

Please return to Mr. F.G. Shears, Director,
Office of the Custodian,
506 Royal Bank Building.

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

MONDAY, MAY 12, 1947

WITNESSES:

Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property;
Mr. F. G. Shears, Director, Vancouver Office; 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

MONDAY, May 12, 1947.

The Standing Committee on Public Accounts met at 11 o'clock a.m.

Members present: Messrs. Boucher, Burton, Case, Cockeram, Cruickshank, Dechene, Fleming, Gladstone, Golding, Grant, Jaenicke, Johnston, Kirk, Pinard, Smith (*Calgary West*), Stewart (*Winnipeg North*), Winkler.

In attendance: Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property; Mr. F. G. Shears, Director of the Vancouver Office; and Mr. K. W. Wright, Counsel. ✓

On motion of Mr. Golding,

Resolved: That in the absence of both the Chairman and the Vice-Chairman, Mr. Roch Pinard act as Chairman.

The Acting Chairman, Mr. Roch Pinard, took the Chair and thanked the members for the honour bestowed upon him.

The Committee resumed its investigation into the administration of the Vancouver office of the Custodian.

Examination of Mr. Shears was continued.

The witness supplied the Committee with information requested at the meeting of Friday, May 9, 1947, relating to the sale of 741 parcels of land, and was questioned thereon.

The witness filed a copy of Order in Council P.C. 5523, dated Monday, the 29th day of June, 1942, which is printed as Exhibit "A" to this day's minutes of proceedings and evidence.

On motion of Mr. Stewart (*Winnipeg North*),

Ordered,—That the minutes of the Advisory Committee to the Custodian, in the matter of the sale of 741 parcels of land, be produced at the earliest possible date.

On motion of Mr. Fleming,

Ordered,—That the balance of the correspondence between the Advisory Committee to the Custodian, the Department of the Secretary of State and the authorities of the Veterans' Land Act, relating to the sale of the 741 parcels of land, be made available to the Committee.

The witness supplied the Committee with a full report concerning the disposal of inventory of chattels left on the property of one Naochi Karatus.

On motion of Mr. Jaenicke,

Ordered,—That the original papers concerning the said Naochi Karatus, which were tabled by Mr. Jaenicke at the previous meeting of the Committee be printed as Appendix "B" to this day's proceedings and evidence.

At 1.05 o'clock p.m., the Committee adjourned until Tuesday, May 13, 1947, at 11 o'clock a.m.

ANTOINE CHASSE,

Acting Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
May 12, 1947

The Standing Committee on Public Accounts met this day at 11.00 a.m. The Acting Chairman, Mr. Roch Pinard, presided.

Mr. GOLDING: Gentlemen, we have a quorum. Mr. Isnor will be away to-day, so I will move that Mr. Pinard take the chair for this meeting.

Carried.

The Acting CHAIRMAN: Gentlemen, I wish to express my appreciation of this privilege you have extended to me. I hope I will be able to conduct the meeting properly. I understand the order of business for to-day is to have Mr. Shears resume his testimony. Before we proceed with that, I think Mr. Shears has a statement to make in connection with his testimony at the last meeting. I should like to ask that the privilege be given Mr. Shears of making such a statement.

Frank G. Shears, Director of the office of the Custodian, Vancouver, recalled:

The WITNESS: Mr. Chairman, on several occasions during this enquiry reference has been made to the figures in connection with the sale of farm lands to the Veterans' Land Act. For the purpose of the record, I should like to clarify this matter in the minds of the members of the committee and show the reconciliation between the offer and the actual sale. I have a few copies of a statement containing those figures which some members of the committee might wish to have in order to follow the statement as I read it to you.

Two offers were received from the director of the Veterans' Land Act, one in May, 1942, for 768 parcels, the appraised value of which was \$865,672. This appraisal was made by the Soldier Settlement of Canada under order in council No. P.C. 5523, dated the 29th of June, 1942. The offer was \$850,000, and that offer was finally accepted by the custodian. On a certain number of parcels, the offer was increased to the extent of \$3,817.

In October, 1943, a further offer on 42 parcels was received. The Soldier Settlement appraisal on this land was \$45,484. The offer accepted was \$44,573, making a total offer on 810 parcels, with an appraised value of \$911,156, and an accepted offer of \$893,390.

As has been previously indicated, the custodian was not in a position to give title to those 810 properties. Twenty-six of them had either been previously sold by the Japanese or, in some cases, there was no Japanese interest in the properties at all. These 26 properties were, therefore, withdrawn.

Then, there were 43 properties of deceased estates or where the encumbrances on the property were greater than the amount of the offer or where the title was in such shape that it needed to be cleared up before a conveyance could be made. The number of such properties was 43. The Soldier Settlement appraisal on these parcels was \$39,591, and the V.L.A. offer was \$38,876. Then, when the deduction of these two items is made, you have the figures which have been

quoted before, a sale of 741 properties appraised at \$847,878 and sold for \$836,256. The municipal assessment on that group of 741 parcels was \$1,215,940, and the approximate acreage of those 741 parcels was 10,000 acres.

Now, with those figures I think we at least know to what reference has been made in the past. There has been a little confusion between the difference in the number of parcels on which offers were made and the number of properties sold. These offers, gentlemen, were received by the custodian. Negotiations took place between the regional committee of the Veterans' Land Act consisting of Mr. J. Godfrey, Mr. J. J. McLellan and Mr. G. Carncross. Negotiations were carried on between that committee and the advisory committee of the custodian under the chairmanship of Judge Whiteside. The advisory committee were informed that the Soldier Settlement valuers had been actively engaged in valuating farm lands since 1935 for farm adjustment and other purposes and that that board was an official agency with an adequate trained staff, qualified to make appraisals.

The members of that regional committee stated that, in regard to these properties on which they were making an offer, only 10 per cent of the properties were what they described as being low land where, apparently a higher productivity takes place. It was stated there was no comparison of the yield between high and low land, and that the high land had been farmed intensively and the soil values were petering out. It was also stated that an average of several hundred dollars would have to be spent on the various houses in order to make them habitable. The recommendation of the advisory committee was conveyed to the Honourable Secretary of State at Ottawa on June 14, 1943, by Judge David Whiteside. The letter reads as follows:

Dear Sir,—A meeting of the advisory committee at which I presided was held in my chambers on Tuesday, 1st June, 1943, at 2.30 p.m. Members of the committee present were Mr. D. E. MacKenzie and Mr. Hal Menzies.

Mr. F. G. Shears, Acting Director of the Custodian's office in Vancouver, submitted and read correspondence which had taken place since the last meeting of the committee held on May 24, between Mr. I. T. Barnet, District Superintendent of the Soldier Settlement of Canada and Mr. G. W. McPherson.

A letter from Mr. G. Murchison, Director of the Soldier Settlement and Veterans' Land Act, dated from Ottawa, May 29, 1943, addressed to Mr. G. W. McPherson, Executive Assistant, office of the Custodian, Department of the Secretary of State, Ottawa, was also read in which a revised offer of \$850,000 was submitted covering the purchase of 769 parcels of land.

After the committee had fully considered the proposal a unanimous recommendation was made that the offer be accepted. In making this recommendation, consideration was given to the following facts:

- (a) That the committee concurs in the policy of liquidation of Japanese properties in the protected area of British Columbia as provided for in order in council P.C. 469.
- (b) That the purpose for which such lands are required is for the rehabilitation of returned soldiers.
- (c) That the offer is not for selected individual parcels but for a block of 769 parcels which include a large proportion of uncultivated land and a considerable amount of bush land.
- (d) That while the appraisals of 17 farms made by this committee were in excess of the appraisals of the Soldier Settlement of Canada, it was realized that present values are enhanced due to war conditions and do not represent ordinary land values as in normal times.

- (e) That the present offer is for cash and can therefore be reasonably expected to be less than the appraised value in view of the interest which may accrue by investment of the purchase funds.
- (f) That the Custodian will be relieved of the cost of administration, taxes, fire insurance, depreciation.

The committee, therefore, are of the opinion that the offer of \$850,000 was fair and reasonable and recommend to the Custodian that the offer be accepted.

This recommendation is set forth in the Minutes of the Committee.

(Signed) D. WHITESIDE,
Chairman of Advisory Committee.

Mr. FLEMING: May I interrupt? I think the whole letter should go in the record. I did not hear the name of the person to whom it was addressed.

The WITNESS: The Honourable, The Secretary of State at Ottawa.

The Acting CHAIRMAN: I see no objection to that.

By Mr. Burton:

Q. May I enquire as to the municipal assessment? The municipal assessment was \$1,250,000, and is it the custom of the municipalities in that part of the country to assess higher than the real value of the land?—A. That question has been raised before. It has been stated there is no uniformity of assessment throughout the B.C. area. Broadly speaking, I think the land is assessed at full value and improvements at some proportion, 50 or 60 per cent of the valuation; that has not been clearly established.

Q. It is your opinion that the valuations of these two different organizations were fairer valuations than the municipal assessment was?—A. I would not care to make any statement with regard to that in view of the appraiser's valuations. I mean to say, I would not consider myself a qualified appraiser by any manner of means.

The Acting CHAIRMAN: Would the committee not prefer to have the witness' statement completed before questions are put?

Mr. FLEMING: Agreed.

The WITNESS: The letter which I have read making the offer was accepted on June 23, 1943, by a letter written by the Secretary of State and signed by Norman A. McLarty. This letter was addressed to Gordon Murchison, the Director of the Veterans' Land Act at Ottawa. I do not think I need to read the letter. It is an acceptance of the offer outlined in the letter which I have just read.

Mr. FLEMING: Could we have the letter read? I think the letter should be put in the record and in order to follow the testimony being given at the moment, I think we should hear the letter read by the witness.

The WITNESS: The letter reads as follows:

Re: Japanese Evacuee Lands

Dear Sir, Your offer to purchase seven hundred and sixty-nine (769) parcels of land for eight hundred and fifty thousand (\$850,000) dollars, subject to the terms and conditions set forth in your Mr. Barnet's letter of May 17, as amended by your letter of May 29, is hereby accepted subject to the following conditions which I understand Mr. McPherson has discussed with you and with which you agree. These conditions are as follows:

1. All taxes, charges and fire insurance for the crop year of 1943 will be assumed by you.

2. All rents paid or payable for the crop year 1943 will be assigned to you less such adjustments as may be necessary to take care of any taxes, charges or fire insurance paid for the 1943 crop year.

