

SESSION 1947
HOUSE OF COMMONS

STANDING COMMITTEE
ON
PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 12

TUESDAY, JUNE 3, 1947

WITNESSES:

Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property,
and Mr. K. W. Wright, Counsel.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1947

MINUTES OF PROCEEDINGS

TUESDAY, June 3, 1947.

The Standing Committee on Public Accounts met at 11.30 o'clock a.m., the Chairman Mr. L. P. Picard, presiding.

Members present: Messrs. Boucher, Burton, Cleaver, Cote (*Verdun*), Cruickshank, Fleming, Fraser, Gladstone, Golding, Isnor, Jackman, Jaenicke, Johnston, Marshall, Macdonnell, Picard, Pinard, Probe, Stewart (*Winnipeg North*), Thatcher, Warren.

In attendance: Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property, and Mr. K. W. Wright, Counsel.

The Committee resumed its investigation into the administration of the property of illegal organizations.

Examination of Dr. Coleman was continued.

Dr. Coleman filed a statement of receipts and expenditures by the Custodian on account of the property of illegal organizations as at December 31, 1946.

Dr. Coleman filed a statement, *The Ukrainian Labour-Farmer Temple Association, Some Particulars regarding Ten Properties that were Sold, February 24th, 1947.*

Mr. Wright filed statements respecting the sale of Ukrainian Labour-Farmer Temple Association halls at Vancouver, B.C., and Saskatoon, Sask., which are printed as *Appendices A* and *B* to this day's minutes of proceedings and evidence.

At 12.55 o'clock p.m. the Committee adjourned to meet at the call of the Chair.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 3, 1947.

The Standing Committee on Public Accounts met this day at 11.30 a.m. The Chairman, Mr. L. Philippe Picard, presided.

The CHAIRMAN: Gentlemen, may I call the meeting to order. Doctor Coleman will be with us in a short while, but after this morning's meeting he has asked to be exempted for a certain period of time as he has been appointed to act as chairman of a special committee in connection with Mr. Truman's visit. Until the visit is over he will be fully occupied by that committee; so, for the expected further meetings of this committee this week, I think it would be fair to exempt Doctor Coleman and we will adjourn at the call of the chair. Actually Doctor Coleman did not expect to be here this morning because he was welcoming some officials, but he will be able to stay with us until 1 o'clock.

Are there any questions on the proceedings of the last meeting?

Dr. E. H. Coleman, K.C., recalled:

By Mr. Fleming:

Q. Just to begin with and to get a bird's-eye view of the whole picture may I ask Doctor Coleman a question or two of a general nature? You indicated at the last meeting settlement had been made in connection with the sales of the ten properties of the U.L.F.T.A. and sales had been made in connection with the Workers' and Farmers' Publishing Company of Winnipeg. Now actually there were a great many other properties that came into the hands of the custodian, were there not, Doctor Coleman?—A. Yes, but I would not say a great number; not many properties.

Q. Well, is it correct in all other cases, either the property was returned to the organization when the ban on those organizations was lifted in 1943, or 1944, or the organization has accepted disposal of the property made by the custodian? Is that a fair generalization?—A. Yes, sir.

Q. So far as properties are concerned, where realization has been challenged by the organizations, there were ten properties of the U.L.F.T.A. and this printing plant and library of the Workers' and Farmers' Publishing Company Limited?—A. Yes.

Q. And there were claims received from other organizations, were there not; but in the light of the McPhee report no settlement was made of those claims?—A. I do not think there were any claims other than the Finnish ones.

Q. Would you just say a word about that; I am trying to confine the subject matter of the enquiry. I am thinking, for instance, about the claims reported on pages 5 and 6 of the McPhee report, damages to different units.—A. That is the U.L.F.T.A.?

Q. Yes; and on page 6 is the Finnish organization.—A. There was only one Finnish hall that was sold.

Q. What was the upshot of any claim with reference to the disposal of that?—A. Well, you will see in the report:

With regard to the condition of the properties, we may say that at the sessions which the committee held in Toronto, the general secretary of the Finnish Organization of Canada, Mr. G. Sundqvist appeared before us and stated that their halls had been released and when asked if they were making any claims or representations, replied, "No, we are well satisfied," and he expressed the thanks of the organization for the manner in which their properties had been dealt with by the custodian.

Q. Then there was no claim from that organization?—A. There was a suggestion at one time; I do not know whether it was signified by a claim, but there was some suggestion there might be a claim which was abandoned after the McPhee enquiry and report.

Q. Then the ten properties of the U.L.F.T.A. and the plant of the Workers' and Farmers' Publishing Company then represented the exceptions to the general experience of the custodian in the matter of claims?—A. Yes.

Q. Now you were going to bring to this meeting a breakdown of the \$152,640.96 paid out in respect of those claims?—A. I have it here.

Q. Would you care to make a statement in general terms explaining the breakdown you are now following, Doctor Coleman?—A. Well, I think perhaps the simplest way is to go over each item as we have it here. There was an organization known as The Advocate which was banned. They had a bank account of \$35.99 which was returned to them. There was an Italian association, an association of Italian veterans, which had \$118.38 which was returned to them. In connection with the Auslands organization we spent \$15 in an investigation and there was a debit balance of that amount. The Canadian Labour Defence League had a bank account of \$14.68. We had expenses of \$55 which meant a debit balance of \$40.32. The Canadian League for Peace and Democracy had \$8.41 in the bank; there were disbursements of \$45.19; we returned to them \$6.22, leaving a debit balance of \$43.

Q. I do not know whether we need to go into all of these. Probably those mentioned by Doctor Coleman now would be representative examples of the different cases?—A. Yes, the small ones.

