for employment elsewhere in the organization. She can be usefully employed in the Protection and Personal Property Department. Miss M. Wraight and Miss D. M. Chope, both of whom speak Japanese, should no longer be required once the evacuation is completed. Mr. G. Arab has already left us to go to the Royal Canadian Mounted Police.

Protection

Concurrently with the need to set up registration facilities there arose the necessity for taking immediate steps to protect the property of Japanese already moved or being moved from their homes. Having no staff at the outset to handle this important phase of the work it was necessary to employ agents in the first instance to ensure that steps would be taken promptly to do all that could be done to protect the property when the owners left it. Considerable assistance was afforded us in this respect by the Committee of the licensed trustees which had been appointed when you were out here and they furnished to us the names of a number of persons and firms in the Coastal area who would, in their opinion, be suitable for this work. Due to the difficulties of communication and to the fact that the movement had already commenced before this information was available, it was necessary to contact the various firms and individuals recommended by this committee by telephone. This was done and in most cases we found these individuals showed a commendable willingness to assist the Custodian's office. It will be appreciated that these steps were only of a preliminary nature and as soon as we had sufficient staff available arrangements were made to have some of the points visited by one of the employees of the Custodian's office. Trips were made to Sechelt, Prince Rupert, canneries on the Skeena River and many of the Coastal points, as well as to the Gulf Islands and other places. In most cases it was found that the preliminary work entrusted to the agents

appointed over the telephone had been fairly well done. Notwithstanding this there will undoubtedly be loss of property as a result of the hurried and rather disorganized nature of the evacuation. The loss of tools and equipment may reach serious proportions particularly in the logging areas as the information available to the Custodian's office indicates that in evacuating the Japanese from these areas the officials in charge gave the Japanese no time whatever to centralize and store their tools and quite a considerable quantity of these was left in the snow in the woods. Should any claim be subsequently made in respect of these it should be borne in mind that these tools and equipment never actually came under the control of the Custodian.

In the early stages of organization it was not possible to draw any great distinction between the work of the Protection and the work of the Administration Departments and it was found impractical to divide the Departments at this stage. Mr. R. Falconer Brown, who had been lent to the Custodian's office by P. S. Ross and Sons, at this stage acted as Manager of the two Departments, and while Mr. Brown's services cannot be said to have been entirely satisfactory, it should be acknowledged that he handled a tremendous volume of work and did assist considerably in getting the two Departments organized. Mr. Brown returned to his firm in Montreal early in May.

When he left, the work of supervising the Administration and Protection Departments was entrusted to Mr. F. G. Shears.

At that time the personnel of the two Departments included Mr. F. G. Shears, Mr. H. F. Green and Mr. R. D. Richardson. As the work continued to grow it became increasingly apparent that a substantial increase in personnel was necessary. Various members of the registration staff at Hastings Park were given trials from time to time but for the most part were found unsuitable for this work and we had to look elsewhere. It also became apparent that the farm property which was coming under the control of the Custodian would constitute a problem separate and distinct from the general problems of the Administration Department, and it seemed advisable to have this work handled by a new department to be known as the Farm Department. Mr. Richardson was put in charge of this work, and I will deal with the development of this Department in another section.

The combination of the Protection and Administration Department was continued with the bulk of the actual protection work being supervised almost entirely by Mr. Green. By far the largest number of the registration forms of those who possessed any kind of property were the forms of those who had neither a business nor real estate but merely personal property of one kind and another, usually of comparatively small value. While in total this property was quite extensive, it did not seem that we would be justified in referring cases such as this to agents for investigation and report. Realizing, however, that some time might elapse between the vesting of the property and the time when we could, with the staff then available or in prospect,

make the necessary verification, we encouraged the Japanese to make their own arrangements as far as possible for the safe storage of their belongings, suggesting that these be centralized wherever possible in the areas where they resided or alternatively, if this was not possible, that they should board up their houses securely and leave their belongings inside. In some communities, particularly along the Coast, the Japanese had been living in company owned cannery or fishing houses which will be required by the owners for the use of the white people who will be employed on this work this year. In these cases where suitable arrangements could not be made for storage in those localities the belongings have been shipped to Vancouver for storage in a central warehouse here.

As the volume of this work increased it seemed advisable to effect a separation of the Protection and Administration Departments and when this was done the supervision of the work of the Protection Department was entrusted to Mr. Green who has continued to act in this capacity since that time. For a considerable period he carried on this work with the assistance of one stenographer and with the help of members of other departments who were lent to him from time to time for special work.

While a large proportion of the personal property of these Japanese consists of household furniture and personal effects it has been found that very large quantities of fishing nets are owned by these individuals. For the most part the purchase of these nets by the Japanese had been financed with

the assistance of the fishing companies or canneries to whom the Japanese sold their catch. Many of these nets, during the off seasons, were stored on cannery property. While I have no definite figures regarding the exact number of nets which have come under the Custodian's control, it is safe to say that there will be several thousands varying in value, depending on their age and nature, from a few dollars to a few hundred dollars each.

Very careful consideration was given to the problem of dealing with these nets. We were reliably informed that due to the atmosphere and other causes the life of these nets, whether used or not, was comparatively short, and that unless steps were taken to dispose of them they would seriously deteriorate in value. It also appeared that a number of these nets would be required to ensure the continued operation of the fishing industry on the Coast. It was clear, however, that as a result of the evacuation there would, if the Custodian put these nets on the market, be far more nets available than would be required by the demand. Considerable difficulty was experienced in finding someone who could advise the Custodian regarding the values of these nets and who would not have some contact either with the canneries or with the fishing companies who would be either purchasing or financing the purchase of any nets from the Custodian. Obviously we could not employ anyone in that capacity who was in any way connected with any of these companies and it was finally decided to retain the services of C. P. Leckie of C. P. Leckie & Company, who was recommended by Frederick Field

& Company, agents for P. S. Ross and Sons here.

