

ing that they might have some difficulty financing a logging operation but apparently the Alberni Pacific Lumber Co., is willing to back them and we feel they should be given an opportunity to demonstrate their sincerity, financial ability, etc., by requiring a deposit sufficiently large to protect the Indians' interests.

5. Members of the Toquart Band have intimated that they intend referring the whole matter to the Native Brotherhood unless the Tidewater Company's activities are stopped, and the Band is given an opportunity of negotiating a more financially attractive agreement.

I should like to assure you at this point that we have no doubt of Mr. Garrard's integrity and good intentions but the fact remains that the handling of this timber deal leaves him wide open to criticism and we cannot help but conclude that he is not competent to handle such matters.

Our concern at the moment, however, is to avoid the apparent loss of a minimum of \$13,000 in timber revenue to the Toquart Band and to meet their wishes with regard to the disposition of the timber. Having in mind that the Department apparently considered the agreement between the Sheshart Band and the Valley Logging and Contracting Company covering the removal of timber from Tsahehah Reserve legal, presumably the Toquart Band agreement with the Tidewater Co. Ltd., dated December 26th would also be legal had permits been issued to Band members prior to the date of the agreement. It occurs to us, however, that failing the issuance of permits the Band had no right to enter into such an agreement and that it is, therefore, null and void. If the Department supports this view I would recommend that Mr. Garrard, at a meeting regularly called for the purpose, suggest to the Toquart Band that they advertise publicly for tenders for the removal and marketing of the timber following the issuance of permits to members of the Band or otherwise indicate the firms from whom they would like to secure bids or the firm with which they wish to contract. The Department's views at an early date would be appreciated as we are afraid that if the Tidewater Contracting Co. Ltd., is permitted to continue their operations on the Reserve the Band will protest publicly.

One further point which has not been dealt with above and which we feel should be brought to the attention of the Department is the question of what amount constitutes the standing value of the timber; in other words what amount per M., should be

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