3. All existing lease agreements covering the lands included in your offer will be assigned to you by a general assignment, you already having duplicate copies of all such leases.

I would appreciate receiving a letter from you confirming these variations in the conditions of your offer.

Yours very truly,

(Sgd) N. A. McLARTY,

Secretary of State.

The Acting CHAIRMAN: Would the committee prefer this letter be filed with the clerk?

Mr. FLEMING: It should be made part of the running record.

The WITNESS: At the last meeting I was asked to secure—before I say that, you will notice in the recommendation of the advisory committee a reference is made to the 17 valuations which they had made being in excess of the Soldier Settlement appraisal. I was asked at the last meeting to secure those spot valuations which numbered 17. Four of them were for properties in the municipality of Surrey; five in Maple Ridge; four in Mission; two in Pitt Meadows and two in Matsqui. I am not going to read the individual amounts, but I will read the totals. Unless you wish, I will not read those figures for the time being. You will notice that the total municipally assessed value on the 17 properties was \$31,119.

Mr. FLEMING: I am sorry to be interrupting, but are we going to put this right in the record.

The Acting CHAIRMAN: I think it would be better, and if the committee has no objection it will be put right in the record.

SPOT VALUATIONS ON SEVENTEEN (17) PROPERTIES MADE BY MEMBERS OF THE ADVISORY COMMITTEE DURING THE MONTH OF MAY, 1943

Assessed Value	Advisory Committee's Valuation	Soldier Settlement Board's Valuation
\$ 2,900.00	\$ 5,400.00	\$ 3,777.00
1,425.00	1,600.00	800.00
1,900.00	2,000.00	1,060.00
1,100.00	1,750.00	816.00
1,700.00	1,450.00	986.00
2,200.00	2,500.00	1,350.00
950.00	850.00	500.00
2,000.00	3,250.00	1,110.00
400.00		
3,500.00	4,400.00	3,610.00
3,729.00	4,000.00	2,085.00
1,400.00	1,750.00	1,100.00
1,050.00	950.00	988.00
1,000.00	950.00	1,222.00
1,100.00	1,100.00	727.00
1,200.00	3,500.00	2,723.00
2,700.00	3,550.00	3,278.00
2,865.00	4,150.00	2,100.00
\$ 31,119.00	\$ 43,100.00	\$ 28,232.00

The WITNESS: The total municipal assessed valuations were \$31,119. Now if you will just go to the last column you will see that the Soldiers' Settlement Board valuation was \$28,232 on the 17 properties. The advisory committee's valuation on the same property was \$43,100. The approximate acreage of those 17 properties was 250 acres and the cultivated part was about 140 acres.

Now then gentlemen, that is my statement in answer to the question raised at the last meeting regarding these spot valuations. Then, in addition to that I was asked to secure or to give you information in regard to the number of properties which were withdrawn from the original offer which figures show on this statement that I produce. Here again I have a number of sheets that perhaps would be of some use.

LIST OF PROPERTIES WITHDRAWN FROM THE V.L.A. OFFER AND SUBSEQUENTLY ADVERTISED AND SOLD.

V. L. A.		CUSTODIAN		Date Sold
No.	Appraisal	Offer	Sale Price	
87.....	323.00	\$ 317.00	\$ 700.00	July 1944
146.....	2,000.00	1,964.00	3,100.00	Jan. 1945
19.....	850.00	835.00	2,400.00	May 1945
120.....	1,300.00	1,276.00	2,750.00	Dec. 1945
489.....	453.00	445.00	1,000.00	June 1944
121.....	3,698.00	3,631.00	7,845.00	April 1944
78.....	1,600.00	1,571.00	2,850.00	June 1945
51.....	460.00	452.00	1,000.00	Aug. 1945
29.....	555.00	545.00	1,000.00	April 1946
23.....	1,875.00	1,841.00	1,850.00	June 1944
13.....	1,000.00	982.00	1,800.00	June 1946
375.....	25.00	25.00	250.00	Jan. 1945
148.....	521.00	512.00	950.00	April 1944
313.....	257.00	252.00	800.00	June 1944
390.....	—	—	400.00	June 1945
138.....	504.00	495.00	800.00	Oct. 1942
95.....	133.00	131.00	1,000.00	June 1944
129.....	507.00	498.00	550.00	June 1944
101.....	—	—	50.00	May 1945
37.....	336.00	330.00	1,600.00	Sept. 1945
347.....	1,088.00	1,068.00	3,250.00	June 1945
237.....	2,224.00	2,184.00	2,900.00	Sept. 1945
226.....	672.00	660.00	1,300.00	Jan. 1945
333.....	161.00	158.00	1,442.00	Sept. 1945
334.....	50.00	49.00	350.00	Mar. 1945
693.....	1,720.00	1,689.00	1,800.00	June 1946
668.....	447.00	439.00	1,800.00	Sept. 1944
445.....	683.00	671.00	1,000.00	June 1944
444.....	382.00	375.00	1,375.00	April 1946
438.....	3,750.00	3,682.00	1,200.00	July 1945
486.....	346.00	340.00	4,235.00	Nov. 1944
642.....	650.00	638.00	600.00	Feb. 1945
463.....	691.00	678.00	1,845.00	Dec. 1944
525.....	1,350.00	1,326.00	800.00	Aug. 1944
491.....	3,828.00	3,759.00	1,782.00	April 1946
491.....	1,006.00	988.00	6,250.00	April 1946
656.....	650.00	638.00	1,750.00	Oct. 1943
500.....	1,589.00	1,560.00	850.00	May 1945
23.....	875.00	859.00	1,688.00	Aug. 1944
748.....	—	—	4,375.00	Aug. 1944
502.....	1,032.00	1,013.00	350.00	Sept. 1944
43.....	\$39,591.00	\$38,876.00	1,825.00	18 during 1944 (20)
props.			\$82,183.50	18 before June 1945
				6 after June 1945
				6 during 1946

Now unless you wish I will not read these individual amounts but that is a list of properties withdrawn from the V.L.A. offer and subsequently advertised and sold. They were withdrawn for the reasons that I have already indicated. If you add them all up you may find that there are only 41 properties, but one property, the sixth one down, was divided into three. And for the purpose of reconciliation we use the total of 43 properties. The first column shows the Soldiers' Settlement Board appraisal under the order in council previously referred to. The second column is the V.L.A. offer which is something within two per cent of the appraisal. Then these properties being withdrawn, the custodian proceeded to deal with them in the same manner which he dealt with the other 900 parcels to which reference has been made in previous committees. Appraisals were made by the custodian and the total appraised valuation was \$73,312. These parcels were advertised by the same method as

adopted in regard to the other properties and they were either advertised by the custodian or by the official administrator in co-operation with the custodian but they were all advertised and tenders called for. As a result of calling for tenders, offers were finally accepted, the total amount being \$82,183.50.

Mr. JOHNSTON: Were those all sealed tenders?

The WITNESS: Yes, sealed tenders.

Mr. JOHNSTON: And they went to the highest bidder?

The WITNESS: Yes, to the highest bidder, providing it was equal to or more than the appraisal, and then it was accepted. The provision was, of course, made that no tender of necessity would be accepted. The practice was, however, to accept the highest tender providing that it was equal to or higher than the appraised valuation. That tender was usually accepted. You will find in one or two cases where the sale value was less. Can you see an item of \$350 in the third column? Now that property was sold for \$332.50. That was simply a case, where, in reviewing the tender, it was thought that it was close enough to warrant acceptance. I think that in the list you will only find one other case like that. Otherwise the accepted offer was either equal or in excess of the valuation. Now you might see, gentlemen, that on the list there are a number of cases where the appraisal and the sale price are identical. For example, you will see about the fifteenth item down in the third column where the appraisal was \$800. The sale price was also \$800. There is an appraisal of \$400 and a sale price of \$400. You might say, "Well, how would the tenderer know what the appraised value was?" He did not know and what happened in those cases was that a tender was received which was less than the amount of the appraisal and such offer was rejected. Then we went back to the person making the tender and said, "We will not sell it to you for that amount, but if you are prepared to pay such and such a price, and we named the appraised price, the matter will be given consideration". That is why, in a number of cases, the accepted tender actually equalled the appraisal. In many cases the offers were higher and they were immediately accepted.

Then, of course, I should like to point out that the offer from the Veterans' Land Act, received during 1943, was consummated on the basis of a sale as at January 1, 1943. These sales made by the custodian were not made in 1943. Eighteen of them were made in 1944, eleven made before June 1945, six after June 1945, and six during 1946. I mention that because I think it has already been established that there has been a continuous increase in real estate valuation. That, Mr. Chairman, I think is my statement in regard to the V.L.A. matters.

Now there was the question in regard to Karatsu's file.

Mr. CRUICKSHANK: Have you the assessed value on those 17 properties?

The WITNESS: I am afraid I have not. As far as the Vancouver office is concerned the assessments all appear in the files but we have not tabulated the assessments. We have been dealing with the properties on the appraised value rather than the assessed value.

Mr. JOHNSTON: Can you account for the tremendous difference between the appraisal of the V.L.A. and the custodian?

The WITNESS: No, beyond the fact there would be an increase because of advance in real estate values.

Mr. JOHNSTON: For instance, the first one on the list is over double the appraisal made by V.L.A.

Mr. CRUICKSHANK: Well, would the V.L.A. not take these properties over as farm lands and the custodian might take into consideration the fact that it might be a gas station or something else.

The WITNESS: Yes, there are those factors. We assume the valuation made by the Soldiers' Settlement Board was in the light of the purpose for which they required the properties.

Mr. FLEMING: Let me just interrupt there. The witness says he assumes that fact. Now as a ground for that assumption is there something on the record from D.V.A. to that effect?

The WITNESS: The only thing is they thought those houses, for instance, would need several hundred dollars spent on them in order to make them habitable for the returned soldier whom they expected to place upon the property.

Mr. FLEMING: If that is the only statement on which this assumption is based I do not think it is a foundation at all. I think it would be well to avoid statements based on assumptions.

The WITNESS: Well I would be prepared to withdraw that. You have the fact that the Soldiers' Settlement Board appraisal was made under the order in council and you have had given to you the qualifications of that board. That was the basis on which this deal was made. When I came into the picture as director of the office having to sell these properties individually, I just followed the ordinary course, having them reappraised and calling for tenders and the results are shown.

Mr. GOLDING: Mr. Chairman, I wonder if the witness can tell the committee at what stage the Veterans' Land Act made their appraisal and when the custodian made his.