To ease the problem as much as possible it seemed advisable, wherever we could do so, to encourage the Japanese fishermen to dispose of their nets themselves before they left. This policy proved reasonably successful and a considerable number were purchased from the Japanese direct by the canneries and fishing companies. In many cases these sales were made after registration by the Japanese and in these cases we did not object to the purchaser paying the purchase money over to the Japanese direct. Where the purchase had not been completed before the owner was evacuated, however, it was stipulated that the purchase money would have to pass through the hands of the Custodian. Even before the Japanese had been evacuated the purchaser frequently desired the transaction submitted to the Custodian for consideration and in these cases we endeavoured, as far as possible, to see that the proceeds of the sale were used to liquidate any outstanding obligations the Japanese might be leaving behind him. Some sales have been made at approved value after the evacuation of the owner without first obtaining his consent.

Notwithstanding the efforts which have been made there will undoubtedly be large numbers of these nets which will not be sold this season and steps have been and are being taken to ensure either that the nets will remain in the canneries on the cannery premises where they have been stored and where they should receive reasonable protection, or where this is not pos-

sible, that they will be centralized in suitable premises where they can be shown to prospective purchasers without too much difficulty.

I believe that it would be advisable, once this centralization has been completed, to advertise these nets for sale, calling for tenders, and in the event of any nets remaining after such steps have been taken, these might be sold by private sale at the best prices obtainable. In view of the wasting nature of this class of property it seems inadvisable to contemplate holding it for any length of time. With this, as with other types of property of the Japanese, one may expect to have considerable difficulty to determine the actual ownership of some of this property. In these cases, so long as it can be reasonably assumed that the nets are Japanese owned, I believe they should be sold and the money held in a separate fund to be available should claims subsequently be asserted by the owners.

Considering the trustee or quasi trustee position of the Custodian under the Order in Council in relation to the vested property it has seemed most important to verify at the earliest possible date the correctness of the information given by the Japanese in the "JP" forms. This has, for the most part, been incomplete and often inaccurate due to the unwillingness of the Japanese to furnish the necessary information fully and frankly.

In the case of the personal effects, household goods

and other personal belongings this has meant, and will mean, a prolonged check. The slowness of the actual evacuation has greatly increased our difficulties in this respect. In some cases several months have elapsed between the registration with the Custodian and the actual evacuation of the owner. For the reasons given above it was important from the Custodian's standpoint to have the Japanese owner register prior to evacuation, if this was possible, and in most cases when the Japanese registered both he and we expected he would very shortly be evacuated from the protected area. This did not always turn out to be so. Many of these individuals who had lost their employment by reason of the imminence of their evacuation found themselves in serious financial difficulties making it necessary for them to dispose, from time to time, of many of their personal belongings in order to obtain funds with which to live. Strictly speaking, once the property had been registered with the Custodian it vested under the Order in Council but it was obviously impractical and inadvisable to restrain these Japanese from using and enjoying their property so long as they were here. Had we done so it might have seriously embarrassed the British Columbia Security Commission in their efforts to get these people out without trouble. We did inform the Japanese upon registration that the Custodian would not interfere in any reasonable arrangements which they might make to dispose of their property prior to evacuation but did require that the particulars of any such deals be submitted to him for consideration, and indicated that no deal

should be completed without this first being done. Because of the delays in the evacuation and also the policy of sending men to work camps, leaving women behind, many wives and children found themselves in serious financial difficulties, making it necessary for them to dispose of personal belongings to live on. In such cases it would have been impractical to require them first to obtain the Custodian's consent to sell and we did not interfere in these petty transactions although we did instruct them to report these dispositions before evacuation. The response to this has not been wholly satisfactory, and there will be considerable discrepancy between the property declared in the "JP" forms and the property actually remaining when the evacuee is evacuated.

The Protection Department will continue the checking of inventories as quickly as possible, centralizing this personal property wherever it is feasible to do so in central storage premises. As this check is carried on the Japanese will be informed by means of correspondence of the discrepancies found to exist between the property declared in the "JP" form and the property actually coming into the Custodian's control. The storage of all this property constitutes an enormous problem and in obtaining premises for this purpose we have, as far as possible, endeavoured to obtain buildings belonging to the Japanese themselves. Up to the present time arrangements have been completed for two buildings in Vancouver, two at Steveston, three at New Westminster and various Japanese community halls

and schools are also being used at different points in the Fraser Valley and on Vancouver Island. In many cases the arrangements are free of rent or on the understanding that the Custodian will pay the real estate taxes. This accommodation will not take care of all the personal property, however, and arrangements for additional space will be necessary as time goes on.

While I have no doubt that the local police authorities will make every effort to see that these premises get adequate protection, I believe it will be advisable to employ a full time caretaker in several of these places.

The personal property located in the dwellings and other buildings on the farms in the Fraser Valley will constitute a difficult and special problem for this Department. The extent of the problem will depend, in some measure, on how successful the Farm Department is in securing tenants because a good deal of money will be saved if the property can be left in the farm houses of the owners. If tenants are not found this furniture cannot be left in the various farm houses indefinitely because not only is there a danger of loss through theft but considerable damage might be done by rats, mice and other small animals. The Protection Department and the Farm Department should, in my opinion, co-operate closely in dealing with this problem but I believe that it can be most effectively handled if kept under the Protection Department, who would operate using Farm Department personnel wherever possible. Efforts should be

made to locate suitable buildings in the different communities and, where possible, Japanese halls and other public buildings should be considered. It will be no small task, however, even if the necessary buildings are available in these communities, to remove these goods from the farms into storage.

It is realized that considerable expense has been and will be incurred in connection with this type of property. This expense is actually out of proportion to the real value of the bulk of this property which, in many cases at least, has no realizable worth. Nevertheless we felt, in view of the wording of the Order in Council, that the value of the property involved was not the true test and that the Custodian was under a duty to take all reasonable steps possible to ensure protection.