Q. Now look at the larger ones for instance, the Finnish Organization of Canada. You show total receipts of \$55,213.08; disbursements of \$52,832.74; would you say a word concerning that?—A. I will give what the disbursements were. The Finnish organization had a bank balance of \$448.69; cash in their buildings \$419.11; there was an insurance rebate of \$3,216.82; \$50,201.74 was realized from rentals on real estate; \$461.72 was realized from the sale of chattels; \$465.00 was realized from the sale of real estate; all of which makes total receipts of \$55,213.08 which was expended as follows: interest and payments re mortgage and agreements for sale \$4,776.75; sundry taxes \$16,314; insurance premiums \$7,438.87; expenses re real estate \$16,403.55; agents' fees \$6,562.90.

Q. Just a word there, did you say agents' fees?—A. Yes.

Q. That would be calculated on the percentage of the rentals collected?—A. That would be rental collection fees, yes. There was chattel mortgage and interest expense of \$1,218.65, making a total disbursement of \$52,832.74.

The CHAIRMAN: May I ask you a question there Doctor Coleman? You have receipts of \$55,213.08 and disbursements of \$52,832.74, amount returned by custodian \$12,280.99 and there is a debit balance of \$9,900.65. Is that pending some request by the organization to have the full amount returned?

The WITNESS: Yes, there was a debit of \$9,900.65 which represents payment authorized by the cabinet. If you deduct that from the amount remitted by the custodian you will see the exact difference between receipts and disbursements.

By Mr. Fleming:

Q. You actually remitted more than you had on hand?—A. That is right.

Q. Did you know that you were headed for a debit balance when the cabinet directed the remission of the \$12,280.99 to the Finnish organization?—A. Oh, yes.

Q. That was part of the all-round settlement and conclusion of administration.—A. The order in council directed that we pay the taxes from the beginning of June, 1940, through 1941, 1942 and 1943. I think if you will take that figure \$12,280.99 and deduct what you would call the tax allowance, I think you will find it makes exactly the difference between \$55,213.08 and \$52,832.74

The CHAIRMAN: Yes it does.

The WITNESS: Yes, exactly.

By Mr. Fleming:

Q. Well now that payment of \$12,280.99 along with the taxes probably explains why the representative of the Finnish organizations indicated that their organization was satisfied with the outcome and no further claim was being made. Is that right? That all happened at the same time?—A. Approximately, yes.

Q. Am I right in thinking the taxes had not been paid in the interval from the time of the remission of the business by the custodian?—A. Yes, that is right, other than where there was revenue coming in from the properties.

Q. There was revenue here because you had large amounts of rents?—A. When you say there was revenue coming in there was revenue for certain properties but not others.

Q. Did you pay the taxes on properties yielding rents?—A. No. If they had a surplus on a particular property and it had been rented for sufficient to carry the taxes, mortgage and so forth there was no debit balance on that property.

Q. Am I clear on this Doctor Coleman? In the case of the Finnish organization you were in receipt of substantial rents and you paid no taxes at all?—A. Yes, where there was revenue coming from rent sufficient to cover the taxes, the taxes were paid all the time to avoid penalties.

Q. Yes but I want to be clear. Where the revenue was sufficient to pay the taxes you did pay them?—A. Yes, to avoid penalties.

Q. That matter of agents' fees, would you enlarge on that?—A. I would have to get further particulars on that I am afraid. There were fifty-seven units of real estate in the Finnish halls but I would have to get particulars on them.

Q. Can you give us the gross receipts against each of those, and the fees that were charged?—A. Yes, rents were \$50,201.74.

Q. Against which fees of \$6,562.90 were charged?—A. Yes.

Q. Those fees I take it were in connection with renting the property and collecting the rents?—A. Yes, and the management of it.

Q. That represents about 13 per cent of the gross rent?—A. I beg pardon?

The CHAIRMAN: That includes, management, collection of rent, and administration?

The WITNESS: Everything connected with the rental.

By Mr. Fleming:

Q. Now is there anything more you want to say on the Finnish society?—
A. I do not think so.

Q. You have the credit balance on hand at the time of settlement and you simply returned it?—A. Right.

Q. In the case of the International Bible Students' Association, total receipts amounted to \$10,153.48 and about half that went into disbursements and the other half was returned at the time this organization was taken off the illegal list.

Q. Then we go on to Jehovah's witnesses. You received \$2,082.88 and disbursements were \$1,596.82?—A. Yes.

Q. You returned \$1,339.20 and there was a debit balance of \$853.14?—A. Yes, Jehovah's witnesses had a bank balance of \$1,296.44; cash of \$53.48; \$14.04 were realized on an insurance rebate; \$90. was realized for rental on real estate; \$628.92 were realized on sale of chattels total disbursements were \$1,596.82.

Q. Then for the benefit of the members of the committee who have not got copies of this statement before them would you give the total receipts?—A. Total receipts were \$228,662.89.

Q. I am speaking of the grand total for the whole statement? Receipts amounted to \$228,662.89; total disbursements \$365,056.46; you returned \$36,584.39; there was a debit balance of \$172,977.96 which was absorbed?—

A. Yes.

Q. That includes the \$137,625.08 paid to the U.L.F.T.A. is that correct?—
A. Yes.

By Mr. Stewart:

Q. Before we leave this statement may I ask one or two questions. On page 2 of the financial statement opposite the heading Workers' and Farmers' Publishing Company total receipts are shown as \$6,913.97. Now this plant was sold I think for \$9,500 plus accrued interest. Can the witness tell us where this discrepancy arises?

The CHAIRMAN: Where do you find that?

By Mr. Stewart:

Q. At page 2, at the bottom, just above the U.L.F.T.A.—A. That would be the net receipts I think, Mr. Stewart. I have not the details here but there was a lease on part of this machinery.

Q. And a mortgage of \$4,240?—A. There was a chattel mortgage on it of \$4,240.

Q. But in that case the figure for the total receipts then is wrong, is it not, because the total receipts arising from the Workers' and Farmers' Publishing Company were \$11,149.96?—A. Yes.