The WITNESS: The order in council was dated the 29th of June, 1942. I have a copy of the order in council.

Mr. FLEMING: Will you put it on the record?

Mr. GOLDING: And then what time was the custodian's valuation made?

The WITNESS: The custodian's valuation was made from time to time as these properties became available for sale. The fact that 18 were sold in 1944 would indicate it was during 1944 that those 18 particular properties would be reappraised and it would be before the first half of 1945 that another 11 were appraised. That is to say when the custodian was in a position to deliver the title to these properties the appraisals were made.

Mr. CRUICKSHANK: There was one piece of land had a hops kiln and hops were brought in from the various parts of the district to dry in this kiln. Obviously the Soldiers' Settlement Board would not be buying the land for that particular purpose. I think that you will find that is one reason for the difference in appraisal.

Mr. GOLDING: The situation would likely be that the property would have increased by this time, would it not?

The WITNESS: There was an increase in the value of real estate during the whole time.

Mr. GOLDING: From 1942.

The WITNESS: Well I would not care to make that statement, I do not think there was any increase in 1942 and not very much in 1943.

Mr. JOHNSTON: The valuation would not have increased 100 per cent. That would not account for the difference in valuation or appraisals made by the two different organizations.

Mr. GOLDING: I think you will find that property increased here 100 per cent between 1942 and 1945, and in many other towns.

Mr. FLEMING: I doubt if you will find that in the case of farming lands anywhere.

I think it would be better if we were to clear up our questions on this matter before Mr. Shears goes on to the next subject.

The Acting CHAIRMAN: I am in the hands of the committee. It might be done that way.

Agreed.

By Mr. Fleming:

Q. Mr. Shears, you introduced some correspondence this morning which had passed between the office of the Secretary of State and the Veterans' Land Act. Is there any other correspondence on record bearing on this sale of the Fraser Valley lands to the Veterans' Land Act administration?—A. The original offer from Mr. Murchison was for \$750,000. Negotiations did take place between the two committees that I have referred to and they brought their offer up to \$850,000. There was correspondence between the two departments but it was just relative to the increase in the offer.

Q. I think, Mr. Chairman, as part of the correspondence has been introduced, the full record should be laid before the committee and the balance of the correspondence produced.

The Acting CHAIRMAN: I do not see any great necessity of producing all those documents unless the honourable gentleman wishes to tell the committee what his reason for asking is.

By Mr. Fleming:

Q. If any correspondence is relative to the matter and of interest to the committee, then surely it would be in the interests of the committee to know what the reasons were for the increase of the offer from \$750,000 to \$850,000 and the correspondence would be of some considerable value to us.—A. I can give the over-all reasons for that. The advisory committee said to this regional board which was set up that, "You are offering \$750,000 and the Soldiers' Settlement Board appraisal is \$862,000 and we will not accept the offer". Then later they came back and said after consideration that they would offer \$850,000. The advisory committee then considered that the difference was so small, between \$862,000 and the \$850,000 that, taking into consideration the fact that it was for all the properties and not selected parcels, they should accept, and Judge Whiteside wrote the letter of acceptance.

Q. I take it the witness has not got the other correspondence so I will not delay proceedings or the questioning of the witness by asking for further correspondence. I will, however, offer a motion to that effect in due course. Now coming to the second of the statements submitted this morning. The spot valuations of the 17 properties made by the advisory committee were made during the month of May 1943. Now those valuations I take it were made at the date of receipt of the offer of \$850,000?—A. Yes.

Q. Up to that time the advisory committee had rejected the offer of \$750,000 without waiting to make these spot valuations?—A. That is correct, yes.

Q. And when the offer was increased by the V.L.A. to \$850,000 the advisory committee arranged to have these spot valuations made. You outlined in your evidence at the last meeting why that was done. I see of the 17 properties the offer in the case of 15 is higher than the appraisal and lower in only two cases. Those two are small properties, and they are the 12th and 13th properties on the list. In one case the advisory committee valuation is \$950 and the Soldiers' Settlement Board \$988. The second case shows \$950 for the advisory committee and \$1,222 by the Soldiers' Settlement Board. In the other cases the advisory committee valuation is higher than the Soldiers' Settlement Board valuation.—A. What was that?

Q. In all of the other 15 cases the advisory committee valuation is higher than the Soldiers' Settlement Board valuation, in some cases it is twice as much. Then, in the last statement submitted by the witness we have an appraisal made by the custodian. Now, were those appraisals of the 43 properties made at the same time or were they made from time to time as offers for the properties were received?—A. They were not all made at one time and they were not made until such time as we had cleared the question of title and were able to offer these properties for sale. For example, here is a deceased estate and we were not in a position to offer that property until the administrator, through his legal processes, said, "I am prepared at this time to offer this particular property for sale," and in connection with that an advertisement was placed in the newspapers calling for tenders on that particular property, and that started to take place during 1944.

Q. I understand that in relating the date of the appraisal to the date of the sale—A. The date of the appraisal would be approximately the time of the sale.

Q. It would be approximately the time of the sale. Then when we are comparing the columns of appraisal by the custodian and the sales price by the custodian we are comparing appraisals and sales made at the same time?—A. Relatively at the same time.

Q. And the sale price of those 43 properties when sold by the custodian were running substantially in excess of the custodian's appraisal; even then your aggregate is advanced by \$9,000 on an aggregate appraisal of \$73,000?—A. That is correct.

Q. In other words, the sale was running roughly 12 per cent above the custodian's appraisal made at the same time?—A. That would be correct; and, of course, that would result from the fact they were offered for tender and the person placing offers made their own bid.

Q. I do not know whether it would be accounted for as simply as that, but that is the fact. Turning back to the V.L.A. appraisal, the appraisal in that case—you have indicated it was made some time between June, 1942, and May, 1943, between the date of the order in council and the date of the first offer?—A. Yes.

Q. When was the custodian's office in Vancouver made aware of the amounts of the appraisals of the V.L.A. administration?—A. At the time the offer was made. That would be the letter I have read from Mr. Murchison.

Q. That would be in May, 1943?—A. That would be in May, 1943.

Mr. JOHNSTON: Offered by the custodian?

Mr. FLEMING: No, by the Veterans' Land Act for a group of properties involved.

Mr. JOHNSTON: How does it come that the V.L.A. made an appraisal until such time as the custodian was in a position to offer a bill of sale?

Mr. FLEMING: However it may be, the fact is that that appraisal made by the Veterans' Land Act was not communicated to the custodian's office in Vancouver until the time the first offer was submitted in May 1943?

The WITNESS: That is correct.

By Mr. Fleming:

Q. I do not know whether there is any further comment required apart from the fact that the custodian's appraisal, various appraisals, total almost twice the figure of appraisals made by the Veterans' Land Act, and on that an advance of probably 12 per cent is made in all the custodian's sales. Now, in the light of that experience, Mr. Shears, do you think there is any advantage to the custodian in selling the whole area en bloc, or would the custodian have been able to obtain higher prices in the aggregate if he had been allowed to sell

individual parcels? I wonder if there is any great value—any great importance to be attached to the selling en bloc as a consideration to be taken into account in dealing with the offer of the Veterans' Land Act administration?—A. I would assume that this might have happened, that there might have been certain parcels that would have been left on our hands, and as has been previously indicated of the total acreage of these properties only a fraction was usually developed and cultivated; but by and large I think if the properties had been offered individually those that were sold would possibly have realized higher prices but the custodian might have certain properties unsold.

Q. I think we will all agree that other things being equal there is less cost to the vendor if he can sell the whole group en bloc rather than sell individually, but I think you will agree, Mr. Shears, that in the light of subsequent experience better results are obtained when the sales were made in individual parcels. In your last statement of the 43 properties, 41 were sold at prices in advance of the custodian's appraisal and all of them at prices very substantially in advance of the Veterans' Land Act appraisal.—A. Yes, that is true. The only thing is that the V.L.A. offer was on the basis of an offer made in 1943. These properties were sold in 1944 and the early part of 1945.

Q. Yes, I think we are bearing that in mind. That is why I point out the relevance of the date of the appraisal made by the custodian himself, and that was a very substantial advance. Now, what was your experience, your comparable experience with the sale of other properties elsewhere in British Columbia? I am not speaking now of the urban properties sold in Vancouver; but you had experience with other rural properties, farm properties. How did your experience there with advancing prices, say in 1944, 1945 and 1946, compare with the statement you have just given as to the advances in values in the Fraser Valley area in that period?

Mr. GLADSTONE: Does your statement preceding that mean that in your opinion the lands ought not to be sold until later—

Mr. FLEMING: No, I have not expressed any opinion; I am getting information. I want to establish the weight to be attached to some of these factors that the witness has set up to explain the very great discrepancy in the third statement we got this morning.

Mr. GLADSTONE: I got the inference that you think they ought not to have been sold until later.

Mr. FLEMING: No, I did not say that. You will hear my conclusions when I have heard all the evidence.

The WITNESS: The other properties, sir, were offered for sale—the first offer was the 19th of June, 1943, and the second group of lands was offered the 1st of September, 1943, and the third group on the 30th of March, 1944. That is the list. And the custodian made appraisals just prior to those dates covering the properties that he was offering for sale. There were after that date in 1945 considerable increases in real estate values which continued up until the end of 1946.

By Mr. Fleming:

Q. Now, you have indicated that in the case of each of these sales in other areas, rural properties, the valuation by the custodian's office was made at the time of sale.—A. Approximately at the time of sale.

Q. You have not got earlier valuations to compare that would indicate any trend in prices according to the custodian's book valuations?—A. No, I have not. The appraisal was made prior to the properties being offered for sale.

Q. Did you get any information from competent persons in British Columbia as to advancing prices in those years?—A. I think it can be stated that those sales—it is an accepted fact that real estate prices continued to advance and have advanced very much as the years progressed.

Q. We were trying to get at the rate. Someone in the committee said this morning something about 100 per cent. I think it will be news to a great many that the valuation of farm properties advanced 100 per cent. You would not go that far?—A. Oh, no.

Q. In the period 1943 to 1945—1945-46 there was not any advance like 100 per cent in the value of farm properties.

Mr. CRUICKSHANK: What date?

Mr. FLEMING: 1944, 1945 and 1946. The order in council was made in June, 1942. The valuation made by the Veterans' Land Act administration was made sometime between that and May, 1943—we do not know exactly when that period was. I suppose it is fair to say it may have been made in the spring of 1943.