The question of fire insurance on this property was carefully considered and it was decided that no fire insurance would be placed by the Custodian on any of this property unless and until the Custodian had taken steps to centralize it in premises under the control of the Custodian. Considerable difficulty was experienced in determining the amount of insurance to be carried in such cases, particularly as much of this property was boxed or crated by the Japanese themselves before evacuation and without incurring the very substantial expense which would have been made had the necessary staff been employed to open each of these boxes and make an inventory and appraisal, we could only roughly estimate, in a general way, what the total coverage should be, and no attempt has been made to apportion

this to the different owners of the property concerned.

Another class of property with which this Department deals comprises the receivables of the evacuees, that is money owing either by white people or by other Japanese to the evacuees. Due to the ambiguous wording of the Order in Council it was difficult to decide the extent to which it could be said that this type of property would vest but it seemed obvious that unless the Custodian took over upon the evacuation of the evacuee the collection of these accounts receivable, they would, in a great majority of cases, in all probability not be paid. We decided, therefore, that the intention was that the Custodian would take charge of the collection of these accounts receivable upon the owner's evacuation. In view of the exceptions in Subsection 1 of Section 12, however, we have taken the position that accounts receivable vesting in the Custodian will not include dividends on shares, interest on bonds, payments under Royalty Agreements and payments under life insurance and annuity contracts. This is a somewhat arbitrary distinction and was based on practical rather than legal consideration.

Up until now Mr. Green has been operating this Department as above indicated, with a comparatively small staff, implemented from time to time by employees lent to him for special work by the other Departments. It now seems advisable that the Department should be organized on a more permanent basis and it is proposed to set it up with Mr. Green as Manager, with the following personnel:

Mrs. A. G. McArthur as Executive Assistant, dealing chiefly with the checking of the inventories with the "JP" forms and recording the necessary corrections and supervising the collection of accounts receivable.

Mr. Robinson who, it will be recollected, was engaged in Ottawa and sent out here, was lent to Mr. Green by the Administration Department and during the past few weeks has been acting as Inspector for the Protection Department. I think this transfer might be confirmed and Mr. Robinson should be attached to this Department. His salary, however, which was fixed in Ottawa, is entirely out of line with the other salaries being paid for similar work in the organization and I would recommend that this be reduced if he is to continue out here and if he is not willing to accept the reduction I would suggest his services be dispensed with.

Mr. Smith, who was transferred from the Farm Department to this Department, has been acting as Inspector. Mr. Smith's suitability for this position at the time of the writing of this report is under consideration and it may be necessary to replace him.

In addition to Mr. Green's secretary, Miss I. Fierheller, it is anticipated that at least two stenographers will be required in this Department.

Farm Department

Due to their nature, number and location the farm properties of the Japanese constitute a special type of problem and could not be effectively dealt with by the same personnel who would be handling the business and city properties. It was therefore decided, as above indicated, to set up a separate department known as the Farm Department and Mr. R. D. Richardson was given the task of supervising this work.

While the farm properties are found in several different areas, over ninety per cent are located on Lulu Island and in the Fraser Valley. For the most part the Japanese farmers have concentrated on berry growing and poultry farming. The farms are small but the areas under cultivation require continued intensive work. There are about one thousand farm properties altogether of which about eight hundred are in the Fraser Valley. The municipal assessments on the Fraser Valley farms total about $1,220,000.00.

From the very beginning every effort was made by the Custodian's office to ensure, as far as possible, that the farms would continue in production. Meetings were arranged with all the reeves of the municipalities concerned and they were asked to submit any proposal which they had to ensure a continuance of the farming operation. Meetings also were held with officials of the Provincial Department of Agriculture, Soldier's Settlement Board, commercial firms doing business in the Valley and others. In every case we asked for suggestions as to how the problem

might be handled. Frequent visits were made to the Valley itself and Mr. Alexander spent about a week visiting all the different communities, meeting the Japanese growers and discussing the problems with them. The situation was acute because of the nature of the crops grown and because the harvesting season normally begins about the middle of May. It finally became apparent that while everyone with whom we talked seemed to appreciate the problem, no one had any suggestions as to how it might be handled. We became satisfied that the farm labour to ensure the continued operation of these farms was simply not available. The Pacific Co-operative Union, which is a growers processing and marketing co-operative at Mission, under the management of Mr. J. B. Shimek, had by far the largest Japanese membership of any of the co-operatives. We heard a great deal of criticism about Mr. Shimek and his assistant, Mr. H. Beach, but we did find, no doubt because the very existence of the co-operative depended on the continued operation of these farms, that they were the only group which seemed to be doing anything concrete about the problem.

We decided that the only thing which could be done was to encourage the Japanese growers and poultry farmers themselves to make arrangements for the continued operation of their farms. It was at first feared that the evacuation would result in a wholesale disposal by the Japanese of their farms at distress prices but it very shortly became apparent that this was not the case and that the majority of the Japanese were not hastening

to dispose of their properties. To encourage them to make arrangements which would ensure the 1942 crop being taken off we informed the Japanese and others that the Custodian would not interfere in any lease deals made by the Japanese for their 1942 crops but did reserve the right to review these transactions after the 1942 crop had been taken off. It was further advisable to pursue this policy because it would have been physically impossible for the Custodian's office to assume the control of all these farms and take the necessary steps to protect the properties had the evacuation been carried through at the speed we were told it would be. This policy proved reasonably successful from the standpoint of continuing production due, principally, I think, to the energy of Mr. Shimek and Mr. Beach of the Pacific Co-operative Union who arranged with their own Japanese members and others to place tenants on a very large number of farms, particularly in the Mission area.