Q. Has that happened in any other instance?—A. No, this is from the books kept at Ottawa and I fancy the other figure was that put in by the agent. Presumably the difference would be accounted for by the cost of the mortgage.

Q. It is very nearly the net, it is within \$4.—A. Within \$40 did you say?

Q. It is within \$5.—A. That would be for discharging the mortgage.

Q. But the witness states that is the only case where the net receipts were put in; all the rest are gross?—A. Well as far as I know they are. I did not know this appeared in that form, to be quite candid, Mr. Stewart.

Q. Well I have no more questions to ask on the statement.

Mr. MACDONNELL: Looking at the U.L.F.T.A., the last line on the page, the second figure under the heading of total disbursements is \$243,511.54. Then go to the fourth and fifth columns under the heading of cost to custodian,

property repurchased, there is an item of \$160,014.65. Am I right in thinking the \$160,014.65 is included in the \$243,511.54 or is that additional?

The WITNESS: No, that is included in the \$243,511.54.

By Mr. Fleming:

Q. Coming now to the U.L.F.T.A. properties and a breakdown of them leaving out of account the other factors that entered in the final settlement such as the absorption of the debit balance, the payment of taxes and so on, the net loss in connection with repurchase of the ten properties of the U.L.F.T.A. was \$83,236.98 is that correct?—A. That is right.

Q. Now is that amount broken down as among the ten properties?—A. We could do that.

Q. Well I am not asking you if you could do it now but was it broken down at the time?—A. Yes.

Q. May we have a statement showing how those amounts were arrived at with respect to each of the ten properties?—A. Yes. Lachine, sale price \$2,000, repurchase price \$3,540.73, deficit \$1,540.73; Hamilton, sale price \$5,650, repurchase price \$9,000, deficit \$3,350; Toronto, sale price \$35,000, repurchase price \$65,819.92, deficit \$30,819.92; Euclid avenue, Winnipeg, sale price \$13,300, repurchase price \$20,000, deficit \$6,700; Saskatoon, sale price \$1,702.76, repurchase price \$7,000, deficit \$5,297.24; Alberta, Edmonton, sale price \$5,739.61, repurchase price \$14,440, deficit \$8,700.39; Vancouver, sale price \$6,000, repurchase price \$12,000, deficit \$6,000.

Then in relation to the Calgary, Lethbridge and Medicine Hat properties the following figures apply. Calgary, sale price \$1,611.30; Lethbridge, sale price \$1,060; Medicine Hat, sale price \$1,500.

Those properties could not be repurchased because they had been converted by the purchasers and an allowance was made of \$25,000 to be divided among those three branches by the U.L.F.T.A. making a deficit there of \$20,828.70. The total deficit was \$83,236.98.

If it is agreeable to the committee, Mr. Chairman, I would file this statement. It is in a very summary form.

Q. You have given ten properties there, Doctor Coleman, but Pritchard hall, Winnipeg, is not included, was that because it was foreclosed?—A. It was foreclosed by the organization that held the first mortgage.

Q. No claim was made by the U.L.F.T.A. in respect of that property?—
A. No.

Q. Now you referred at the last meeting to the fact that the McPhee report indicated that satisfactory sale prices had been yielded in the case of all properties with the exception of, I think you said Vancouver and Saskatoon, is that not right?—A. Yes sir.

Q. Vancouver and Saskatoon. Now leaving those two out for the moment, I would like to come back and ask questions on them later, but leaving them out for the moment, we have eight other properties?—A. Yes.

Q. When the government took matters into their own hands and directed the repurchase we find the average price paid, although it is pretty hard to strike an average, in some cases, would run nearly 100 per cent higher.

Mr. STEWART: 500 per cent.

By Mr. Fleming:

Q. I am leaving out Saskatoon and Vancouver. I am going back to those later as they were singled out in the McPhee report. In the case of the others am I right in saying that the McPhee report stated satisfactory prices had been yielded from the sales?—A. The report indicated at the time the property was sold, I do not want to put anything extra into the report of the writers, but it

was to the effect that the custodian got the best price that seemed available at that particular time as far as they could see when looking back on the way the sales were handled.

Q. Just let us get the words of the report so that we will be fair to the committee. If you get the passage in the report, what appears in the minutes of our last meeting at page 271, you are reading from the memorandum at that point if you will remember "In only two of the Ukrainian Labour-Farmer Temple Association cases did the committee express the view that the custodian's agents had sold the properties for an unduly low price. These cases were in Saskatoon and Vancouver. The committee thought the agents had not felt it their duty to point out to the custodian that the highest bid offered appeared unreasonably low in relation to the value of the property".

Apart from these two cases I take it it was the view of the McPhee commission that satisfactory prices had been yielded on the sales of the other eight properties. That is a good interpretation of the view of the committee. There was not at any time any recommendation from the McPhee commission to the government for payment of additional sums to the U.L.F.T.A. in respect to those other eight properties.—A. They recommended, as I think you will see—

Q. Repurchase?—A. Yes, repurchase. Now one circumstance, if I might say, Mr. Fleming, has to be kept in mind. These purchasers in 1940 purchased the properties after advertisement and call for tenders and they represented later that they had been made in some cases very substantial expenditures by way of improvements and reconverting the properties for their own needs. In the case of Calgary, Lethbridge, and Medicine Hat, reconversion was so wholesale that it was realized there was no chance whatever of repurchasing them in the form that would be convenient and suitable to the use of the original owners, the U.L.F.T.A. The Calgary hall had been one of the ordinary type of halls and it had been converted into a furniture warehouse. The Lethbridge hall had been converted, I think, into a dancing establishment. The Medicine Hat hall had been converted into a Roman Catholic church. The purchasers in these cases represented that they had expended very considerable moneys in making improvements or alterations for which they felt they had to be reimbursed. That explains paragraph 10 of the advisory committee report: "It is our opinion that the present owners should agree to sell the property to the Ukrainian Labour-Farmer Temple Association at the price paid by them for it, provided further, however, that, the present owners having made permanent improvements to the property, these should be paid for by the Ukrainian Labour-Farmer Temple Association."

We earnestly urge that the present owners should follow the course suggested, as a reasonable and fair solution of a situation which, otherwise, may accentuate difficulties in restoring harmony and good feeling among Canadians of Ukrainian origin. On the other hand, we urge that the Ukrainian Labour-Farmer Temple Association in the negotiations with the present owners, should approach the problem in a broad-minded spirit and should be careful to avoid recrimination and haggling over details.

Then, following that report which, as I said came in early 1940, negotiations were attempted but did not get very far. The problem then came again before the government and one of the members of the McPhee committee, Mr. Campbell of Edmonton, was brought here by the then secretary of state, on advice of his colleagues, to see if something could not be done with a view to examining the property and giving an opinion as to the value of the improvements. I think Mr. Campbell was selected because he had been in the lumber business and in the construction business and had been familiar with this type of building. He could not get very far. He made his report to the minister and in February of 1945 an order in council was passed providing for the expropriation of these properties.

Q. Again you are speaking of the three Calgary, Lethbridge and Medicine Hat properties?—A. No, expropriation of all of them.

Q. All ten?—A. Yes, not just those in Calgary and Lethbridge and so on.

Q. I suggest that we make that order in council a matter of record, Mr. Chairman.

The CHAIRMAN: It will be filed.

By Mr. Fleming:

Q. Without taking any more time, I understand from the chairman that Doctor Coleman will file that order in council. Just while we are on the subject of the order in council, there are two others I suggest that we should have on the record. The first is P.C. 8022, dated October 14, 1943, which lifted the ban on the U.L.F.T.A. and the next is P.C. 8116 dated October 19, 1943, which contemplated the appointment of a man to deal with claims. Then on October 29, 1943, the appointment of the McPhee commission pursuant to that order in council was made through the hand of the secretary of state.

The CHAIRMAN: They will be included.

By Mr. Fleming:

Q. Then, going on Doctor Coleman, summing the situation up, it became in 1944 government policy to bring about the physical restoration of all these former U.L.F.T.A. properties, the ten of them, to the U.L.F.T.A. at prices, which, as it turned out, were substantially in excess of the prices that the McPhee commission considered reasonable. The exceptions were the two in Saskatoon and Vancouver. That is a correct generalization, is it not?—A. Yes.

Q. And this advance in price which the government was prepared to pay even in the face of expropriation was quite substantial. In the case of Lachine it advanced over 75 per cent, that is the amount the government paid compared with the amount realized on the sale in 1940, was it, have you got the dates there?—A. Yes, it was June 5, 1941.

Q. So the government provided therefore, an advance of 75 per cent. Now in the case of Hamilton the advance is about 60 per cent?—A. Yes.

Q. In the case of Bathurst Street, Toronto, the advance is about 90 per cent is it not?—A. Yes.

Q. In the case of Euclid avenue, Winnipeg, the advance is 50 per cent?—A. Yes.

Q. In Edmonton the advance is about 250 per cent?—A. No, the sale price was \$5,000 odd and the purchase price \$14,000 odd.

Q. Yes, well that is an advance of 250 per cent according to my calculation. Perhaps Mr. Stewart could check me on that. In the case of the group of three, Calgary Lethbridge, Medicine Hat, there is an advance there of about 600 per cent which you say is to be accounted for in part by reason of improvements made on the properties?—A. No, in that case, Mr. Fleming, they could not be repurchased on account of the changes.

Q. Yes, but I do not follow that.—A. That was a separate transaction altogether.

Q. That was a money payment made because the property was not physically restored to the U.L.F.T.A.?—A. That is right.

Q. But the difference between \$4,200 and \$25,000, the difference being \$20,000 is to be explained in part as I followed your evidence, by saying there had been improvements made on the properties.—A. In relation to those three, the purchasers made very strong representations and complaints to the effect that they could not be repurchased because as I have said the purchasers had changed the entire type of building. The Calgary purchaser had made it into a furniture emporium or warehouse and the physical alteration was so great that it could not be repurchased as a hall. The Lethbridge one had done the same.

Q. Those facts, I take it, adequately explain why it was not physically possible to restore the properties to the U.L.F.T.A.—A. Yes.

Q. Those expenditures by way of improvements were made by the purchasers?—A. Right.

Q. Why should that enter into the settlement which, I take it, was intended to reimburse the U.L.F.T.A. for some putative difference between the fair value when they were liquidated and the amount realized?—A. I was not suggesting with respect to these three properties that the question of improvements entered into it at all.

Q. It did not enter into the amount?—A. No.

Q. Well thanks, Doctor Coleman, that clears that up.—A. I do not know the details of how that amount was arrived at.

Q. In the case of these three properties the sales were made when, what date?—A. Calgary, April 4, 1941; Lethbridge, January 30, 1941; Medicine Hat, April 29, 1941.

Q. The amounts yielded from those sales aggregated approximately \$4,200?—A. That is right.

Q. And in 1944 it became government policy—A. —1945.

Q. Well in the spring of 1945 it became government policy to pay the former owners of that property \$25,000.

The CHAIRMAN: Before we leave that would you be prepared to tell the committee, before these new prices were fixed in 1945 which were higher than the original prices, did the government get any valuation by experts or were the experts of the department asked by whoever determined that policy to establish these prices?—A. I endeavour to explain, Mr. Chairman, that Mr. Campbell, who had been one of the advisory committee with Judge McPhee, who was himself a lumber dealer and I think a contractor, and had been over the properties as a member of the McPhee committee, was requested by the government to return and to go over the properties with a view to ascertaining what the improvements might represent.

Q. These prices were arrived at after Mr. Campbell made his investigation?—A. Yes.

Q. And he was asked by the government.

By Mr. Boucher:

Q. Doctor Coleman, when was the improvement taken into consideration?—A. The government as a matter of policy decided they would restore the halls to the original owners. In the meantime this group of six or seven had been sold to people who had purchased them in good faith after tendering to the government and the government asked them "Will you sell them back to us?" and they said "No, we do not want to. We purchased these properties in good faith and for our own purposes. We have made improvements to suit our own needs and we do not want to sell them back." As I have stated at a certain stage after the formal negotiations had not gotten under way an order in council was passed under the War Measures Act providing for expropriation. Then realizing the expropriation proceedings might be started negotiations were resumed and these figures arrived at.

Q. Can you tell us how these figures were arrived at and on what basis?—A. I would think you would have to get Mr. Campbell to explain that.

Q. According to your statement Mr. Campbell was only giving you the figures on the value of the improvements and he was not giving you the figures on the value of the buildings?—A. I did not intend to limit my statement to that.

Q. You indicated, to me at least, that he was sent back to value the improvements and not the buildings?—A. He was brought back by the government to endeavour to assist them in re-negotiating or negotiating a repurchase and one of the factors would be the value of these improvements.

By Mr. Fleming:

Q. That last answer, Doctor Coleman, has no application to the Calgary, Medicine Hat and Lethbridge properties?—A. No it has no application to Calgary, Medicine Hat and Lethbridge.

Q. Did Mr. Campbell make any report concerning those three properties?—A. No, not to my knowledge.

Q. Where did this figure of \$25,000 come from?—A. There again the secretary of state of the day, under instructions from the government, was dealing with the U.L.F.T.A. I was not in the negotiations nor was any officer in our office directly concerned in the negotiation.

Q. That was in the spring of 1945?—A. 1945.

Q. That payment was finally made?—A. Yes.

Q. April 1945?—A. Yes.

Q. I think most of us will remember that season.

Mr. ISNOR: Why should we remember that?

Mr. FLEMING: I guess elections happen so often down in Halifax that they do not mean as much there as they do to some of us.

Well for some reason or other, without any assistance from Mr. Campbell, it became government policy to pay \$25,000 to the U.L.F.T.A.? I do not wish to interrupt you but I am not certain as to whether Mr. Campbell was consulted about that or not. I could not say.

By Mr. Boucher:

Q. Did the government see fit to make that settlement without consultation or reference to your department?—A. Pardon?

Q. I say, did the government see fit to make that settlement without consultation or reference to your department?—A. The government representative in the negotiations was responsible to the minister.

By Mr. Fleming:

Q. Referring to your evidence in the last meeting; at some point or other in the dealings with these properties the matter was taken out of the hands of the custodian and they were handled directly by the government; is that not correct, Dr. Coleman?

The CHAIRMAN: Of which properties are you speaking?

Mr. FLEMING: I am speaking of this group of ten.

The WITNESS: The McPhee report was submitted to the minister and by him to his colleagues, and was later tabled in the House, and all the negotiations from that time forward were carried out, whatever the instructions were, it was conducted by the Secretary of State of the day on the instructions of the government.

By Mr. Fleming:

Q. Can you give us those dates?—A. I find here a telegram dated October 10, 1944. It reads as follows:

George A. Campbell, Esq.,
10018-83rd Ave.,
Edmonton.

Ottawa, October 10, 1944,

Government has decided to enter negotiations concerning purchase of certain Ukrainian halls sold STOP You are familiar with the representa-

tions made STOP Will be grateful if you will advise me by wire if you could accept appointment to represent government in negotiations and if so whether you could come to Ottawa at early date to confer with me.

N. A. McLARTY
Secretary of State

Charge:
Custodian's Office

Q. Is that the first knowledge that you had that the dominion government policy contemplated repossession on behalf of the U.L.F.T.A.?—A. I would not say that. I cannot fix any date when I had first knowledge. I am, of course, aware that at that time that had been decided; but exactly when it was decided I cannot tell you.

Q. Is this a fair statement, Dr. Coleman? The McPhee committee made its final report on February 16, 1944?—A. Yes.

Q. Some eight months later the government invites Mr. Campbell, who has been a member of that committee, to represent the government in connection with certain negotiations looking into the repurchase of those properties?—A. Yes.

Q. And although the McPhee report had said that the price obtained on the sale of eight of the ten properties was reasonable, or words to that effect.—A. At the time they were made, I think.

Q. Yes, at the time they were made; and nevertheless it became government policy then at the end of 1944 to recover these properties on behalf of the U.L.F.T.A., paying to the purchaser whatever they had expended on the properties by way of improvement or otherwise, and whatever was required to obtain a willing sale of them back to the former owners; and then, in the case of these three, Calgary, Lethbridge and Medicine Hat, the government was prepared to pay \$25,000 cash for the three properties which it had sold for a total of \$4,200, at a price which the McPhee commission found to be not unduly low when sold in 1941?—A. Yes.

By the Chairman:

Q. May I ask a question, Mr. Fleming? A moment ago Mr. Fleming suggested between February 16 and the time when government policy was changed eight months elapsed; during those eight months you knew that negotiations were proceeding?—A. Well, Mr. Chairman, that would be a difficult question for me to answer from memory. After the McPhee report the custodian's staff on instructions from the minister, in turn from the government, implemented and carried out the terms ordered. Between then, and throughout the summer of 1944, I knew very well that representatives of the Ukrainian Labour Farmer-Temple Association and others were—I don't want to use this expression—were hammering at the door of the government and making complaints about their halls; that they wanted them back.

Q. At that time, Dr. Coleman, had the policy of the government changed, and had the government decided to hand these properties back to the original owners?—A. Yes; and during that summer there were negotiations carried on between the purchasers directly which were abortive.

Mr. ISNOR: Which summer?

The WITNESS: Between the spring of 1944 and the fall of 1944; and it became apparent to the government which was still under pressure from the organizations interested—

Mr. ISNOR: May I just pursue one point, Mr. Chairman?

The CHAIRMAN: We might let Dr. Coleman finish.

The WITNESS: There was no possibility of the parties getting together. That is why Mr. Campbell was brought back, because he had met the different

parties when he was going to the country as one of the members of the committee and they thought he might be able to use his good offices and make a little headway.

The CHAIRMAN: In trying to get the two to agree?

The WITNESS: Yes, to see what the difficulties were.

By Mr. Isnor:

Q. Dr. Coleman, as I recall your statement following the question by Mr. Fleming, this Mr. McPhee was a member of—A. The McPhee commission.

Q. And he was familiar with the negotiations which led up to the sale of the different properties?—A. Yes.

Q. And the sales took place about how long prior to that?—A. That would be three and a half years. The majority of them were sold in 1941.

Q. That would be in 1941?—A. Yes.

Q. I was just thinking of the form of agreement used in the sale of properties by municipalities for taxes. In such forms there is usually a provision that they will be resold to the original owner at a set figure. Was there any such clause as that in these sales?—A. There was no such clause.

Q. So he only had to deal with the values as they stood in 1941 as compared to the values in 1944, plus the improvements?—A. Yes.

Q. Plus the improvements; and because of that there is a difference roughly of \$20,000. Therefore it all simmers down to an assessment of the increase in value which came about from 1941 to 1944 or 1945?—A. That is quite right.

Q. Yes. I just wanted to clear up that point. Therefore, in fairness to the original purchaser the government felt he should be reimbursed to the extent of this increased value, the increment which had developed during that period; would that be a fair way of putting it?—A. I think that is quite fairly put.

By Mr. Fleming:

Q. You are saying in effect, Dr. Coleman, it was government policy to pay those who had purchased these properties in 1941 whatever they had expended on the improvements in the interval and give them the benefit of the rising market as between 1941 and 1945?—A. Yes.

Q. It means also then that it was government policy to restore the U.L.F.T.A. to the position it was in before being declared an illegal organization?—A. Well, in relation to these properties, yes.

Q. Yes; did Mr. Campbell make a report concerning these properties that he was handling?—A. Oh, yes; I know he did, to the then minister. I do not know whether we have a copy of them or not. I do not think so.

Q. I will not take further time on that now, but I would ask that these reports, whoever has them, should be tabled.—A. We can file them.

Q. So we may have an opportunity to scrutinize them?—A. Yes.

Q. Now, I want to ask you this; and, this is not a fair question so that if you do not care to answer it you may refrain from answering it if you wish. Is it your understanding that Mr. Campbell stood behind each of these settlements in 1945 that were recommended?—A. I do not know about the Calgary one, that \$25,000 one. I do not think he was in that one. Yes, I am sure he did.

Q. In the light of the McPhee report I take it that you, for the custodian, felt fully justified in the sales that you had made of eight of these ten properties, the two exceptions being in Saskatoon and Vancouver.—A. Yes.

Q. And in the case—A. —When I say that, what we are concerned with is that there was no suggestion that there has been any skulduggery, if you know what I mean.

Q. No, I am not suggesting that for a moment. I am not questioning the price obtained for these properties. Every effort was made at the time to get the best possible price in the market?—A. Yes, every effort was made to secure at the time the best market price.

Q. And, as we have all your evidence, I think the committee will agree with me that you did try to get the best possible prices for these properties at the time they were sold over this period pursuant to the policy of liquidation, and I take it that your administration has been vindicated by the McPhee report; at least, with respect to all the properties with the two exceptions of Calgary and Vancouver. Now, Dr. Coleman, I presume that the McPhee commission made another report during the time it was functioning; what you have produced here is only the Toronto report, there are a number of interim reports?—A. They made a report on each file.

Q. What are the dates of these interim reports?—A. They began their sittings early in the winter of 1943. The three members of the commission came to Ottawa. The minister I think gave them the use of his room, and the first thing they did, we turned over to them all the files relating to every one of these properties; and they looked over them and read them. In a great many cases all they said was: here you have \$12.18, we recommend that you return that; and that was done. Then, of course, there were more elaborate claims; and then on certain dates the U.L.F.T.A. and others have been making complaints and they held public hearings. As I recall it they sat in Toronto, and I know they sat in Hamilton also; and certainly in Edmonton and Vancouver.

Q. I do not want to go into all that detail, the point I am getting at is this. There are interim reports which were made. This is just a sort of final or summary report; and the real essence of the views of the committee on these various sales is to be found in the individual reports rather than in the general report?—A. Yes.

Q. I would suggest that these reports on the ten properties, Mr. Chairman, be tabled so that if there is anything in them we want to examine it will be available to us.—A. That will be done.

Q. Thank you. There is one other matter; you were of course—

The CHAIRMAN: Are you taking up another subject now, Mr. Fleming?

Mr. FLEMING: It is just a sort of review of questions, Mr. Chairman. If this is taking up too much time; I have some others I would like to ask, but I would prefer that somebody else take a turn. In this case, the U.L.F.T.A., the government sells the property of an illegal organization in 1941 and along in 1944 and 1945, in the face of a report by a government commission that these properties were sold at fair prices, with the exception of two, it becomes government policy to put these illegal organizations back in the same position that they had been in had they not been declared to be illegal organizations. I would like you to comment on this, Dr. Coleman, if you are free to comment on it. I cannot harmonize that with the policies that your department followed on instructions from the government with reference to Japanese land. In the Fraser valley area the sale is made of land of persons who were evacuees and were not declared to be members of an illegal organization; sales were made in the worst period of the war at prices running 40 per cent below even the assessed value, and even further below the prices as reflected in subsequent sales of comparable properties; and yet when the war is over there is no move made that we have heard of as yet to put these people back in the position that they would have been in had there been no policy of liquidation followed.—A. I do not think, Mr. Fleming, I can comment on that; because you are discussing questions of government policy.

The CHAIRMAN: May I ask you this?

Mr. ISNOR: It was their policy—

The CHAIRMAN: Pardon me, Mr. Isnor; I am awfully sorry; I was just going to follow up the same point.

Mr. ISNOR: All right.

The CHAIRMAN: In the case of the Japanese you were in a different position. In the case of the U.L.F.T.A. you have the McPhee report, but in the case of the Japanese you do not have any report like that?

The WITNESS: We did not have a de facto report. We had an advisory committee which recommended sale.

The CHAIRMAN: Well, yes; but they were not to be given back to them.

The WITNESS: They were not given back.

The CHAIRMAN: No, but Mr. Fleming in putting his question stated that they were sold much below market value.

The WITNESS: I do not think I want to comment on that.

The CHAIRMAN: But as I understand it, the benefit from the sale of that land was given to the owners?

The WITNESS: Oh, yes.

The CHAIRMAN: And you faced an entirely different situation with respect to this Ukrainian organization? In their case, the McPhee report suggested that the property be given back to them?

The WITNESS: Yes.

The CHAIRMAN: The case was not the same with the Japanese as it was with the U.L.F.T.A. In the latter case you first had the McPhee report, and apparently any action which has been taken resulted from the advice that the property should be returned to the former owners in order to bring about harmony between the Ukrainians and—

The WITNESS: I do not think I can go that far, Mr. Chairman. The McPhee report recommended the return of one which had never been sold. The McPhee report said that there had been sixteen sold, and about six of them there was no complaint whatever. As for the other ten they recommended that the purchasers should be induced to re-sell them to the U.L.F.T.A. That, I think, is as far as the McPhee report went.

The CHAIRMAN: Then it became government policy, as you suggested earlier, to have these properties handed back to the U.L.F.T.A. In the meantime the properties had increased in value and improvements had been made to some of them.

The WITNESS: That is right.

The CHAIRMAN: And these improvements greatly added to their value, and in some instances made them useless for the purposes of the U.L.F.T.A. Then, the purchasers who had bought them in good faith had to be given consideration for the improvements they had made, for the difference between the price at which they had bought these properties and their present value in 1945, let us say; and when it was found that negotiations for repurchase for the purpose of return to the U.L.F.T.A. were not successful this other method of adjustment was adopted.

Mr. FLEMING: You are questioning the witness on matters which are not supported by evidence, at least not by the evidence which has come before us thus far.

The CHAIRMAN: I do not agree with that, Mr. Fleming.

Mr. FLEMING: Your statements should be supported by evidence which is before us.

The CHAIRMAN: What do you mean by that? I am merely trying to review what has been done in the matter. If I am wrong, I am sure Dr. Coleman can put me right.

Then, after the government had decided the policy they would follow, as the interested parties were not able to reach agreement, they called Mr. Campbell in to make a further investigation and report.

The WITNESS: He was called in to carry on negotiations after it became clear that the parties would not get together.

The CHAIRMAN: And subsequent to Mr. Campbell's report the government decided to pay more, as suggested by Mr. Fleming, than it had received for the properties at the time of sale. Am I right; is that a fair statement of the sequence of events?

The WITNESS: I would think so.

Mr. ISNOR: I have one other question. I was going to follow along much the same line. It is hardly fair for Mr. Fleming to say that there is a parallel situation existing as far as Japanese properties are concerned and these properties.

Mr. BOUCHER: I do not think this witness should be asked whether it is fair or not.

Mr. ISNOR: There is no comparison between the return of Japanese properties, and there is no ground for support for the suggestion that they should be returned for similar reasons. I say that there is not a fair comparison of the two situations.

Mr. FLEMING: I think that would be a matter of argument between my friend Mr. Isnor and myself. It is hardly a matter for this witness to pursue.

Mr. ISNOR: If the witness does not wish to answer, he does not have to.

Mr. STEWART: I should like to refer to the matter of books and records destroyed, to which previous reference was made. I should like to know why that action was taken with respect to the books of records of, for instance, of the Russian Workers and Farmers' Club and other Communist organizations, and not with Fascist organizations?

The CHAIRMAN: Excuse me, Mr. Stewart; Dr. Coleman has to be excused because he must attend another meeting. The answer will have to be given by Mr. Wright in his absence.

Mr. STEWART: I have no questions to address to Dr. Coleman. I am perfectly satisfied with the report made by Mr. Wright.

The CHAIRMAN: I want to tell the committee that Dr. Coleman has to withdraw now because his duties call him elsewhere.

Mr. STEWART: I have no questions to put to Mr. Wright. I have read his report and I wish to congratulate him on having made such an excellent report.

I would like to know, for instance, why books and records of the Russian Workers and Farmers' Club were sold, realizing apparently \$7.13; and why similar action was taken with respect to the books and records of Communistic organizations when apparently no similar action was taken with respect to Fascist organizations?

The WITNESS: I would not like to attempt to give an answer to that offhand, without reference to the files. I think there were only two or three cases where there were complaints about the destruction of books. One was in Toronto. And this advisory committee of which Judge McPhee was the head made a special report on that. I think another place where that came up was Edmonton. I can get you their special reports on these two. I would be very glad to file them; and I will make inquiries about the others.

Mr. STEWART: I want to know; I wondered if the Fascists books and records were destroyed as well as the Communists.

The CHAIRMAN: I do not know that we can make any further progress right now. If it is agreeable to the committee we will adjourn to the call of the chair. We do not know for sure just when Dr. Coleman will again be available to the committee.

Mr. ISNOR: Just before you adjourn I want to bring up one matter. The clerk of the committee, who is generally very, very accurate and efficient has made what I think is a slight error in his reference to the motion made by Mr. Homuth with reference to a royal commission. I think it is merely set forth in the minutes of evidence—

The CHAIRMAN: Is that in the report of May 30, last Friday?

Mr. ISNOR: Yes.

The CHAIRMAN: At what page?

Mr. ISNOR: I think you will find Mr. Homuth's motion on page 264; in it he uses these words:

I think this committee ought, while you are still in the chair, to make some recommendations with respect to the setting up a commission, a royal commission or whatever you wish to call it, to deal with those losses.

My point, Mr. Chairman, is that it was not a royal commission that was covered in the motion; and, because the steering committee would have to deal with that, I think the report should be amended.

The CHAIRMAN: Your point is that the motion made by Mr. Homuth as reported on page 264, does not exactly correspond with the wording in the Minutes of Proceedings on page 259 as prepared by the clerk of the committee?

Mr. ISNOR: Yes.

The CHAIRMAN: We will make sure of that.

Mr. FLEMING: I don't quite follow that.

Mr. ISNOR: By the motion as recorded in the Minutes of Proceedings the steering committee would be obliged to consider, and to consider only a royal commission, as I read it. The motion made by Mr. Homuth was to the effect that "a commission, a royal commission or whatever you wish to call it," be considered by the steering committee.

The CHAIRMAN: You mean, this leaves a choice between the many different kinds of investigational bodies there may be up to the steering committee to select?

Mr. ISNOR: Yes.

Mr. BOUCHER: Before any alteration is made on that, in the absence of Mr. Homuth—I think he should be here, there might have been an error either place.

The CHAIRMAN: I do not intend to give orders to alter. That would not be within my power. The matter will, no doubt, be up for consideration before the steering committee and no doubt Mr. Homuth will be present. The point raised by Mr. Isnor is that the wording of the Minutes of Proceedings on page 259 does not conform precisely with the wording of the motion as put by Mr. Homuth and as recorded on page 264, and referred to above.

Mr. FLEMING: As Mr. Boucher said, Mr. Chairman, I do not think we can deal with this matter in the absence of Mr. Homuth.

The CHAIRMAN: Oh, no.

Mr. FLEMING: Personally I do not see any difference between commission and royal commission, because it is, I think, obvious that any commission to be appointed would have to be a royal commission. I take it that the matter is not ended now by what has been said.

The CHAIRMAN: There is no conclusion. As I stated, the matter will be referred to the steering committee and at a time when Mr. Homuth will be present; but the motion is as reported on page 264, or words to that effect.

Mr. FLEMING: Where is the difference between a commission, or a royal commission, or whatever he may wish to call it?

The CHAIRMAN: There may be different kinds of inquiries, conducted, but whatever form it takes it would need the approval of the government.

The WITNESS: Mr. Chairman, just before the committee adjourns there are two statements I would like to file with you. One relates to the property at the corner of Pender street and Hawkes avenue, and the other to the property in Saskatoon.

The CHAIRMAN: If there are no further questions, we will adjourn, to meet again at the call of the chair.

The committee adjourned at 12.55 p.m. to meet again at the call of the chair.

APPENDIX A

THE UKRAINIAN LABOUR-FARMER TEMPLE ASSOCIATION
VANCOUVER, BRITISH COLUMBIA

The land is at the South East corner of Pender Street and Hawks Avenue. The frontage on Pender Street is 75 feet and on Hawks Avenue, 122 feet. There is a 20 ft. lane at the rear or northerly end.

The building erected in the year 1928 is of plain design and not well planned. The wood floors in the basement were showing signs of deterioration through dry rot. The roof had been leaking and although the occupants had made some repairs, more work was required in this connection. The Auditorium had been redecorated, but leakages had spoiled its appearance.

The assessed value in the year 1941 was \$10,345.

Our agents advised that a fair valuation of the land and building would be \$7,200. Another appraiser valued the property at \$7,500.

The Custodian's agent in this case was the Toronto General Trust Corporation of Vancouver.

In March 1941 the Trust Company stated that they were having "For Rent" signs prepared for the property. Certain efforts were made by the Ukrainian Community Centre Association to obtain the use of the hall free of charge, but this suggestion was not acted upon in view of the carrying charges for taxes and insurance. It does not appear that any offer of rental was received.

Accordingly, in March 1941 the Custodian directed that the property should be advertised for sale by tender. This was done and in addition to advertisements in the newspapers copies of the advertisements were sent to more than 75 real estate agents in and around Vancouver. Only one tender was received, that of the Ukrainian Greek Orthodox Church, for \$6,000. This offer was accepted.

APPENDIX B

THE UKRAINIAN LABOUR-FARMER TEMPLE ASSOCIATION
SASKATOON, SASKATCHEWAN

The assessed value, Land—\$1,050, improvements—\$3,520, on a 60 per cent basis. Our agents in the year 1940 were of the opinion, that a fair valuation would be \$6,400 for land and improvements.

At the time the property was taken over, certain alterations were under way and were not completed. There was filed against the property a mechanic's lien of about \$400 and there were accrued taxes of nearly \$500.

In 1940 the matter was looked after by our Provincial agents at Regina but it was felt desirable to have a local agent in Saskatoon make an effort to rent the premises. Accordingly, we wrote the National Trust Company but had a reply from that company that they had closed their Real Estate Department and had transferred their business to Stayner Agencies. Stayner Agencies were therefore engaged as local agents.

Cards advertising the property for rent were on the building but in 1940 we arranged to have Stayner Agencies insert eight different advertisements offering the property for rent. In response to these advertisements there was only one "nibble", the prospective tenant desiring to use the property for entertainment purposes. This would have involved obtaining a licence from the city and the negotiations finally petered out.

In view of the fact that the property could not be rented, that there was a mechanic's lien against it and that in the opinion of our agents it would deteriorate if left idle, it was advertised for sale in June, 1941.

Only one tender was received, from the Ukrainian Greek Orthodox Church of the Holy Ghost, for \$1,500, and this tender was accepted.

The Advisory Committee heard evidence concerning the sale at sittings in Saskatoon on December 15, 1943. It will be remembered that in this case the members of the Advisory Committee orally expressed the view that the agent, Stayner Agencies, should have advised the Custodian that the tender of \$1,500 was quite probably less than a reasonable selling price for the property.