Mr. CRUICKSHANK: The difference between the value under the Veterans' Land Act and the present date of 1945?

Mr. FLEMING: We are trying to get a basis of comparison with the values that were obtained on sale of these properties in 1943. Eighteen were sold in 1944; seventeen in 1945 and just six in 1946. Now, we are trying to get the basis of comparison of the valuation made by V.L.A. in the spring of 1943 with the prices obtained in those sales in about half of 1944 and about half in 1945.

The WITNESS: I am prepared to say that I do not think there was an increase of 100 per cent from the time of 1943 to 1944.

By Mr. Fleming:

Q. And 1945?—A. I would still not think it would be 100 per cent. There were some properties, of course, that I believe might have been sold in 1946 where the seller was able to obtain 100 per cent more than had he sold that property in 1942.

Q. There will always be individual cases, but we are dealing with generalities.—A. All I can say is that the trend was upward from 1943 up to the end of 1946. The trend was gradual in 1943 and 1944 and became more accentuated in 1945 and 1946.

Q. Having regard to the fact that the Veterans' Land Act appraisal was made presumably in the spring of 1943 or thereabouts, and about half of these properties were actually sold in 1944 and about half in 1945, is it your opinion that advancing real estate prices in general do not account for an advance of more than 100 per cent between the Veterans' Land Act appraisal and the prices obtained on sale of these properties?—A. I do not think it can all be accounted for by 100 per cent rise in valuations during that period.

By Mr. Cruickshank:

Q. How many of those properties were sold by the custodian as farms?—A. They were all farm lands—

Q. I do not agree with that. The list of properties, these 43 properties—A. I cannot tell without looking at the files, but definitely 70 or 80 per cent will be farm lands. There will be some that were not, but they were all farm lands in the Fraser Valley area—village and farm lands.

Q. Why were they withdrawn from sale?—A. They were withdrawn—

Q. I have that list—A. —because at the time of the offer the custodian was not able to give title to those particular properties due to title difficulties.

Mr. CRUICKSHANK: I want to get this straight. With due deference to Mr. Fleming, I cannot follow his line of argument in connection with farm lands in the Fraser Valley.

Mr. FLEMING: I did not have any line of argument.

Mr. CRUICKSHANK: I do not think those were all withdrawn for farm lands. I mentioned a gas station in Mission City. If you could give me a commission, I could sell one for \$15,000 because the gas companies are going around buying these properties.

The WITNESS: That particular property is not on this list.

Mr. CRUICKSHANK: But I presume there are properties such as that. I do know of one property on this list which was sold at Haney to a garage concern. This firm was in a better position to pay a good price than a person would be buying it as farm land.

Mr. JOHNSTON: Which property was that?

Mr. CRUICKSHANK: I could not give you the number.

Mr. JOHNSTON: You said it was on this list.

Mr. CRUICKSHANK: It was withdrawn by the custodian and was certainly not sold by the custodian as farm land. You cannot arrive at farm values by taking into consideration those lands which were withdrawn and were not sold for farm purposes.

By Mr. Jaenicke:

Q. I should like to refer to this first document filed. The statement shows 23 parcels withdrawn as having been previously sold by the Japanese?—A. Twenty-six, I think.

Q. Twenty-three on my list.—A. It should be 26 and 43.

Q. They were sold by the Japanese. The Japanese made the deals direct with the purchasers without the intervention of the custodian?—A. I am glad you brought up that point. Kindly have this in mind; the offer included those 26 parcels and, in the land registry office, those properties were still in the name of the Japanese. These Japanese, not recently, probably several years previously, had made agreements for sale.

Q. When were those properties sold?—A. The Japanese had either completed the sale themselves or had already negotiated the sale and therefore, we were not in a position to convey.

Q. Now, the last item, \$23,258 which appears under the heading "V.L.A. offer accepted," that offer was not accepted?—A. It was under that heading but it was not accepted.

Q. Was that the amount which the Japanese received?—A. No, that was the amount which the V.L.A. offered for those 26 parcels.

Q. Did you find out what the price was for those 26 parcels when you found they had been sold?—A. No, we had no reason to make any enquiries. They were not vested in the custodian. They had already been sold.

Q. The purchase price had already been paid in full?—A. It had either been paid in full, or, if it had not been the custodian was only interested in collecting the balance.

Q. In connection with how many of those properties were there any balances left?—A. I would not care to say.

Q. You would not know the price of the farm, the price at which the Japanese sold?—A. I would say our files might indicate, in a few cases, the deal the Japanese had made, but, gentlemen, you may appreciate my position out there. We had no interest in these properties at all. We had no reason to enquire.

Q. Except as to this, whether there was still a balance unpaid?—A. We just accepted the statement of the Japanese who said such and such a person owed a balance of \$500. We collected it, the same as we collected other accounts.

Q. On page 57 of your report, you have an item of income \$503,397.35?—A. What page is that?

Q. Page 57.—A. Yes, I see that.

Q. I presume that represents rentals?—A. The fourth item from the end, real estate income, is rentals.

Q. That is the one I mean.—A. Yes.

Q. Does that include rentals from urban and rural property?—A. That is the total rental, rural and urban.

Q. Could we have a breakdown of that?—A. I cannot give it to you here.

Q. What period does that cover?—A. It covers the period from the date of the evacuation up until the time the properties were sold.

Q. That is approximately 1942-1943?—A. And 1944.

Q. What would be the average period, a year's rental or two years' rental?—A. In dealing with 2,000-odd parcels, I would not care to say what the average would be. It would vary. Some properties may have been sold in the middle of 1943, others were not sold until perhaps 1945.

Q. I realize that, but I thought you might be able to give an opinion as to the average.—A. I think if I give an opinion as to the average time, it might or might not be right and I would prefer not to make a statement.

Q. Could you give us a breakdown of the figure, \$503,000? Could you get it?—A. By going through the 2,500 files we could give it to you.

Q. I did not mean that.—A. That would be the only possible way to do it. We have the total revenues from all our properties, \$503,000, but a breakdown could be given to you. It is just a matter of bookkeeping and accounting; it could be done.

Q. Would you not keep the urban and rural properties separate in your books?—A. No.

By Mr. Boucher:

Q. Bearing in mind the valuations of the farm properties as given by the VLA were much below the assessed values of them, bearing in mind also that on the properties which were withdrawn from sale to the VLA, a considerable increase in price over those valuations was had, and bearing in mind that you had some means of ascertaining the prices received by the Japanese who, themselves, sold their properties, was any attempt made at the time to obtain independent valuations to give a more satisfactory valuation or appraisal of the property? I say that by virtue of some experience the government had in buying airports when the government relied very substantially on valuers from the Canadian National Railways or the Canadian Pacific Railway who had experience in valuing land of this kind. I say that, also, in view of the fact that the facts revealed to us would indicate or might indicate to some, at least, there was a difficulty in getting a proper appraisal of this land and that the circumstances revealed to the custodian would indicate or might indicate the valuations he had received or appraisals he had received were not such as could be relied upon. My question is, therefore, was there not sufficient evidence in the custodian's hands to require him to ask for a better appraisal before selling even to the VLA? What attempt was made to get that better appraisal?—A. At the time of the offer there was no information in the hands of the custodian relative to prices. As I have previously indicated, the advisory committee considered the matter and it was their opinion that the valuation on which they were basing their negotiations was a sound one. It had been made by qualified appraisers of the Soldier Settlement Board of Canada who had been actively

engaged in valuing land for government purposes for a considerable number of years. The committee accepted that appraisal as a sound basis upon which to carry on negotiations. The only indication of any change was in the 17 spot valuations which were made and I have read Judge Whiteside's letter in which he referred to that.

Q. You think the fact that the valuation was very substantially below the assessment valuation and that the valuation was very substantially below the prices received for properties withdrawn from the VLA was not sufficient to have you enquire into the prices received by the Japanese who sold their own property?

By Mr. Stewart:

Q. Could the witness tell us when the offer was received from the Soldier Settlement appraisal—

By Mr. Boucher:

Q. I do not think the witness answered my question. Do you think those facts were not sufficient to cast any doubt on the efficiency of the VLA valuation?—A. I can only repeat that the negotiations for these deals took place between the regional committee of the VLA and the advisory committee for the custodian. I have indicated all the facts which were placed before those committees and the correspondence which took place as well as the recommendation of the advisory committee and the acceptance of the offer by the Department of the Secretary of State. Those are all the relative facts I can give to you.

Q. That does not answer my question. Should not those relative facts, in your opinion, have cast some suspicion upon the efficiency of the valuation?—A. The only possibility would be in regard to the 17 spot valuations. At that time, the custodian had no information at all in regard to the values, or whether the Soldier Settlement valuation was correct. He had no possibility of knowing whether that was a fact or not.

By Mr. Golding:

Q. As a matter of fact, if you had sold those properties for a much higher price, the soldiers and returned men would, of necessity, have had to pay more for their property when they bought it?—A. I am sorry, I did not hear that.

Q. If you had sold those properties for a much higher price than the V.L.A. put on them, then, in turn, the returned men purchasing those properties would have to pay much more for them?—A. That, of course, would be a matter outside of my department, but I think that would likely be true. So far as these particular deals are concerned, gentlemen, I think it has been stated, but I must repeat it, these particular deals were negotiated on behalf of the custodian by the advisory committee under Judge Whiteside and the regional committee of the V.L.A. The consideration of it and the recommendation for its acceptance was entirely in the hands of the advisory committee.

By Mr. Burton:

Q. Would your department know, in connection with those 43 parcels which were sold, how many ex-service men bought those properties?—A. We have no information regarding that at all.

Q. In connection with the sales, while you have mentioned before that the highest offer was accepted, you had no ruling or regulation that, all other things being equal, the returned men would get the preference?—A. If, by any chance, we had somewhat similar offers, and one was from a returned man, I think,

undoubtedly, the returned man would have been given the preference. At the time those properties were sold, by and large, we did not have offers from returned men. It was the general public who bid for them.

Q. You do not know whether there were any returned men who took advantage of the sale of the 43 properties?—A. I am not positive; I would say no.

By Mr. Fleming:

Q. There was no regulation giving veterans a priority in such cases?—A. No.

By Mr. Stewart:

Q. I should like to make enquiry in connection with 768 parcels for which an offer was received in May of 1943. For the most of May, 1943, there was a Japanese representative on the advisory committee? Did Mr. Yamaga resign because of this offer, or did he have any comment to make on that offer?—A. Mr. Yamaga was not at the meeting when the offer was finally considered and the advisory committee made its recommendation. He had resigned previous to that.