The deals which were made, however, were of every conceivable type and it will be necessary for the Custodian to review every one of these transactions, and I should think that in the majority of cases new arrangements will have to be made immediately after the 1942 crop year is closed. It would be my idea that where transactions are found unsatisfactory new leases might be made in form satisfactory to the Custodian, the rental being either cash or a percentage of the crop.

It was apparently intended by the British Columbia Security Commission to move a good portion of the Fraser Valley

farmers to the sugar beet growing areas in Alberta and Manitoba. Parties sent out by the British Columbia Security Commission in the Valley to enroll Japanese families for this work were accompanied by the travelling registration groups of the Custodian's office to which reference has already been made. For some reason, however, after these people had been told they would probably be going to the sugar beet areas and had enrolled for this purpose, after they had in many cases made arrangements about their farms, and after they had registered their properties with and thus vested them in the Custodian, the evacuation from Fraser Valley bogged down. This created considerable criticism in the Valley because in many cases the Japanese had leased their land and sold their 1942 crops for cash, or for part cash, and the lessees were unable, in many cases, to get on to the properties in order to attend to the crop and harvest it in due course. We received frequent requests to have particular Japanese evacuated so that the lessee could take over the farms but we took the view, rightly, I think, that the Japanese themselves had made the deals, that the Custodian had not been a party to them and that the question of evacuation was one to be decided by the Security Commission. Just as we had decided at the outset that we should not ask for the deferment of evacuation of any Japanese, likewise we could not ask for the immediate evacuation of any particular individual or group.

Notwithstanding the policy which has been followed there are, and will be, large numbers of these farms in the

Fraser Valley without tenants and there will be a substantial drop in production this year. Unless arrangements can be made to ensure the necessary planting of new strawberry plants and the continued cultivation of the land by assuring to the present tenants that they will be able to continue to occupy their farms for at least another year or two, production will be very seriously curtailed in 1943 and, I am told, will be almost entirely stopped by 1944.

Due to the topography these farms do not lend themselves to use for other than berry crops and it would not, in my opinion, be easy to centralize the operation of the farms in groups. It has not been clearly demonstrated to me that berry farming in the Fraser Valley is actually profitable and it seems to be fairly general belief that while the Japanese seemed to do quite well in their strawberry farming, actually a large part of their cash incomes came not so much from farming as from the winter work which the male members of the household usually did each winter. It seems unlikely to me that white people will be prepared to work these farms the way the Japanese did where the whole family were in the field from dawn till dusk. I do not think that white people will be willing to work either these hours or for the returns which the Japanese have had, and I am therefore extremely doubtful that it will be easy to keep the tenants on the farms to continue them in operation. I would expect that large areas of the Fraser Valley may go back to grass, shrubs and bush.

The work of the Farm Department commences with the registration of the farm by the owner. Contact is maintained with the British Columbia Security Commission to ensure, as far as possible, our being informed as the owners are evacuated because none of these groups are passing through Hastings Park. Efforts are made to have the inventories brought up to date by the Japanese the day they leave. This involves a member of the staff going with them to the train and picking up this information and the keys. Following this the farms are then inspected by our inspectors who take preliminary steps for protection of vacant property, confirm the existence and terms of tenancies and, where possible, verify inventories. At the same time the Farm Department assumes the control and management of these properties and where vacant, efforts are made to locate tenants. The work of the Farm Department will ultimately be a straight farm administration problem involving the leasing of properties, supervision of farming operations and collection of rentals. As indicated above, the question of storing the furniture of the evacuees whose farms are vacant should come under the Protection Department but it will be necessary for the Farm Department to co-operate closely in this work and the field personnel of the Farm Department can be used to good advantage in the work.

Due to the delays in the evacuation a good many of the farms which have been registered are still occupied by the Japanese. In many cases the husband and younger men have been

evacuated leaving only the old men, women and younger children who do not seem capable of carrying on these farms without the direction of the father of the household. This is going to mean that when these individuals are evacuated the state of cultivation of the farm may be very bad indeed and this will make it even more difficult to find tenants. Until the evacuation is completed, however, the contact and protection work of the Farm Department will continue to be more prominent than the administration feature. It will be necessary as time goes on to increase the field personnel of this department and also the stenographic help.

It will be remembered that the Soldier's Settlement Board has been making a valuation of all the Japanese owned farms in the protected area. We have kept in close contact with Mr. Child, the Provincial Supervisor of Field Staffs, furnishing him any information which we have had which might be useful to him in this work and he, in turn, has co-operated with us. Mr. Murchison, the Director of the Soldier's Settlement Board in Ottawa, has kindly agreed to let us have copies of the S.S.B. valuations on all these places when they are available and these will be extremely useful to the Farm Department.

The uncertainty as to just what will be done with the Japanese farms in the future in view of the proposed Order in Council which would require the consent of the Director of the Soldier's Settlement Board before any of the evacuee farms could be leased or disposed of has caused us to delay extending the

personnel of the Farm Department and setting it up on a more permanent basis. From the standpoint of the Custodian it would be a very fine thing if the Soldier's Settlement Board could be placed in charge of all these farms as this would enable the Custodian's office to dispense with a field staff and possibly permit the reduction of the office staff as well. If this cannot be arranged, and considering the available staff of the Soldier's Settlement Board in the province, I am doubtful that it can, I do think it important that a definite statement be obtained by the Custodian regarding the intention of the Soldier's Settlement Board in this respect, and it is essential that the Farm Department should be extended and established on a permanent basis if the actual administration of the farms, including the field work, is to be left in the Custodian's hands.

At the present time the personnel of the Farm Department consists of the following:

R. D. Richardson, Manager, W. E. Anderson and H. R. Coffey, Executive Assistants, H. J. Logan and J. Moryson, Inspectors, and Miss G. Fox, Secretary. If the complete administration is handled by the Custodian this department will require two additional inspectors and probably at least three stenographers.

Title Investigation

This Department, which is under the management of Mr. Ian Macpherson, is engaged upon the task of searching the titles of all real estate declared by the Japanese in their registration forms for the purpose of verifying the Japanese ownership. Upon determining this, Vesting Certificates under Regulation 23 are then prepared and filed in the appropriate land registry offices. Of necessity this work is slow and must be accurate. For a time it was possible, through the co-operation of the registrars, to use their staffs for this searching, but as the number of parcels grew so rapidly the registrars requested us to arrange to make these searches ourselves in future and it then became necessary to increase the personnel of this Department. There will probably be at least 2,000 searches to be made. Approximately 600 searches have already been completed and 245 Vesting Certificates filed. Once the searching has been completed and Vesting Certificates filed in all cases it is proposed to order search letters which will give the state of the title and will show the registration of the Vesting Certificate. No charge has been made by the land titles offices for the searching and filing of Vesting Certificates but we will have to pay for the search letters. The completion of this work will take several months. When it is done it seems probable that Mr. Ian Macpherson's experience with property and property values in this area can be used to good advantage on other work.

The personnel of this Department consists, at the present time, of Mr. Ian Macpherson as Manager, Mr. W. F. Edmonds as Executive Assistant and Miss Bonnycastle as Secretary to Mr. Macpherson.

In view of the wording of the Regulations the completion of this work, while desirable, is not urgent, and I do not see any necessity for increasing the personnel at the present time.

Administration Department

As will appear from what has already been said, the Administration Department can really be regarded as the master operating department out of which has grown the Protection Department and the Farm Department, and in suggesting the permanent set up for the office it is proposed to group the sections dealing with city property and business, farms, protection and personal property and title investigation under the one head.

When Mr. Gates' memorandum was prepared we were all, I believe, expecting that to a much greater extent than has been the case it would be possible to handle the work of the office through agents so that the major portion of the work of the office would be in supervising agents' work. Once the registration forms started to come in in number, however, they showed that the bulk of the property reported would consist either of farm property, which could not be conveniently and economically handled through agents, or of personal property which, in most cases, had so little value that it would not justify the expense of agents' fees to handle it.

In the development, therefore, it has been found that the principal work of this Department will involve the handling of city real estate and business properties.

The committee of licensed trustees which was appointed when you were here acted, in the early stages of organization, as an advisory committee to suggest to us the names of people or firms who would, in their opinion, be suitable to handle this

work for the Custodian. At first daily meetings and later bi-weekly meetings of this committee were held but once they had furnished to us a panel of names for prospective agents their function was completed and I no longer called them together.

As registration forms came in to the office covering businesses and city properties these were assigned to agents on the panel furnished by the committee for investigation and report. Accompanying each of these assignments was a certificate signed by Mr. G. W. McPherson appointing the person or firm concerned as an agent for these purposes to give him the protection afforded by Regulation 6. Up to the present there have been about eleven hundred cases so assigned. Upon receipt of these instructions the agent is required to make an investigation of the property, examine the position and report in writing on the situation with his recommendations. Here again great difficulties have arisen and additional expense has been incurred by reason of the delays in the evacuation. In a great many cases the Japanese owner has registered expecting that he and his family would very shortly be evacuated and it has then turned out that either none of them is evacuated or the father is and his family are left behind. Realizing that we could do very little in these cases until the whole family were out we instructed the agents where they found the family still in possession to keep in touch with the situation but not to go to the expense of making inventories and dealing with the property until the families were actually out. We also suggested that

the Japanese should be encouraged, as far as possible, to make their own arrangements before evacuation for disposing of their properties. It was made clear that after registration no deal could be completed without first being submitted to the Custodian for consideration and in this event we have endeavoured to see that where a sale is being made the Japanese pays his creditors out of the proceeds. All this, of course, has added greatly to the work of the agents and this has been and will be reflected in the amount of their charges.

Considering the wording of the Order in Council we decided that sales of Japanese property should not be made by the Custodian unless the Japanese owner desired a sale to be made or unless a sale was necessary in order to provide funds to meet the owner's obligations or finally unless the property was of such a nature that it would spoil or seriously deteriorate in storage.

The demand for Japanese businesses as going concerns is actually very limited because in most cases the goodwill attached to them is negligible. We have found too that the demand for the stock in trade and fixtures of these businesses is limited. Where the Custodian is making a sale we have laid it down as a rule that unless the consent of the Japanese owner is obtained no sale is to be made until the property has been advertised for sale and tenders called for. This does not mean that a sale is necessarily made following such advertisement as there is no obligation to accept the highest or any tender.

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While there have been a number of sales of businesses and business equipment arranged there have been and will be many cases where the Japanese owner does not desire a sale and where there appears to be no other reason requiring it. In these cases, particularly where the equipment and stock are located in rented premises, arrangements have been made to remove it to a central storage place.

The British Columbia Security Commission at the present time has under consideration the possibility of obtaining from us considerable quantities of this equipment in order to set up stores and businesses in the self-supporting Japanese communities in the Interior. We have suggested to them that the wisest course would be to try to bring the owner and his property together in the self-supporting community so that he can carry on his business there. If this could be done it would cut down the Custodian's storage problem considerably and would give the Japanese concerned a reasonable chance to continue earning a livelihood.

The business properties have been almost entirely allocated to licensed trustees in bankruptcy and chartered accountants, and once the properties have been sold or stored there should not be a great deal of further work required by the Administration Department and certainly the services of the agents can be discontinued.

The real property will, however, require continuous administration. Many of the Japanese before leaving have boarded

up their dwelling houses leaving their furniture inside. We have taken the position, however, that while the Custodian at the present time does not intend to sell this property unless it is necessary to provide funds to pay debts, nevertheless in view of the existing housing shortage he will rent these properties if they are in a rentable condition. Through the trustees committee we were furnished with a list of recommended real estate agents and it has been the practice to assign the different parcels of real estate to these agents for management. To avoid duplication in cases where the property coming into the Custodian's hands consisted chiefly of real estate only and some personal property but no business assets, we have followed the practice of appointing the real estate firms as agents in the first instance for investigation and report and then letting them continue on as managing agents to handle the real estate for rental purposes.