Q. Was he at the meetings when this matter was under consideration?—A. Oh yes, decidedly. He was at the meeting when the first offer was received and he was agreeable, in principle, to the sale of these lands. Mr. Yamaga farmed in that area for 35 years. He told the committee friends of his had written indicating that they thought deterioration would be taking place in regard to their farms. Mr. Yamaga told the committee he was convinced by and large, the best interests of the Japanese would be served by the liquidation of these properties.

The policy of liquidation was agreed upon by all the members of the committee. The only thing about which Mr. Yamaga hesitated was, I think his expression was, "I hope that adequate prices will be obtained." The answer to that was that adequate prices would be obtained because the valuation of the Soldier Settlement Board which was considered as sound, and would be the basis of the negotiations.

Q. Did Mr. Yamaga believe adequate and proper prices were paid?—A. As I have said, he was not there when the final deal was made.

Q. He merely approved of the principle of selling these properties?—A. He approved of the principle of selling the properties.

Q. He had no opportunity of approving the prices?—A. He had resigned before the deal was consummated.

Q. Had he anything to say at any time about the appraisal?—A. I do not think he did. I can say he was quite agreeable to the principle but did not have anything, so far as I recollect to say in regard to the actual deal.

Q. Were minutes of the meetings kept?—A. Yes.

Q. Could those be produced, Mr. Chairman?

The Acting CHAIRMAN: I am entirely in the hands of the committee. If the committee thinks it would be of any advantage to have those minutes, it is for the committee to say. I do not see the necessity for producing the minutes because the witness has said the gentleman was not present when the deal was consummated.

Mr. STEWART: There might be something of importance contained in those minutes had Mr. Yamaga, at any time, signified his approval of the valuation which was offered.

Mr. FLEMING: I would support Mr. Stewart in that connection. After all, we have been told about some of the things which were done by that committee in the course of its deliberations, and we have had some of the correspondence

which had a place in the eventual consummation of the agreement. Now, it seems to me the committee is entitled to the production of all the correspondence and entitled to the production of all the minutes. Nothing may come of it. After we have perused these documents we may be satisfied there is nothing which requires further questioning. However, I would strongly urge the committee is entitled to the production of all those records.

The Acting CHAIRMAN: I am entirely in the hands of the committee on the matter. If the committee thinks such documents should be made available to it, it is for the committee to say.

Mr. STEWART: I would move that such minutes be filed.

The Acting CHAIRMAN: In that case, I ask the witness to be good enough to bring those documents here for the committee.

The WITNESS: If that is your wish, I will have to send to Vancouver for them. I have not copies here.

The Acting CHAIRMAN: Does the honourable gentleman insist that the witness produce these documents himself, or that such documents be filed by some official of the department?

Mr. STEWART: All I ask is that they be made available to the committee as rapidly as possible.

The Acting CHAIRMAN: It is agreed, then, that the witness will secure these documents and will have them produced for the committee.

Mr. FLEMING: It might be a proper occasion to put forward a motion that the balance of the correspondence relating to the sale of the Fraser Valley farm lands to the Veterans' Land Act administration be also produced. I ask that it be made available to the committee. If there is nothing contained in it which requires to be brought before the committee, then we need not take up the time of the committee with it, but, for my part, I would be willing to facilitate the despatch of the committee's business by looking these documents over if they are made available. If there is no particular relevance in them, then I certainly will not trouble the committee or take up its time with them.

The Acting CHAIRMAN: Would you prepare a motion to that effect?

Mr. FLEMING: I have just made it a motion that the balance of the correspondence relating to the sale of the Fraser Valley lands to the Veterans' Land Act administration be made available to the committee.

Mr. CRUICKSHANK: You should have the words "Fraser Valley Japanese land" in that motion.

Mr. FLEMING: That is all we have been speaking about.

Mr. CRUICKSHANK: Make it Japanese land. I do not think it is any business of any Toronto member at the next campaign to discuss what was sold privately. This is only Japanese land.

Mr. FLEMING: Obviously, Mr. Chairman, the motion has reference to any lands which were the subject of correspondence between the custodian's office or the advisory committee and the Veterans' Land Act administration. Now, they started, if I remember correctly, corresponding about 768 parcels. The sale which was consummated embraced 741 parcels, so we want the correspondence bearing on all these properties.

Mr. CRUICKSHANK: I am not objecting to that, but there may have been some other lands purchased by the Soldier Settlement, I do not know whether there was or not, in the Fraser Valley. It is not the business of this committee to consider such purchases.

Mr. FLEMING: We are dealing with those which were under the administration of the custodian of enemy property.

The Acting CHAIRMAN: I think Mr. Fleming has referred to those which were sold through the custodian.

Mr. FLEMING: To all those which were vested in the custodian of enemy property.

Mr. CRUICKSHANK: Of enemy property?

Mr. FLEMING: Yes.

The Acting CHAIRMAN: Does the committee agree to the motion? Agreed.

Mr. STEWART: Will that motion be wide enough to include not only the advisory committee on rural properties, but also the advisory committee on the greater Vancouver properties?

The WITNESS: The advisory committee on greater Vancouver properties would have no bearing on this particular deal. They had no negotiations. Judge Whiteside's committee was purely a rural committee.

The Acting CHAIRMAN: The committee has agreed to the motion. Are there any other questions?

Mr. CRUICKSHANK: I am not trying to stick up for the Fraser Valley at all, but if you are going to take in any part, why not take in Vancouver and all the area. There are farms in Victoria, for instance. There are some would-be lawyers with property in the city of Vancouver, and I want to know how they came off in dealing with that property.

Mr. FLEMING: I do not know whether Mr. Cruickshank is asking me why I did not make the scope of the motion broader, but the reason is we have been dealing, in the questions this morning, with the sale of Fraser Valley properties. We have not, yet, come to the sale of the other properties. I assume, if the records which are made available to the committee at that time are not complete, we shall ask for the balance of the records in connection with these properties.

Mr. CRUICKSHANK: You must expect us to be here until September or October.

Mr. FLEMING: I hope I am not here then. It is quite open to any member of the committee to enlarge the motion.

The Acting CHAIRMAN: If Mr. Cruickshank cares to move that the other correspondence in connection with the greater Vancouver area be produced, I have no objection at all.

Mr. CRUICKSHANK: I was trying to speed matters up. We will receive this correspondence in about a week, then the week after that if we are to send to Vancouver for another batch of correspondence, it will drag our work out. I was just trying to get it all at once.

Mr. FLEMING: Could we not get it by air mail? We do not have to wait a week.

The WITNESS: We could have the minutes sent by air mail. If you are going to make any suggestion with regard to the minutes of the committee for the greater Vancouver properties, I do not think I am in a position to assure you anything can be sent. The set-up of the committees was quite different. In the case of the committee on rural properties, I was asked by Judge Whiteside, always to be present at their meetings. I was always there. The minutes of these meetings were written up. In regard to the meetings of the greater Vancouver committee, I was only there on a few occasions when I was specially asked to be present. I submitted the offers as they were received and all the available information, such as appraisals, offers and rentals and received from that committee, through its secretary, either their acceptance or otherwise. I do not know what records you could obtain from that particular advisory committee.

I have not their minutes. I do have a copy of the minutes of the rural advisory committee, as I have said. Very definitely those minutes or those records of the greater Vancouver committee would have no bearing at all on this matter with which you are now dealing.

Mr. FLEMING: There is, perhaps, one other point which ought to be cleared up as a result of Mr. Cruickshank's observation. Was there, Mr. Shears, any correspondence with the Veterans' Land Act or with the department of the Secretary of State concerning sales of these other rural properties or the Vancouver property? As I understand it, there was not any correspondence dealing substantially with those sales.

The WITNESS: None at all.

By Mr. Fleming:

Q. After all, the only correspondence to which the Veterans' Land Act was a party or the Secretary of State was a party, was in connection with the sale of the 741 properties to the Veterans' Land Act?—A. Yes. I was asked a question once before as to how many properties were not in the Fraser Valley and I said 20 or 30. I think the exact number is 30 and they were on Vancouver Island or the Gulf Islands. So, in this connection, there were 710 in the Fraser Valley and 30 or 31 were possibly in other areas.

The Acting CHAIRMAN: Is that all, gentlemen?

Mr. FLEMING: Yes, on that point.

The Acting CHAIRMAN: The motion was made and carried that the correspondence exchanged in connection with the sale of the 741 properties by the custodian would be made available. So far as the rest is concerned, the other properties, if there is no other correspondence of interest to the committee, I see no necessity for insisting on that point.

Mr. FLEMING: The correspondence with the committee will include the 31 properties on Vancouver Island, they were not differentiated, but we were dealing with the properties which were the subject of the offers from the Veterans' Land Act, the most of which were in the Fraser Valley but some on Vancouver Island.

The witness had another statement he wished to make on another matter, did he not?

The Acting CHAIRMAN: The witness has a statement to make on another matter relating to his previous testimony at the last sitting of the committee. I shall ask him to make that statement now, if he so desires.

The WITNESS: This is in connection with Naoichi Karatsu, custodian's file 8666. I was asked to secure some information regarding this person. I have prepared a statement, but I should like to say this first.

At the last committee meeting, in answer to a question, I said this:

I would say this, too, it will be without doubt possible for you to introduce some cases along the line of that which has now been indicated, but there will be thousands where you will not find the same situation.

I have read in the *Toronto Globe*, that I said,

There are thousands of cases where you will find this is the situation. This is so directly opposite to what I said, that I just wanted to make that fact plain and I will be happy to see some correction made in the newspaper regarding this matter. This article says,

Mr. Shears admitted this was quite a typical case but added there are thousands of cases where you will find this is the situation. As I quoted my evidence I said,

It will be, without doubt, possible for you to introduce some cases along the line of that which has now been indicated, but there will be thousands where you will not find the same situation.

I just wanted to make that correction.

Then, in connection with this particular matter, Karatsu left his property—rather, he registered his property with the custodian on the 8th day of May, 1942. In connection with the registration he made a statement of his personal property which was as follows:—

Chesterfield, chairs, carpenter's tools, kitchen utensils, two beds, farm tools and implements, one bureau, gramophone, galvanized chain, flower covering, fishing gear and coil of $\frac{1}{2}$ inch cotton rope.