As the work proceeded we found that in a great many cases the Japanese prior to registration had made arrangements with lawyers, real estate firms, accountants and others to look after their property upon their evacuation. In many cases these were not people whom the trustees committee would have recommended to handle property and certainly would not have been the choice of the Custodian. We felt, however, that there would be considerable advantage, from an administrative standpoint, in not disturbing these arrangements until the office was definitely organized and we therefore have said that we would not

interfere for the present and would leave the management of the property in the Japanese agents' hands, requiring him, however, to account and remit to us monthly. While I have no definite figure it would be no exaggeration to say that as a result the Custodian's office will be in monthly correspondence with several hundred different agents who have been appointed by the Japanese. We have made it clear to these people that they are not to be regarded as agents for the Custodian but as agents for the Japanese owner with a duty, however, of accounting to the Custodian.

It would seem advisable to let this practice of leaving the management of these properties in the hands of the Japanese agents continue until the evacuation is completed. Once that has taken place I would recommend that all these arrangements be reviewed and that the management of the real property should be concentrated in the hands of a relatively few number of the most reliable real estate agents. This will, I know, arouse a good deal of opposition among the agents concerned and may lead to some criticism but I am satisfied that the importance of having first class and fully reliable firms handle this matter outweighs any criticism there may be. It is also of paramount importance that the Custodian's records should, of themselves, show what revenue has been produced by the various properties and what has been done with it. While the monthly statements and remittances which are being required would to some degree supply these records, I believe that centraliz-

ation of the management of the properties will ensure a permanence of record which cannot be expected under the present system.

The arrangement with any real estate agent appointed to act for the Custodian contemplates his being paid a fee of five per cent of the gross rentals collected, payable as the rentals are received. No leasing fees are to be charged by these agents.

The work of the Administration Department will tend to become primarily supervision of the agents who are managing these properties. Consideration might well be given to the possibility of this office collecting the rents direct instead of through agents and only employing agents for the purpose of obtaining tenants. If this were done, however, it would involve a larger staff than is at present contemplated for this Department but it might be found that money could be saved even though the staff were increased.

To ensure uniformity of monthly reports we have had prepared and distributed to the agents printed forms which, when completed by the agent, will give full details of the monthly receipts and disbursements. This form has been modeled on the similar forms used by Messrs. McWilliams and Broughell of Toronto.

In the Order in Council it was provided that the articles turned over to the police pursuant to the Order of the Minister of Justice of February 26th vested in the Custodian

upon delivery to the persons mentioned in the Order. These articles included motor vehicles, radios and cameras. The work of looking after these up to the present time has been in the hands of Mr. Edgar T. Read of the Enemy Section who has handled this difficult matter very well. Now that the Evacuation Section is better organized, however, it would seem advisable to bring this work back into the Administration Department which is where it properly belongs.

The original seizure of the Japanese motor vehicles was badly handled by the Royal Canadian Mounted Police and I must say that as a result the Custodian's office has been put to great expense, much of which might have been avoided had the matter been handled differently. The Mounted Police in the first instance did not enforce the Order of the Minister of Justice of February 26th and apparently nothing whatever was done by the Police between the 26th February and the 9th March when an advertisement was published requiring the Japanese to surrender their cars. Mr. McPherson has already reported fully to you regarding the car situation and I need not elaborate upon it except to say that the arrangements made by the Police and the agents of P. S. Ross and Sons for the storage of cars in Vancouver were unsuitable and unsatisfactory and as a result much of the work which was supposed to have been done by the motor car company employed by Frederick Field & Company either was not done or was done so badly that it had to be done again.

Following receipt of the cars we were asked not to

dispose of them until the Government departments had an opportunity to acquire them. It was indicated to us that probably most of the cars and trucks would be required by these departments. The motor vehicles were held out at Hastings Park for nearly four months, during which time the Government departments took a relatively small number. All this time, of course, somebody, either the Custodian or the Mounted Police, was incurring rent expense, expense of guards and the claims of the lien holders on the cars were increasing. Finally we decided that we could wait no longer for the Government departments to take any action in this respect and the motor vehicles have now been moved out of Hastings Park to various locations around the city to reduce carrying charges and to get them out of the public view before the races are held at Hastings Park. It is intended to advertise all motor vehicles for sale by tender and to dispose of them as quickly as possible. Considering all the restrictions which now exist, however, it seems probable that a good many of the vehicles will not be sold and it will mean that the Custodian will have to store a certain number of these cars almost indefinitely. I would suggest that after every attempt has been made to dispose of the motor vehicles consideration should be given, in the case of the poorest vehicles, to having them broken up for scrap.

The situation in regard to the radios and cameras was just as badly handled by the Mounted Police and there are undoubt-

edly large numbers of these articles in the hands of white firms and individuals although they still actually are the property of the Japanese. We have even found cases of Japanese continuing to hold this equipment themselves and in such event we have taken these over although not authorized by the Order in Council to do so. In one case our agents actually located a short wave broadcasting station and full information regarding this was given to the Royal Canadian Mounted Police.

A number of cameras and radios were, however, actually delivered to the Mounted Police pursuant to the Justice Minister's Order and these are being held in the Mounted Police barracks. I believe the storage of these was fairly well handled by the Police but they now require the space where these are stored and it will be necessary for the Custodian to move them to some central warehouse. Many of the Japanese are anxious to have their radios sent to them in the Interior and the Police would apparently have no objection to this if any short wave equipment were first removed. This has been discussed with the British Columbia Security Commission who have requested that the matter be left until the evacuation is completed. At that time I believe that consideration might be given to the advisability of notifying the Japanese that if they want their radios the Custodian will be willing to release them provided the Japanese will send the Custodian sufficient money to pay for the cost of removing the short wave equipment, if any, and of shipping the radio to the evacuee owner wherever

he may be in the Interior.