This was his declaration on the 8th of May, 1942. It is evident Karatsu was not evacuated until some months later. He was at Hastings Park in Vancouver on the 8th day of September, 1942, and, just about that time he was being moved away and he made an additional registration which reads as follows: There are 23 items.

- 3 mahogany planks
- 1 boat box of supplies
- 1 large box of school supplies
- 14 pieces of glass
- A package of school books
- 3 steel bed springs
- 1 chesterfield chair
- 2 mattresses
- 1 willow patterned platter
- 3 boxes of Mason jars and caps
- 1 basket of kitchen utensils
- 2 packages of paste
- Gramophone and records
- 2 double beds, iron
- A rice bowl
- 1 5-gallon crock
- 4 kitchen chairs
- 1 stool
- 2 pieces linoleum
- 2 rubber mats
- 1 office file
- 1 bed spring
- 1 iron kettle.

That is what I would like you to have in mind just for the moment. At that time his place was under lease by an arrangement made as of the 1st of May, 1942, for the following nine months to a Mr. Bernard Ryan. Mr. Bernard Ryan together with Mr. Karatsu signed a document which reads: This affidavit made in duplicate is a certified agreement between both parties that inclusive with the farm lands the lessee shall have the use of the miscellaneous farm tools and household effects until the termination of the lease. The twenty-three items are listed down and the document is signed by Mr. Bernard Ryan and Mr. Karatsu. That was on September 8, 1942. Then on September 12, 1942, Mr. Karatsu was vacuated to Sanden. During September of 1942 this particular property became vacant and it remained vacant until March, 1943, a period of about seven months. Shortly after it became vacant, on October 28, our field men went to this particular farmhouse and inventoried what was found there.

Everything which appeared on Mr. Karatsu's list at that time, October 28, 1942, was there. I wonder if that list which was presented to me at the last meeting is here and could I see it?

Everything on Karatsu's list was there plus a large number of other items which had not been mentioned at all in the file up to that time. There were thirty or forty additional articles. A copy of a list containing those was mailed to Mr. Karatsu at Sanden and he was asked if this was a complete list and he sent it back, signed as being correct. There is nothing in our files or any suggestion there of anything over the twenty-three items which Karatsu listed himself until the additional items were added by our field men. The statement was made at the last meeting that the Japanese considered that the articles were worth \$700 odd and as I pointed out then this was the owner's valuation which he supplied as a value for these items. It is a fact that on March 4, 1947, Karatsu complained about the sale and he thought then the articles might be worth approximately \$500. As I say, after October 28, this property remained vacant until March, 1942. The property was boarded up. It was in an isolated position at the end of the 19th road and our file indicates that it was an easy mark for vandalism. I would say that my field staff showed great zeal when the inventory took place, because they certainly went the limit. They had added thirty items which, when our own men came to have them auctioned, were found to be of no value and they were abandoned. Those items were:—

- 1 poor umbrella
- 4 shallow empty boxes
- 3 sheets brass wire
- 10 bundles books
- 1 pair gum boots
- 3 lengths stove pipe
- 1 gas lamp shade
- 4 posts 2 x 2 6' long
- 1 lamp base (cracked)
- 1 box old clothes
- 4 hats
- 1 candy pail
- 5 pounds grease paper
- 1 chest drawers (no drawers)
- 2 small home-made tables
- 2 wooden bowls
- 1 home-made bed
- 1 sea shell ash tray
- 1 small piece kitchen linoleum
- Japanese decorations on wall
- Magazines by tons
- 5 window blinds
- 2 pails
- 1 lid for 5-gallon crock
- 1 bag brass wire
- 4 Japanese calendar pictures
- 1 food cupboard.

Now our field men listed all those things and it made an imposing list of thirty extra items but they were items which, at a later date, were just abandoned by our own men when they came to move them for auction. There are also

goods which are unaccounted for most of which were not on the original list of twenty-three but were on the list which our own field men made. These items were unaccounted for:

- 3 mahogany planks
- 1 box school supplies
- 2 boxes glass
- 1 parcel-dragon kite
- 1 willow pattern platter
- 3 boxes mason jars
- 2 double bedsteads (iron)
- 1 five gal. crock
- 1 piano stool
- 4 chairs
- 2 rubber mats
- 1 office file
- 1 iron kettle
- 1 box boat supplies
- Ship's compass
- Water pump
- Steering wheel
- Fog horn
- Tin shears
- Small vise
- Fishing tackle
- Pipe fittings
- Brass odds and ends
- Nuts and bolts
- 1 gas iron (with fish line)
- 1 box loose books
- 4 bundles lumber
- 1 roast tin
- 10 cups
- 4 bowls
- 3 salers
- 2 Japanese flash lights
- 3 small Xmas decorations
- 1 eight foot belt
- 1 large funnel
- 1 crock bowl
- 2 bake pans
- 1 canvas life preserver
- 1 large hammer
- 3 deep sea fishing lures
- 1 sad iron
- 4 pictures
- 1 gal. candy jar
- 1 Japanese tub full miscellaneous articles
- 1 metal box
- 1 wedge.

The point is this. Of a total of about eighty items, only fifteen were actually sold. Three items were shipped; thirty were abandoned, and we have lost track of those others, the last group that I have read.

Now gentlemen, I am not a valuator and have not looked at Karatsus valuations set opposite that list but from the items which I have read I would doubt very much at this time, whether, by any conceivable stretch of the

imagination you could make such goods value up to \$700 or even \$500. One item which I think might have some value is that contained in the box of boat supplies. The ship's compass, however, is one of that little type which they use in their fishing boats and which can be bought for \$3 or \$4 or \$5. In addition there was the water pump, steering wheel, fog horn, tin shears, small vise, fishing tackle, pipe fittings, brass odds and ends, nuts and bolts. On the face of it, those are the items and there is the story. The Japanese declared twenty-three items of which fifteen have been sold and the others have not been accounted for. The list is largely made up of numerous small items which our own field men have listed. There is a list of those abandoned and others were taken by vandals before the property was again rented in March, 1943. I think that is perhaps all that I wish to state in respect of this matter.

Mr. JAENICKE: Mr. Chairman, after hearing Mr. Shears and his explanation of the matter I may say that, as I indicated at the last hearing when I presented the case, Mr. Shears had already told us there was vandalism and theft and things of that nature going on and I fully appreciate the difficulties which he and his men had. He has given us the particulars as to what Mr. Karatsu had when the articles were listed and then they were later listed and I presume the list I produced was the list that was made by an official of your office. As I said at the last meeting I think the members ought to be able to judge for themselves. I move that this list and the latter statements be printed in the proceedings so that the members may form their own conclusions, keeping in mind the explanations made by Mr. Shears.

Agreed.

The Acting CHAIRMAN: Well, gentlemen, if there are no other questions of the witness could we discuss the adjournment?

Mr. FLEMING: I have a number of questions on other matters arising out of this original testimony.

The Acting CHAIRMAN: Well, will you go ahead now.

By Mr. Fleming:

Q. Mr. Shears, did the custodian have some responsibility for these assets from the very beginning? You referred at the outset of your testimony to the first order in council, No. 9590, dated December 7, 1941, vesting property of Japanese occupying or holding territory, in the custodian.—A. What number?

Q. The first was 9590; and then we go down to order in council No. 469, of January 1942, that was the one that established the protected area in British Columbia; and then in February 1942 there is the government notice requiring enemy aliens to leave the protected area; and then comes order in council 1665 of March 4, 1942 establishing the British Columbia Securities Commission with power to remove Japanese. There are subsequent orders; the registration of Japanese on March 13, 1942 by order in council 2483, and March 27, 1942 number 5523 and so on. Now, has there been at any time any administration in Canada of property in Canada of persons of the Japanese race by anyone apart from the custodian? Has there been any other administration of their property?—A. As far as evacuees were concerned nothing was vested or came into our hands before P.C. 1665 which was amended by P.C. 2483, and with regard to liquidation, by order in Council 469. With regard to evacuees' property, this became vested in the custodian, if the Japanese registered his property with evacuation. The only Japanese properties which the custodian dealt with prior to P.C. 1665 was the property of Enemy Japanese.

Q. Now I take it that there is no other government official or government department or government body that was responsible for administration until the custodian of enemy property took over under these orders in council.

Doctor COLEMAN: May I have your permission to answer Mr. Chairman? I think I can answer a little better than Mr. Shears. He was not in the office at that time. I think you will find if you will look up the record that early in February, if not before, early in 1942, I issued certain orders affecting people of the Japanese race requiring them to turn in radios, motor cars, and I recollect they were supposed to be turned over to the police officers. I, myself, after the policy of evacuation was announced in February, the latter part of February, after consulting Mr. McLarty, then the custodian, proceeded to Vancouver very early in the month of March 1942. I would have to look up my diary but I am sure I arrived there on the 9th of March and that was just four days before registration began. Now at that time there were certain preliminary security measures taken requiring the people of the Japanese race living in the coastal areas to turn into the R.C.M.P., or persons designated by them, certain equipment which was regarded as dangerous if left in their hands. The articles I remember particularly are radios, cameras, firearms, and motor cars. With those, the custodian, as such, had nothing to do. I also discovered when I reached Vancouver in 1942, early in March 1942, that it was reported, and I could only go by what I was told by people there, that there were a number of persons of the Japanese race who had been anticipating the order of evacuation and had, in many cases, disposed of their chattels. Some of those chattels were probably disposed of at a very improvident price. One of the purposes or one of the reasons for getting them to register, in addition to the danger lying in their retention of the chattels, was to afford a certain measure of protection to them. I arrived in Vancouver realizing there was a large number of very small and petty businesses conducted by the Japanese people which eventually would have to be closed up. I called a meeting of all of the licensed trustees under the Bankruptcy Act in Vancouver, and assembled them in the Hotel Vancouver. I told them of this rather formidable task which was confronting the custodian for which, at the moment, he had to improvise a staff and I requested their co-operation. I might say that co-operation was very widely extended. From memory I said that I arrived in Vancouver on March 9, and I find here that I held a meeting on the 10th of March at which every licensed trustee in bankruptcy for the area attended. There was a large number of gentlemen present and they agreed to give assistance to the custodian's staff, more particularly in relation to these very small businesses. Those gentlemen did, I believe, contribute very substantially in the way of advice and help in handling this situation. The custodian as such, however, had nothing to do with these motor vehicles, cameras, radio receiving sets, etc., which were turned over to the police under orders, which were all matters of record.

Mr. FLEMING: All other assets apart from those were vested in the custodian?

The WITNESS: Yes.