The personnel of the Administration Department has been as follows:

Mr. F. G. Shears as Manager, Mr. Paul Douet, Mr. G. D. Milsom and Mr. G. F. Peers as Executive Assistants, Mrs. E. Burraston, Mrs. N. Donaghy, Miss G. Hopkins and Miss M. Arab, Secretarial and Stenographic.

Upon Mr. Alexander taking over the management of the Section when I leave I would recommend that Mr. Shears, who has had trust company experience and also experience in the Custodian's work in Winnipeg, should be appointed Assistant Manager, taking the active charge of supervising the operating departments of the office which, as above indicated, can all be grouped under the general head of "Administration Department". If this is done I do not see any need to appoint a special department manager for the city property and business section. This may be desirable at a later time but for the present Mr. Douet could act as senior executive assistant working with Mr. Milsom and Mr. Peers. Consideration is now being given to getting someone else into the organization who could replace Mr. Peers but it would be inadvisable to let Mr. Peers go until the new man is thoroughly familiar with the work and this would take approximately a month.

Accounting Department

When Mr. Gates was here we discussed the accounting system and he set up the accounts in a preliminary way but it was not possible at that time to foresee clearly what would be required in this Department. Now that the organization of the office has been more or less completed and the scope of the work more clearly determined it is clear that the accounting system required will be much more involved and the records needed will be much more extensive than was at first thought. Mr. Gates arranged when he was here for us to get the services of Mr. A. J. Noble who had been employed in a temporary capacity by Frederick Field & Company, P. S. Ross & Son's agents here. Mr. Noble was well recommended by Frederick Field & Company and in Mr. Gates' opinion possessed sufficient qualifications for the work.

While records have been kept in the manner outlined in Mr. Gates' memorandum the accounting system has not yet been set up and this should be proceeded with now as quickly as possible. Mr. Noble, unfortunately, will have to be replaced and Frederick Field & Company are taking him back into their employ. It is my opinion that the accounting system should be set up by a fully qualified chartered accountant. If this is done the system could then probably be operated by an ordinary accountant even though he did not possess the training of a chartered accountant.

I have outlined a system which will, I believe, give

the necessary information which will be required in the work but I would prefer this to be examined and criticized, if necessary, before the system is actually put in operation.

Two bank accounts are kept in the Royal Bank of Canada, Main Office, in Vancouver, in connection with the Evacuation Section. These are the "Administration Account" and the "Trust Account". Both accounts are in the name of "G. W. McPherson, Authorized Deputy of the Secretary of State and/or Custodian" and cheques drawn on these accounts must be signed by any two of the following, namely, G. W. McPherson, Edgar T. Read and Miss Florence Carroll.

The property accounting records to be kept should include:

1. A statement of affairs which will give the complete picture of the evacuee's affairs at the time his property came into the hands of the Custodian, broken down under the heads "Real Estate", "Chattels", "Receivables", "Miscellaneous" and "Liabilities".

2. A separate revenue account should be kept on every parcel of real estate. This statement will be built up from the collections received by the office whether the property is managed direct or from the agent's statements where the property is in agents' hands for management. It will show the revenue received and the disbursements made either by the Custodian or his agents and the disbursements will be classified under three main heads, namely, "Repairs and Maintenance", "Taxes and Insurance" and

"Miscellaneous", including management.

3. It will, in addition, be necessary to keep a statement for each evacuee possessing property which is revenue producing or which is being disposed of to show capital receipts, and I believe that the revenue results for properties should be posted to this statement each year. There will have to be control accounts for these individual accounts.

Considerable difficulty is going to be experienced by reason of the fact that many of the properties belong not to one but to several Japanese and it is seldom clear what the respective interests of each are. Also we cannot be certain that the situation will not change during the course of the Custodian's administration and it will undoubtedly happen that evacuees owning property will die and the ownership will then become vested in their heirs. In that event enemy interests may result as there are very large numbers of wives and children of evacuees in Japan.

The Accounting Department is going to be one of the most important departments in the office and will shortly need much increased personnel. It will, in my opinion, need an accountant, assistant accountant, and possibly two female book-keepers. It will also require at least one stenographer.

When the organization is more complete it is proposed that the Accounting Department will deal with the agents' monthly reports and that these will not be referred to the Administration Department unless arrears are shown or unless vacancies occur,

or other special matters are disclosed which require attention. In the case of the farms it is not intended that the Accounting Department will be responsible in the first instance for the collection of rentals due to their seasonal nature. Particulars of tax payments on real estate and insurance policies will have to be recorded by the Accounting Department but should be referred to the department section for consideration before payments are made.

The Accounting Department has been, and will continue to act not only for the Evacuation Section but for the Enemy Section as well. It will, however, be necessary to keep an entirely different set of books for the Enemy Section.

Because of the wording of the Order in Council the securities received by the Evacuation Section are relatively few in number. When securities, money or cheques come into the office these are turned over immediately to the accountant who issues a receipt for same. The securities are delivered by the accountant to Mr. Read and either Mr. McPherson or Miss Carroll and are by them placed in the safety deposit box provided for that purpose in the vaults at the bank.

Arrangements have been made to bond Mr. C. H. Reed, the assistant accountant, for $10,000.00, and I would recommend that Mr. Noble's successor should be bonded for a like amount. Arrangements are also being made to bond Mrs. O'Brien, the head of the filing room, as she opens the mail. Mrs. O'Brien will be bonded for $5,000.00.

General Including Filing

Some comment appears desirable on the general office set up. With a staff of approximately fourteen stenographers it is necessary to have an office supervisor to ensure continuity of work and continued application. Miss M. Stevenson was appointed Office Supervisor for this purpose. In addition to this work she looks after office stationery and supplies, unemployment insurance for the female employees and other special assignments.

The filing room constitutes a most important part of the general office administration. There are already over eleven thousand files. The filing system is based on index cards which are filed under the name of the Japanese evacuee and are keyed to the file by the file number. It seems likely that before registration is finally completed there will be probably about fourteen to fifteen thousand files. Separate card indexes are also kept for the agents and it seems desirable that a card index should be set up with a card for each property filed by its location as, of course, once the evacuation has been completed the Japanese names will have no meaning to the general public. This will be quite extensive. In addition it would seem advisable to have a card made for every Japanese name disclosed in the files and it is suggested that in the case of persons in Japan a coloured card, preferably red, should be used so that it would be possible, without difficulty, to extract the cards of all Japanese disclosed in our records who

are in Japan, the cards indicating their connection with our files.

The incoming mail is opened by Mrs. G. O'Brien, Supervisor of the filing room, and distributed by her. The outgoing mail at night is looked after by the filing room staff. The stamp bill for the office is large and you will remember we have asked that franking privileges be granted.

The personnel of the filing room consists of Mrs. O'Brien as Supervisor, Miss E. Bridson as Assistant and four clerks. The office girl is also attached to this department.

Miscellaneous

The problem of insurance on the properties vested in the Custodian is a difficult one and cannot really be dealt with until a decision is made as to whether or not the Government proposes to bear the cost of this. The same problem exists in a sense regarding taxes and mortgage payments on unproductive real estate or real estate which cannot be rented for sufficient to pay its carrying charges. I realize that until it is known with greater certainty what would be involved no decision can be made. At the present time two members of the staff, together with four typists, are engaged upon making up a record of the property which has vested in the Custodian and particulars of the claims which have been filed. Once this is completed it will be possible to give an idea of the amounts which will be involved. This work will take considerable time yet but is being completed as quickly as possible. Valuations have not been made of all property as this information normally would only be required if a sale were contemplated and in order to save expense the agents were not asked to value this property. In the case of the personal effects and belongings, much of it has no realizable worth and therefore can hardly be valued with any degree of certainty. Any figure, therefore, which is obtained will not actually represent the true worth of the property but will at least give some indication.

It seems advisable for me to indicate at this stage what we have done in regard to insurance and taxes up until now.

Believing that the Custodian should, as far as possible, see that white creditors of evacuees were paid out of realizations from evacuees' properties or from revenue we published, some weeks ago, an advertisement requiring all persons having claims against persons of the Japanese race in the protected area to file particulars of their claims with this office. The result was a deluge. No definite figures are available regarding the total number of claims filed but they numbered over ten thousand. Many of the claims were filed by the Japanese themselves against each other.

While there was originally a good deal of criticism by creditors of Japanese, I am glad to say that since the advertisement was published and since a number of the claims have been paid as a result of the Custodian's policy, this appears to have died down.

In the case of insurance we have taken the position that the Custodian will not insure any property not previously insured and will not renew insurance which is carried (unless funds are provided by the Japanese themselves for the purpose) unless the Custodian has taken some definite step with regard to the property, for example, in the case of real property, if the Custodian has rented it or in the case of personal property, if the Custodian has moved it from where the Japanese lived to some central storage. The insurance when placed by the Custodian's office is usually given to the agent who has been handling the case. The premiums in the case of the personal property stored are being charged to general expense, while the premiums on productive real estate are being charged against the revenue.

The whole matter of insurance requires careful consideration and in addition to carrying fire insurance I believe burglary insurance should also be considered. Liability insurance should be considered in the case of properties vested in the Custodian which are unrented but which are being shown to the public by the Custodian's agents, and public liability and property damage insurance should certainly be carried on any cars which are being operated on the Custodian's work. I believe that bonds should be carried on all agents collecting money for the Custodian as the Custodian's agent and would recommend that an attempt be made to get a master bond with a schedule for this purpose.

Conclusion

I do not know what the ultimate intention will be regarding the Custodian's office in Vancouver. In setting it up we have proceeded on the assumption that it will continue here at least for the duration of the war and I do not think it would be feasible to move the organization to Ottawa. It seems probable that even after the war the final winding up of the evacuee property will take a considerable time, and in view of the fact that the property of the evacuees came to the Custodian under the special Order in Council it will, in my opinion, be necessary to keep the Evacuation Section at any event entirely separate from the section dealing with the Enemy owned and Internee property right to the end.

The expenditure required to set up this organization has been considerable and I cannot conclude this report without remarking that much of this could have been avoided if the Custodian's office had been able to handle the entire problem itself, and if it had not been required to depend on other departments, some of which have not co-operated as fully as they might have. The difficulties of getting information regarding the whereabouts of Japanese from the Police and from the British Columbia Security Commission, the delays in the evacuation, the absence of co-operation in centralizing the evacuation have all, in varying degree, contributed to our difficulties and increased the cost, and it seems a great pity that the whole problem could not have been entrusted to one department of the Government working in conjunction with either the Army

or the Mounted Police instead of placing different phases of the same problem in the hands of no less than eight different departments, including Secretary of State, Labour, Soldier's Settlement and Pensions and National Health, War Services, Justice, External Affairs, Fisheries and National Defence.

Mr. McPherson has suggested to me, and I agree, that the wisest course which could have been followed would have been to co-operate with the United States Government and arrange to have the Canadian and American Japanese all centralized in one area, preferably in a warm climate where housing would constitute no great problem.

The evacuation in Canada has, in our opinion, only resulted in the dispersal of a potential "fifth column" in the Interior of British Columbia close to the protected area and to important utilities and installations serving the Coast region. The actual number evacuated to other regions seems to be relatively small although no definite figures are available.