Mr. STEWART: Might I ask what happened to these radios and automobiles?

The WITNESS: In line with what you are asking, we did sell the radios. They were turned over to us. They were taken possession of by the R.C.M.P. and were turned over by the R.C.M.P. to the custodian who disposed of them along with the other effects of the Japanese.

By Mr. Fleming:

Q. And was that done in the same manner as the other chattels were disposed of?—A. Precisely the same procedure was followed.

Q. Was the basis of the valuation and sale the same as you have referred to in your opening testimony about the other chattels?—A. Identical. We sold them by public auction.

Q. I think you have made it clear, but I just want to clarify this additional feature. All sales made at any time by the custodian, whether real estate, chattels, or other forms of property were in all cases sold for cash?—A. Excuse me, I am sorry if I have left that impression. The greater Vancouver property was sold for cash. With respect to rural properties outside of the sale to the Veterans' Land Act, the committee did agree that in certain cases properties could be sold with a substantial cash payment, at least fifty per cent, and limited terms would be allowed. Payment in full was to be made within two years at five per cent interest. There were quite a number of properties sold on that basis but all of those properties now, with the exception of perhaps half a dozen, have been fully paid off because the terms were short. It was a substantial cash payment and the terms were not more than two years. There were quite a number of rural properties sold on that basis but there was no urban property sold in that manner.

By Mr. Jaenicke:

Q. That would be those on the third sheet?—A. No, those were just the forty-three which were withdrawn from the Veterans' Land Act, but we had four or five hundred other properties outside of Greater Vancouver.

Q. They were all sold for cash?—A. You are speaking of the Veterans' Land Act deal and the question now is on other deals and I am saying the greater Vancouver properties were sold for cash but the other properties, the other 400 odd, were sold in some cases on terms.

By Mr. Fleming:

Q. The question was a little different I think. Were those 43 properties referred to in the third list this morning sold for cash?—A. Not of necessity. They were rural properties and some of them may have been sold on terms.

Q. Was there any variety in those terms or was the proposition always in the same form, either cash, or at least 50 per cent cash and two years with 5 per cent interest?—A. That was it.

Q. And these credit terms were not given in the case of the sale of chattels?—A. No, no.

Q. Only real estate?—A. Yes.

Q. Dealing with the basis of the valuation of the other properties, and here we get away entirely from this sale to the Veterans' Land Act, you have indicated that there was a valuation made at the time of the sale. Does that apply generally to all the real estate in the hands of the custodian, greater Vancouver, and the rural areas, excluding of course that land sold to the Veterans' Land Act administration?—A. Yes, appraisals were made somewhat prior to the time that they were offered for sale by our department.

Q. Well on page 55 of the report I see these figures. The sale of 466 properties in greater Vancouver were appraised by your office, on page 55.—A. Yes.

Q. Appraised by your office at \$915,600 and sold at \$1,004,785.—A. That is correct, yes.

Q. The sales there netted about ten per cent in excess of your appraisal?—A. Yes.

Q. And those appraisals were made within a reasonable period prior to the sale so that the appraisal was strictly relative to the sale?—A. Definitely.

Q. And now, in connection with the other rural properties, excluding the 741, your appraisal was \$529,146.25 and the sale yielded \$570,244.—A. That is correct.

Q. That is eight per cent in advance of the appraisal?—A. Yes.

Q. And your remarks about the time of the appraisal would apply to those properties also?—A. Yes. The appraisal would be within a few months prior to that.

Q. Now when you had the appraisals made, you referred to the fact that you selected a number of leading experts in real estate values. Were those experts located first, the group in greater Vancouver and then the rural properties, in the respective areas?—A. Yes.

Q. Now did you spread those around in order to have a good cross-section of opinion in your appraisals?—A. Yes, I would say so. You will remember that I mentioned the appraisers were suggested to us by the real estate board of Vancouver and the real estate board of Victoria. That is, those boards stated certain people might be available and also qualified to make appraisals. In the greater Vancouver area there were just six real estate appraisers used. I could not give you the number in the rural areas because that was a large number. If we were dealing in Nanaimo it would be a real estate agent at Nanaimo who would make the appraisal and if it were at Cumberland it would be a Cumberland man. The men who made the appraisal had knowledge of the district in which they were appraising.

Q. I had intended to ask you how many men actually made appraisals for you in those two groups, first of all, the greater Vancouver group?—A. I could give you that, there were six appraisers.

Q. Any two on the same property?—A. In a few cases that was done. If there appeared to the committee to be any particular reason why any appraisal might be challenged we had another appraisal made or perhaps two appraisers went together but that was not the usual procedure.

Q. When you spoke of making the sale at the appraised value, which valuation would you take in those cases where you had the check valuation made?—A. It was submitted to the advisory committee and, usually, the reason for having another valuation would be this. Supposing the valuation was \$3,000 and we called for tenders and the tenders that were received indicated that nobody wanted to pay more than \$2,300. In that case the committee would say they would have another appraisal made. Assuming that the other appraisal came back and was a little less than the first appraisal, the committee would compromise and take the average between the two.

Q. But it was based on the valuation?—A. It was based on the valuation, yes.

Q. Now, continuing on to another subject entirely. Are you in a position to make any estimate of the losses by theft and vandalism?—A. No, I do not think I am. I would like the committee to have in mind, that as I have described, there was a considerable amount of theft and vandalism. That is quite true and we cannot get away from it. However, I do not want the committee to feel that the major portion of the Japanese goods disappeared in that way. In some areas and in some places a particular Japanese may have been unfortunately in the position of having a large amount of his stuff pilfered but in other cases none, or very little disappeared. I would not care to give an overall estimate in dollars and cents. That is what you are thinking of?

Q. Well, some approximation.—A. No, I do not think I would care to.

By Mr. Johnston:

Q. Was there any protection, when you took over the property, to look after it and prevent that sort of thing?—A. As I indicated we had 8,000 units of chattels and they were spread around the whole of the protected area. We did have co-operation from the police and we had our own policemen in one location.

Q. How many would you have of your own police?—A. We only had one employed by ourselves and that was at the request of the local police at Steveston. Then we had night patrols in Vancouver.

Q. How many patrols did you have?—A. Just one night patrol.

Q. Consisting of one man?—A. It was Wilson's night patrol and whether they employed more than one I do not know but they made regular inspections at stated and irregular hours. They operated in the same fashion as a night patrol usually operates.

By Mr. Fleming:

Q. Do you attach responsibility to anyone in connection with these losses by theft and vandalism? Are there any cases where the local authorities did not measure up to their responsibilities?—A. Just what is that?

Q. Can you place responsibility for theft and vandalism on anyone?—A. No, we cannot. The police informed us on different occasions that places had been broken into. Their conclusion usually was that it was juvenile delinquents who were the cause of it.

Mr. CASE: Was there any action or any criminal proceedings taken against anyone?

The WITNESS: Not at all.

The Acting CHAIRMAN: Gentlemen, it is now after 1.00 o'clock and I would ask your opinion as to the next sitting. I would say that to-morrow there are a great number of committees sitting, six committees as a matter of fact, in the morning and two in the afternoon. I do not know if you feel that we should sit this afternoon instead of to-morrow morning because of that fact. I leave it entirely up to the committee to decide.

Mr. STEWART: Could the steering committee get together on this?

The Acting CHAIRMAN: In other words we will adjourn to the call of the chair?

Mr. FLEMING: Well, had we not better leave the meeting stand as arranged. I understand it is on the list for to-morrow. After all, Mr. Shears wants to get back to Vancouver sometime. However, perhaps he likes it so well down here he will want to stay.

The Acting CHAIRMAN: Well we will adjourn until 11.30 o'clock to-morrow morning.

The meeting adjourned at 1.05 p.m. to meet again to-morrow morning, May 13, at 11.00 o'clock.

APPENDIX "A"

P.C. 5523

AT THE GOVERNMENT HOUSE AT OTTAWA

MONDAY, the 29th day of June, 1942.

PRESENT:

HIS EXCELLENCY
THE GOVERNOR GENERAL IN COUNCIL:

Whereas the Minister of Mines and Resources and the Minister of Pensions and National Health report that persons of the Japanese race ordinarily resident in the protected areas of British Columbia have been required by Orders of the Minister of Justice, under Regulation 4 of the Defence of Canada Regulations (Consolidation) 1941, to leave such protected areas;

That many such persons of the Japanese race were or are engaged in agriculture and have been or shall be compelled to abandon farming operations on land owned by them or by companies which they control;

That it is in the public interest to ascertain the actual number of such Japanese farms, to carry out an appraisalment of their fair present day value, and to consolidate the control of the disposition of these lands by sale, lease, or otherwise;

And whereas the Ministers are of the opinion that by reason of the state of war now existing it is advisable for the security of peace, order and welfare of Canada to make provision for the matter aforesaid;

Now, therefore, His Excellency the Governor General in Council, on the recommendation of the Minister of Mines and Resources and the Minister of Pensions and National Health and under the authority of the War Measures Act, Chapter 206 of the Revised Statutes of Canada, 1927, is pleased to make the following regulations and they are hereby made and established accordingly:

REGULATIONS

1. In these regulations, unless the context otherwise requires:
 - (a) "Director" means the Director of Soldier Settlement of Canada;
 - (b) "Japanese Company" means any corporation of which the majority of the shares issued by it are owned by persons of the Japanese race, or of which the majority of the directors are persons of the Japanese race;
 - (c) "Agricultural land" means land and any real or immovable property and any interest, legal or equitable therein, and the right to possession thereof, situated otherwise than within the boundaries of any incorporated city or town;
 - (d) "Minister" means the Minister of Mines and Resources;
 - (e) "person of the Japanese race" means any person wholly of the Japanese race;
 - (d) "protected area in British Columbia" means any area in the province of British Columbia, now or hereafter declared, pursuant to the provisions of Regulation 4 of the Defence of Canada Regulations (Consolidation) 1941, to be a protected area for the purpose of such Regulation.

2. Except with the approval in writing of the Director and in accordance with any terms or conditions therein set out, no person shall, after the date hereof,

- (i) purchase, lease or otherwise acquire or agree to purchase, lease or otherwise acquire, or
- (ii) either for himself or on behalf of the owner, sell, lease or otherwise dispose of or agree to sell, lease or otherwise dispose of,

any agricultural land in a protected area of British Columbia, owned by any person of the Japanese race or by any Japanese Company.

3. The Director may, in his sole discretion, refuse to approve or approve, either unconditionally or subject to such terms or conditions as to him seem fair and reasonable, the purchase, sale, lease or other acquisition or disposition, or any agreement therefor, of any agricultural land in a protected area of British Columbia owned by any person of the Japanese race or by any Japanese company.

4. The Director shall cause an appraisal to be made of the fair present-day value of all agricultural lands in any protected area of British Columbia owned by persons of the Japanese race or by Japanese companies, and shall report thereon to the Minister.

5. Any person authorized in writing by the Director to act as an inspector under these regulations may, for the purpose of making any appraisal under the last preceding section, or for the purpose of ascertaining whether any person of the Japanese race or any Japanese company is the owner of any agricultural land in a protected area of British Columbia, or for the purpose of determining whether the provisions of these regulations are being or have been complied with,

- (i) enter at all reasonable times and inspect any agricultural land in a protected area of British Columbia, owned by any person of the Japanese race or by any Japanese company, or which is reasonably believed by such inspector to be or to have been owned by any such person or company;
- (ii) examine orally any person occupying or having any interest in agricultural land in a protected area of British Columbia, which is reasonably believed by such inspector to be or to have been owned by a person of the Japanese race or a Japanese company;
- (iii) require any person occupying or having any interest in agricultural land in a protected area of British Columbia, which is reasonably believed by such inspector to be owned by a person of the Japanese race or a Japanese Company, or having in his possession any documents relating to any such land, to furnish any information in his possession or such documents to such inspector.

6. The production by any person of any document purporting to be signed by the Director and purporting to authorize such person to act as an inspector under these regulations, shall be evidence of the authority of such person to act as an inspector.

7. Any person,

- (i) who purchases, leases, or otherwise acquires, or sells, leases or otherwise disposes of or agrees to purchase lease or otherwise acquire, or to sell, lease or otherwise dispose of, any agricultural land in any protected area of British Columbia, owned by any person of the Japanese race or by any Japanese company otherwise than in accordance with these regulations; or
- (ii) who wilfully delays or obstructs an inspector in the exercise of any power conferred upon him under these regulations; or

- (iii) who fails to give any information or to produce any documents in his possession if required to do so under these regulations; or
- (iv) who refuses to reply to any reasonable question asked him by an inspector acting under these regulations,

shall be guilty of an offence and liable, on summary conviction, to a fine not exceeding one thousand dollars or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

8. The burden of proof that any purchase, sale, lease or other acquisition or disposition, or any agreement therefor, of any agricultural land in a protected area of British Columbia, is not a violation of any of the provisions of these regulations, shall be upon the accused.

9. Nothing in these regulations shall be deemed to apply to, or to affect enemy property as defined by the CONSOLIDATED REGULATIONS RESPECTING TRADING with the ENEMY (1939).

10. All expenses or costs incurred by the Director in connection with this Order shall be payable out of the moneys appropriated by Parliament to carry out measures deemed necessary in consequence of a state of war.

(Sgd.) A. D. P. HEENEY,
Clerk of the Privy Council.

APPENDIX "B"

LIST MADE BY CUSTODIAN—OWNER'S VALUATION ADDED

October 28, 1942.

File No.: 8666

Name: NAOCHI KARATSU

Registration No.: 12051

Address: 19th Avenue, Whonnock, B.C.

Inventory of Chattels Left on Property

Articles	Value	Remarks
3 mahogany planks 1" x 12" x 4'....	\$ 3.00	
1 large box school supplies.....	5.00	
2 boxes containing 14 pieces glass....	2.50	
1 parcel containing Jap. Dragon kite	2.00	
3 steel bed springs.....	2.00	(2) were sent to Sandon where this man was living upon his request.
2 mattresses	8.00	
1 willow pattern platter.....	1.00	
3 boxes Mason jars and caps.....	2.50	
1 basket kitchen utensils.....	4.00	
2 packets wall paste.....	.50	
1 gramophone and records.....	50.00	80 records.
2 double bed steads.....	15.00	
1 rice bowl brass bound.....	1.00	
1 5-gal. crock.....	1.50	
1 piano stool.....	1.00	
3 dining chairs.....	3.00	
1 kitchen chair.....	.50	
2 piece linoleum mats.....	5.00	
2 rubber mats.....	1.00	
1 office file.....	.75	
1 spring bed.....	2.00	
1 iron kettle.....	1.00	

Inventory of Chattels Left on Property—Con.

Articles	Value	Remarks
1 large box containing:		
ship's compass.....	18.00	
water pump.....	8.00	
steering wheel.....	2.50	
fog horn.....	1.00	
tin shears.....		
large quantity fishing tackle.....	160.00	
		Including: 1 good condition high-tension magnet (cost \$80.00); 1 quart water kent coil (cost \$15.00); 1 doz. bearings, \$15.00; 10 sprockets, \$12.00; 12 paint brushes, \$30.00.
small vice.....	2.00	
quantity pipe fittings.....	2.00	
quantity brass odds and ends.....	2.00	
large quantity nuts and bolts.....	1.00	
misc. boat fittings.....	1.00	
large box containing Christmas decorations.....	2.00	
Approx. 6 lbs. sheet lead.....	.75	
5 window blinds.....	1.25	
1 poor umbrella.....		
4 shallow boxes.....	1.00	
1 tool box containing.....	107.50	
		Fishing gear for commercial purpose. New 200 fathoms stainless trolling wire (cost \$30.00); new, 100 fish hooks for pilchard bait (cost \$7.50); 200 spoon hook for Cohoe trolling (cost \$70.00).
1 carton Christmas decorations.....	1.00	
3 small sheet brass (approx. 2 lbs.)...	1.50	
small quantity wire.....	1.50	
1 box containing:		
2 clocks.....		
thermos bottles.....	1.50	
small quantity dishes.....	2.00	
2 biscuit tins containing 5 pint sealers		
1 wooden tray.....		
10 bundles books tied.....	5.00	
1 pair gum boots.....	1.00	
3 lengths stove pipe.....	.15	
2 lanterns.....	1.00	
1 gas iron.....	1.00	
1 box books.....	1.00	
1 gas lamp shade.....	.15	
4 bundles lumber.....	4.00	
4 posts 2" x 2" tied 6' long.....		
1 lamp base (cracked).....		
1 roast tin containing:		
10 cups.....	1.00	
4 wooden bowls.....		
3 quart sealers.....	.25	
2 pails.....	.50	
1 box old clothes.....		
2 Japanese flashlights.....		
3 small Christmas decorations.....	.50	
1 bag containing brass wire.....	1.00	
4 hats.....		
1 aluminum pulley 10".....	1.00	
1 8' belt.....	2.00	
1 candy pail.....	.25	
4 Japanese calendar pictures.....		
1 large funnel.....	1.00	

Inventory of Chattels Left on Property—Con.

Articles	Value	Remarks
1 crockery bowl.....		
2 aluminum pots.....	.25	
2 bake pans.....	1.00	
1 canvas life preserver.....		
1 large ball peen hammer.....		
5 lbs. grease proof paper.....		
3 deep sea fishing lures.....		
1 sad iron.....		

DOWNSTAIRS

Was sent to owner upon request.

1 chesterfield chair.....	3.00
1 chest of drawers (no drawers).....	2.00
2 small tables (h.m.).....	
4 pictures and frame.....	1.00
1 food cupboard.....	
2 wooden bowls (small).....	1.00
1 home made wood bed.....	
1 gal. candy jar.....	
1 Japanese tub full cont. unknown...	
1 Japanese bowl (2 piece).....	
1 metal box.....	2.00
linoleum on front room.....	
1 sea shell ash tray.....	.15
1 wedge.....	2.00
small quantity fishing tackles.....	
1 pair binoculars (poor).....	1.00
small piece linoleum on kitchen floor	
few Japanese decorations on wall..	

BASEMENT

3 shallow boxes.....	
1 lid for 5-gal. crock.....	
small quantity fir wood.....	

This represents all my chattels remaining in any protected area of British Columbia.

Confirmed:

Signed:

Date:
Please sign and return one copy to the Custodian.

CANADA

DEPARTMENT OF THE SECRETARY OF STATE
OFFICE OF THE CUSTODIAN

JAPANESE EVACUATION SECTION

Phone Pacific 6131
Please Refer to
File No. 8666506 Royal Bank Bldg.,
Hastings and Granville,
Vancouver, B.C.

APRIL 25, 1947.

Mr. NAOICHI KARATSU,
Registration No. 12051,
Harris Ranch,
New Denver, B.C.

DEAR SIR,—In reply to your letter of March 15 in which you ask that certain chattels be sent to you, we have to advise that we are unable to ship these articles as some have been sold at auction and others are missing. The books

were badly mildewed and damaged and were discarded as being of no value. We are enclosing an itemized statement of the articles sold at auction and the balance not shown on this sheet were either stolen or damaged and declared of no value.

Referring to your enquiry as to expenses against your boats; these expenses are proportionate charges covering supervision, insurance and survey expenses actually paid out. No office expenses or commission on the sales have been charged.

Your account has now been credited with the sum of \$43.50 representing \$21.75 on each boat covering a transportation claim from Steveston to Tofino. These amounts have been credited as it is understood that you delivered one boat and paid the expenses on the other one on the trip down and return to Tofino. We would appreciate your confirmation that this is correct.

A statement of your account is enclosed and these funds are available to you on request.

Yours truly,

W. E. ANDERSON,
Farm Department.

WEA:OH

Enc.

Name, Karatsu, Naoichi

Registration No. 12051. File No. 8666.

The following chattles were sold by public auction at Mission, B.C. on March 7 and 14, 1945.

Spring	\$ 1.25
2 Springs and bed.....	.35
Kitchen utensils .....	.25
Broken gramophone	1.10
Kitchen chair and mat .....	.45
Box fittings and sundries	2.25
Fishing tackle and old net	1.00
Christmas decorations .....	.35
Box of sundries .....	.50
Lantern .....	.25
Kitchen utensils .....	.60
Aluminum pulley .....	.50
Bowl .....	.60
2 Pots .....	.35
Fish lines and iron .....	.60
Total	<u>\$10.40</u>

Less Expenses:	{ Auctioneer's Fee. \$1.04	
	{ Advertising ..... .13	
	{ Moving 2.87	
		<u>\$ 4.04</u>
Net Proceeds Credited		<u>\$ 6.36</u>

Members of Custodian Staff Present: Mr. W. E. Anderson.

Extracted from Auctioneering List No.: Mission 18.

Remarks: