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**ROYAL COMMISSION ON THE DONALD MARSHALL, .JR., PROSECUTION**

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MARITIME CENTRE, SUITE 1026, 1505 BARRINGTON STREET, HALIFAX  
NOVA SCOTIA, B3J 3K5      902-424-4800

CHIEF JUSTICE T. ALEXANDER HICKMAN  
CHAIRMAN

ASSOCIATE CHIEF JUSTICE LAWRENCE A. POITRAS  
COMMISSIONER

THE HONOURABLE  
MR. JUSTICE GREGORY THOMAS EVANS  
COMMISSIONER

November 17, 1987

Mr. Hugh MacKay  
Middle Musquodoboit  
Halifax Co., Nova Scotia B0N 1X0

Dear Mr. MacKay:

Thank you for your letter of September 22nd, 1987 which was directed to David Orsborn, one of our Commission counsel.

As you may know, the Terms of Reference of the Royal Commission on the Donald Marshall, Jr., Prosecution are to inquire into the circumstances which led to the wrongful conviction of Mr. Marshall and to question whether the administration of criminal justice in Nova Scotia was at all to blame in this instance. We hope to make recommendations to Government which will ensure that such a situation will not occur again. I have read your submission and have come to the conclusion that, unfortunately, there is nothing that we can do to help you. While our mandate is quite broad, it does not appear to me to be broad enough to encompass your particular situation. However, we do appreciate hearing from members of the public and hope that this Royal Commission will answer some of the broader questions relating to the administration of justice which might affect individuals in Nova Scotia.

Once again, thank you for your interest in the Royal Commission.

Yours very truly,

Susan M. Ashley,  
Commission Executive  
Secretary

SMA/ljb

SEP 25 1987.

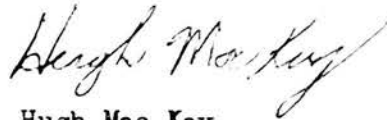
Middle Musquodoboit,  
Halifax Co., N.S., BON 1X0,  
Sept. 22, 1987.

David Orsborne, Chief Counsel,  
Marshall Inquiry,  
Maritime Centre,  
Suite 1026,  
1505 Barrington St.,  
Halifax, N.S., B3J 3K5

Dear Mr. Orsborne:

I am submitting to you material which I feel has not been dealt with adequately by the province's administration of justice. This matter has been the hands of the R.C.M.P. for some time. I believe the sequence of events in this matter does establish wrongdoing on the part of some people.

Sincerely,



Hugh Mac Kay  
Phone 902-384-2015

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spoke to Dwyer from - him  
A Mac Kay  
- said to want more meat  
well - will pass around i  
Mac Kay

Middle Musquodoboit,  
Halifax Co., N.S., BOX 1X0,  
May 2, 1987.

Hon. Greg Kerr, Minister of Finance,  
Province House,  
Halifax, N.S.

Dear Sir,

I have been following with great interest your handling of the matter of uncollected sales tax. Of special interest to me is the matter of confidentiality with firms owing money to the province. I was very pleased with your stand that revealing the names of people and firms would be devastating to their businesses. No one knows any better than I, what can happen when money owed by a business is made public.

I wish to refer you to the matter of my family company Elmview Farms Limited, and its loans with the N.S. Farm Loan Board.

In his annual report to the spring session of the Legislature in 1982, the auditor general reported the status of the loan as per arrears. He also stated that there were irregularities in the granting of this loan. I might add that in recent discussions with Sgt. William Mac Lean of the Commercial Crime Division, R.C.M.P., who has investigated this matter, he said he could find no evidence of such irregularities.

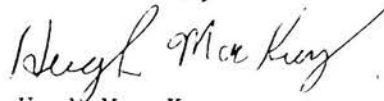
Further to this, in the fall of 1981, a member of the Liberal opposition publicly revealed information, obviously obtained from staff of the N.S. Farm Loan Board, concerning the status of the Elmview Farms loan.

This situation led to the demise of Elmview Farms Limited and has subsequently brought about devastation to me and my family. The ill will resulting from this has been felt throughout the community.

Therefore I am requesting a meeting with you promptly. In view of these latest developments, I demand that I be compensated by the Province of Nova Scotia, on this matter.

I am forwarding copies of this letter to all members of the Legislature for their consideration. I hope it will help ensure this error is never repeated.

Yours truly,

  
Hugh Mac Kay.

copy to: Lester Settle, N.S. Federation of Agriculture.



Nova Scotia

**Department of  
Finance**

Office of the Minister

PO Box 187  
Halifax, Nova Scotia  
B3J 2N3

May 25, 1987


Mr. Hugh MacKay  
Middle Musquodoboit  
Halifax Co., Nova Scotia  
BON 1X0

Dear Mr. MacKay:

Thank you for your letter of May 2, 1987 and your supportive comments therein.

As to matters relating to Elmview Farms Limited, I note that the Minister of Agriculture and Marketing is responsible for the Nova Scotia Farm Loan Board and will, therefore, suggest that you contact him directly for the purpose of resolving the issues detailed in your letter.

Sincerely,

  
Greg Kerr  
Minister

Middle Musquodoboit,  
Halifax Co., N.S., BON 1X0,  
June 2, 1987.

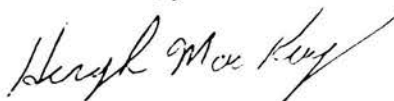
Hon. Roger Bacon,  
Minister of Agriculture,  
P.O. Box 190, Halifax,  
B3J 2M1.

Dear Sir:

In response to my letter of May 2, 1987 to the Minister of Finance, (copy enclosed) Mr. Greg Kerr has suggested to me that I contact you directly for the purpose of resolving the issues detailed in my letter.

It is my understanding that, as Minister of Agriculture, you are responsible for the N.S. Farm Loan Board. Thus, I am requesting that this urgent matter be addressed promptly.

Sincerely,



Hugh Mac Kay

copy to: Hon. Greg Kerr  
Hon. Terrance Borahue  
Hon. Ken Streatch



Nova Scotia

**Department of  
Agriculture  
and Marketing**

PO Box 190  
Halifax, Nova Scotia  
B3J 2M4

Office of the Minister

June 11, 1987

Mr. Hugh MacKay  
Middle Musquodoboit  
Halifax County  
Nova Scotia  
BON 1X0

Dear Mr. MacKay,

This acknowledges your letter of June 2, 1987, along with a copy of your letter of May 2, 1987, directed to the Honourable Greg Kerr, concerning loans from the Nova Scotia Farm Loan Board.

In my opinion, the procedures followed were appropriate under the circumstances.

Yours sincerely,



Roger S. Bacon

/eew  
cc Arnold Rovers



**Attorney General  
Province of Nova Scotia**

PO Box 7  
Halifax, Nova Scotia  
B3J 2L6

902 424-4044  
902 424-4020

File Number

June 4, 1987

Mr. Hugh MacKay  
MIDDLE MUSQUODOBOIT  
Nova Scotia  
B0N 1X0

Dear Mr. MacKay:

This will acknowledge receipt of a copy of your letter of June 2, 1987 addressed to the Honourable Roger Bacon, Minister of Agriculture, enclosing a copy of your letter of May 2, 1987 addressed to the Honourable Greg Kerr, Minister of Finance, dealing with confidentiality of firms owing money to the Province.

Please be assured that your letters will be brought to the immediate attention of the Attorney General.

Yours very truly,

A handwritten signature in cursive script that reads "L. Woodburn".

Secretary to the  
Hon. Terence R.B. Donahoe, Q.C.

Middle Musquodoboit  
Halifax County, N.S., BON 1X0  
19 June 1987

Hon. Roger Bacon  
Minister of Agriculture  
P.O. Box 190, Halifax  
B3J 2M4

Dear Sir:

In response to your letter of 11 June 1987, I must first emphasize that I was not writing to ask for your opinion. Rather, I am demanding compensation for the blatant wrongdoings of members of the civil service as it relates to the matter of Elmview Farms loan.

The N. S. Farm Loan Board terminated its Agreement of Sale with Elmview Farms Ltd. in June 1983 and until that time Elmview Farms Ltd. deserved complete confidentiality in its dealings with the provincial lending agency. The items addressed in my letter happened a full year before that date. There are no circumstances which warrant your approval of these procedures.

The matter addressed is the culmination of several years of abuse by your department of my family farm. This matter should be investigated fully and individuals involved be dealt with accordingly.

Your reluctance to deal with this matter can mean only one thing: you condone these infractions of business ethics and in fact, what has happened to the farm was planned by you and others.

Having stated the above facts, I submit my opinion. The real issue is not breach of confidentiality but rather conspiracy.

Yours truly,

  
Hugh Mackay

copy to: Hon. Greg Kerr  
Hon. Terrance Donahoe  
Hon. Ken Streach





Nova Scotia

**Attorney General  
Province of Nova Scotia**

PO Box 7  
Halifax, Nova Scotia  
B3J 2L6

902 424-4044  
902 424-4020

File Number 27-87-0006-06

June 18, 1987

Mr. Hugh MacKay  
Middle Musquodoboit  
Nova Scotia  
BON IXO

Dear Mr. MacKay:

This is further to my Secretary's letter of June 4, 1987 which acknowledged receipt of a copy of your letter dated May 2, 1987 to the Minister of Finance.

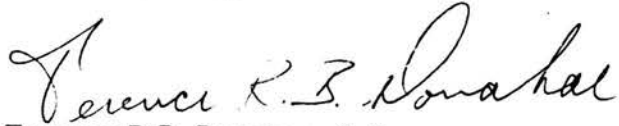
In your letter you questioned the procedures of the Nova Scotia Farm Loan Board and the Provincial Tax Commission with respect to the release of information dealing with the names of persons who owe money to the Province.

The Freedom of Information Act of Nova Scotia prohibits the release by a department of government of information concerning an individual with respect to borrowing and repayment of money. I am advised that the policies and practises of the Nova Scotia Farm Loan Board and the Provincial Tax Commission comply with the restrictions under the Freedom of Information Act and that they do not release personal information to the public in the absence of consent.

The Auditor General is not bound by such restrictions. Section 7 of the Auditor General Act gives him the authority to examine all of the accounts of public money received or expended by the Province. Section 8 requires him to report to the House of Assembly the results of his examination and to call attention to every case he has observed where there has been a deficiency or loss through default of any person. The Auditor General's Report, when released, becomes a public document.

In the circumstances, it seems to me that the Auditor General was merely discharging his statutory obligation when he reported on the status of the arrears of the loan of Elmview Farms Limited. I hope that this information will clarify the matter.

Yours very truly,

A handwritten signature in cursive script, reading "Terence R.B. Donahoe". The signature is written in dark ink and is positioned above the printed name.

Terence R.B. Donahoe, Q.C.

cc Minister of Finance  
Minister of Agriculture & Marketing

Middle Musquodoboit,  
Halifax Co., N.S., PCH 1X0,  
June 21, 1987.

Hon. Terrence Donahoe,  
Attorney General,  
PO Box 7, Halifax,  
B3J 2L6.

Dear Sir:

This will acknowledge your letter of June 18, 1987. By now you will have received a copy of my reply to the Minister of Agriculture, June 19, 1987.

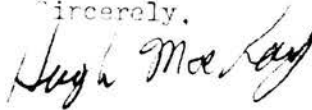
I wish to thank you for the clarification contained in your letter, and point out the following.

I make reference to section 8 of the Auditor General Act. First, loss could not be determined until the N.S. Farm Loan Board terminated its Agreement of Sale with Elmview Farms Ltd. in June 1982. Secondly, arrears; it's well known the N.S. Farm Loan Board had numerous accounts in arrears at the time. This was stated publicly by the Minister of Agriculture.

However, the Auditor General's revelation of this matter in 1982 was not news, as a member of the Liberal opposition had revealed similar information some eight months previously. This member's information obviously came from staff of the N.S. Farm Loan Board and definitely in the absence of consent. As to the arrears the Auditor General merely gave an update.

I firmly believe that the sequence of events in this matter does establish my contention of breach of confidentiality.

Sincerely,



Hugh Mac Kay

Middle Musquodoboit,  
Halifax Co., N.S., B0N 1X0,  
August 15, 1987

Hon. Roger Bacon,  
Minister of Agriculture,  
PO Box 190, Halifax,  
B3J 2M1

Dear Sir:

Further to my letter of June 19, 1987 and the items adressed therein, I wish to state the following.

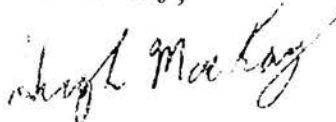
The Attorney General has advised in his letter of June 18, 1987 that the Freedom of Information Act of N.S. prohibits any department of government from releasing any personal information to the public in the absence of consent. Members of your staff at the N.S. Farm Loan Board did in fact do the above in releasing personal information to Ed. Lorraine, M.L.A., Colchester North in 1981.

The Attorney General also advised that Section 8 of the Auditor General Act, requires the Auditor General to report to the House of Assembly every case he has observed where there has been a deficiency or loss through default of any person. In the case of a N.S. Farm Loan Board loan, loss or deficiency cannot be determined until the lending agency has terminated its agreement of sale, seized its chattles and sold them. The Auditor General, in the spring of 1982, did not report deficiency or loss, as was within his mandate; rather, in violation of the Freedom of Information Act; he reported default of a standing agreement between the N.S. farm Loan Board and Elmview Farms Ltd. Infact the Farm Loan Board did not terminate its agreement of sale until June 1983, and then only after exploring the possibility of saving Elmview Farms Ltd.

It is quite clear the Province, being responsible for these people did breach the contract, nameley the agreement of sale.

In closing, I wish to re-emphasize that these events were the culmination of several years of abuse of my family farm by your department. I feel you have had ample time to address this matter.

Sincerely,



Hugh Mac Kay

copies to: Hon. Terrance Donahoe  
Hon. Greg Kerr  
Hon. Ben Stretch

*When does the Attorney General stand  
on this one?*

Middle Musquodoboit,  
Halifax Co., N.S., BON 1X0,  
Sept. 22, 1987

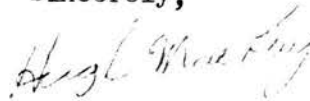
Hon. Terence Donahoe,  
Attorney General,  
Province of Nova Scotia,  
P.O. Box 7, Halifax, N.S.,  
B3J 2L6

Dear Mr. Donahoe:

I wish to draw to your attention a letter written by me to the  
Minister of Agriculture dated August 15, 1987. (copy enclosed)

I have listed facts arising from this letter, along with other  
pertinent information dealing with the Elmview Farms Ltd. loan. I believe  
these facts establish serious wrongdoings which warrant immediate investigation  
by the Crown.

Sincerely,



Hugh Mac Kay

cc Sgt. William Mac Lean, R.C.M.P.  
David Orsborne, Chief Counsel, Marshall Inquiry

Re: Letter of August 15, 1987 to Minister of Agriculture

FACTS:

1. 1981 Ed Lorraine M.L.A. reveals status of Elmview Farms Ltd. loan as per arrears.
2. 1982 Auditor General (Sarty) reveals status of Elmview Farms Ltd, loan in annual report.
3. The above was done purposely to embarrass the government.
4. Within days of the Auditor General report the N.S. Federation of Agriculture made a presentation to the Agriculture Committee of the Legislature condemning the items above as unethical.
5. Auditor General Act, passed 1973, proclaimed April 24, 1973.
6. Freedom of Information Act, passed 1977, proclaimed Oct. 11, 1977.
7. Some members of the Agriculture Committee of 1982 were M.L.A.s at the time the two above Acts were passed and proclaimed.
8. Agriculture Committee chose to do nothing in 1982.
9. Minister of Agriculture has not responded to my letter as of Sept. 22, 1987.

CONCLUSION: I find it incredible that government members of the Agriculture Committee and the Minister of Agriculture would allow this to go unchecked in view of the fact there were Acts to deal with the matter. I can only conclude this was having the effect desired by these members.

Other pertinent facts re. Elmview Farms Ltd. loan:

1. 100 acres of land put up as security by a 3rd party against the Elmview loan of 1980 is now the property of a brother of the Minister of Lands and Forests and is operated as part of their family company.
2. On Jan 11, 1983 a formal <sup>offer</sup> was made to Elmview Farms Ltd. by Musquodoboit Quality Sod Ltd. to lease this land for sod production. (Copy enclosed)
3. Note letters from N.S. Farm Loan Board dated Nov. 15 & 16, 1982. (copies enclosed) Please note arrears would have to be dealt with before any offer could be accepted.

CONCLUSION: The sequence of events can only mean, the family of the Minister of Lands & Forests intended to have this parcel of land without regard to any law or anyone.



Item 4

NOVA SCOTIA FARM LOAN BOARD

TRURO, N. S.

B2N 5E3

November 15, 1982

REGISTERED

Elmview Farm Limited  
Middle Musquodoboit  
Halifax Co., N. S.  
BON 1X0

Re: Loan No. 3700

Gentlemen:

Referring to the Agreement of Sale of the 3rd day of June, A. D. 1980, between The Nova Scotia Farm Loan Board, a body corporate, and yourself, relating to certain land situate, lying and being at Middle Musquodoboit, in the County of Halifax and Province of Nova Scotia, and more particularly described in said Agreement, and also relating to goods therein mentioned, I beg to remind you that you have made default in payment of the monthly payments of principal and interest within the times limited in and by the said Agreement.

Unless before December 15, 1982, you remedy the default or can show the Board some good reason why the Board should not determine and put an end to the Agreement as provided in Paragraph Eleven thereof, the Board will determine and put an end to the said Agreement in accordance with the provisions in that Paragraph.

SIGNED ON BEHALF of the Nova Scotia Farm Loan Board by:

Arnold A. Rovers, Director  
AGRICULTURE DEVELOPMENT AND  
CREDIT SERVICES

/JC



Item 4

NOVA SCOTIA FARM LOAN BOARD

TRURO, N. S.

B2N 5E3

November 16, 1982

Elmview Farm Limited  
Middle Musquodoboit  
Halifax County  
Nova Scotia

Re: Loan No. 3700

Dear Mr. MacKay:

Attached is a letter required under the terms of the Agreement of Sale, and is the initial effort required to formally request your attention to the arrears problem, and your inability to meet the arrangements you made with the Board last spring.

I would like to discuss both the letter and your situation with you as soon as possible to determine if there can be a solution to this very difficult problem. If you wish to do so, please phone me at 895-1571 (extension 178) to arrange a time.

Yours very truly

Arnold A. Rovers, Director  
Agriculture Development and  
Credit Services

AAR:sjf



Item 5

Jan 11/85

Mr. Hugh MacKay;

Having leased & operated a 70 acre portion of land from Elmview Farms Ltd. for 2 years I feel this land proves to be satisfactory for my farm operations. On this basis I am prepared to enter into an agreement as set out below. The lease arrangements will be similar to those of a number of other farm properties in the valley.

The land I wish to lease is located between the CNR track and the Musquodoboit River and consists of approximately 125 acres belonging to Elmview Farms Ltd. The terms of this offer to lease are as follows:

Period; 10 years allowing for removal of crop in growth stage in existence on the land at the time of the tentative expiration date.

Parties to the lease; Leases to be Musquodoboit Valley Quality Sod lease to be Elmview Farms Ltd. and the N.S. Farm Loan Board.

Rate of consideration; \$16,100 in Canadian dollars per year payable in 7 equal payments of \$2,300 per month for June through December, beginning June 1983.

Occupancy; Musquodoboit Valley Quality Sod have complete and uninterrupted access to this property.

Upon acceptance of this lease offer, the 3 Parties to this lease will prepare a formal lease signed in witness within one month of the date of this offer.

MUSQUODOBOIT VALLEY QUALITY SOD  
Hugh MacKay

The ELMVIEW FARMS LTD. story by Hugh Mac Kay

Elmview Farms Ltd. was founded July 17, 1970 by my father the late H. Austin Mac Kay and myself along with our wives. The company assets at that time consisted of the former Harry Rutherford property which I had purchased from Harry in 1963 and the former George S. Dickey property which my father had acquired some years before, as well as the farm equipment of both parties. The company assumed all debts associated with farming of the shareholders and my father was paid 12,000.00 towards his interest in the company. He was given 60% of the shares in the company valued at 12,000.00. He also held a note from the company for 23,000.00. These items or 35,000.00 was his equity in the company. I was given 40% of the shares in the company valued at 8,000.00 and a note for 6,000.00 giving me equity in the company of 14,000.00. These figures were arrived at by appraising the assets of each party and subtracting the assumed debts. The company had borrowed 32,500.00 from N.S.F.L.B. to finance this.

The livestock on the property remained the property of my father and during the next 5 years all animals sold off the farm being the property of my father the proceeds went to him. This included Bob calves, cull cows and milk cows.

During the period from 1970 to 1975 the company borrowed an additional 38,000.00 from the N.S. Farm Loan Board to finance two silos, a free stall barn and a milking parlor and associated equipment. These projects combined cost 97,000.00, a factor which affected the cash flow of the company as well as short term debt.

In 1975 the company borrowed an additional 40,000.00 which was paid to my father for his interest in the company as well as his remaining livestock. He was also given title to the Rutherford house and 1 acre of land. This transaction was financed through the N.S. Farm Loan Board.

At this point the company had balance owing at the N.S. Farm Loan Board of 108,500.00. The principle had been reduced some 2,000.00 in the five years.

Between 1970 and 1976 the company had purchased approx. 150,000.00 in new farm equipment financed mainly by bank farm improvement loans and other short term loans.

In the fall of 1975 the George Burris property at Upper Musquodoboit was acquired under N.S. Farm Leasing program at a cost of 81,000.00 I then moved all dairy replacement <sup>heifers</sup> to the Burris property and hired Ralph Fisher to be herdsman at the Burris farm. Ralph was very well known for his ability raising and caring for livestock. His home was adjacent to the Burris barn and this blended well with his job as mail carrier. This arrangement as expected worked very well. There were times during the winter months when I never saw my dairy heifers for a month at a time. This arrangement was an asset that was the envy of every dairy farmer in N.S. Every dairy replacement heifer that came back to the milking barn after Ralph's care was just the same as a mature cow in the milking parlor.

In Dec. of 1975 the milk producers of N.S. voted to start buying and selling fluid milk quotas. This move I could see was going to eliminate increasing milk quota by shipping over quota as in the past. My plans had already been made to gradually increase production to about 1.25 to 1.50 million lbs. over the next two years. Having the feed to do so I decided to purchase the cows and quota to do this before the cost of quota became prohibitive. I had made

(2)

at the time as to where the price of milk quota would go to, a prediction that has held true to this day. I purchased 800 lbs. per day of fluid milk quota for an average price of 2.85 per lb. The cattle and quota cost 22,000.00.

I knew at the point that my ratio of short term debt was too high. I knew also that having over 500 acres of cultivated land and taking advantage of rotating grain with legume hay crops I could reduce my costs of feed by aprox. 30%. Given the fact that fertility was very high on the farm, this would be easily achieved. The farm had consistently produced top quality milk for over ten years. In July of 1976 the Royal Bank cut off advances on line of credit thus rendering some 125 acres of high moisture corn useless because of lack of storage. Half the crop was never harvested, therefore still placing the at the market for purchased feed. I was told at the time that I was crazy trying to grow all my grain as well as forage. It is interesting to note, some ten years later that the IDIOT we have for a Minister of Agriculture is now telling farmers that growing all their own feed is the only they can survive. I guess he hasn't noticed that the energy-grain crises between the Arabs and Americans which began in 1973 is over. At least for the next five years or so.

By spring of 1977 my cash flow had worsened and I decided to go to the N.S. Farm Loan Board and convert some of my short term debt to long term. Assets at this time consisted of 180 head of cattle all ages, modern housing for cattle, house, complete line of modern equipment, 500 acres cultivated land, 400 acres woodland, 20,000.00 Twin City Dairy Shares and enough milk quota to ship 1.5 million lbs. per year. Liabilities at the time, Long Term: 108,000.00 N.S. Farm Loan Board, Short Term: 187,000.00 and 81,000.00 under N.S. Land Lease. The Farm Loan Board refused and threw me to the wolves. They went on over the next four years and financed hundreds of dairy farmers whose debt to income ratio was as much as four times as high as mine.

On July 23, 1977 I sold by auction my milk cows, quota and some machinery, only to have the Farm Loan Board seize most of the proceeds. This left me owing the Farm Loan Board 36,000.00. and almost as much short term debt as I had before. The Farm Loan Board stated that the income potential was gone from the farm. I went on in 1978 to do custom work, custom feed beef cattle, raise dairy heifers, cash crop, and work my woodlot. It is interesting to note that buyers of the livestock at my auction were very happy with their purchases. Many farmers have remarked about the excellent condition of the cattle. The timing on breeding had been very well maintained. The day before the auction, 5 cows in the herd had produced over 100 lbs. of milk each. July 1977 had marked the 120 th consecutive month the farm had received the Premium for quality milk from Twin Cities Dairy. That record has never been equaled by anyone. These facts are contrary to what Farm Loan Board staff and the Royal Bank's Richard Wagner had been telling everyone. As one farmer put it "Those bastards standing on the hill have and are continuing to ruin prices of your cattle" (Richard Wagner, Ralph Taylor and C.E. Henry). The herd of 91 cows and 2508 lbs. fluid quota brought less than 90,000.00. A realistic price at the time should have been 160,000.00.

Later in 1977 the Farm Loan Board did give back to me aprox. 40,000.00 which was applied to short term debt.

IN 1978 the farm went on to pursue the production mentioned, and at the end 1978 gross revenue had increased by aprox. 60,000.00 over 1976 which had been the last full year of shipping milk. The net profit for 1978 came

(3)

at 35,000.00 after I had taken a salary of aprox. 16,000.00. This was quite remarkable for a farm that had supposedly lost its capacity to generate income.

During 1978 a new pickup, a breaking disc, a rock picker and a skidder were purchased to facilitate the move into custom work and logging. Cost 46,000.00 financed at the Continental bank. The skidder a John Deere built from farm tractor components proved to be a very useful machine doing tillage work on farm. I was able to dispose of two farm tractors.

On a Sunday afternoon in Sept. of 1978 I happened to witness two men in a corn field behind the barn. I went immediately to field to find these men were taking pictures of the property. I demanded to know their business. At first they tried to tell me they wanted a picture of my 60 ft. silo on the other side of a 30 ft. high barn. I then informed them that as I had their car blocked in it was not leaving until I found out who they were and the nature of their business. They advised me that they had to catch a 4:30 flight at the Halifax International Airport. I advised them it was aprox. a 15 mile through the woods to the airport and I was sure Hertz would be only to glad to reveal their identity on Mon. in order to retrieve their car. At this point identification was provided. They also told me that they had been advised by people at the N.S. Dept. of Agriculture that my farm was going to coming up for sale. Note their business card.



During the winter of 1979 I entered into a contract with Imperial Oil Ltd. to carry out for them sludge disposal. This was to become an annual contract requiring two tractors and skidder at 135.00 per hour and would take 10 to 12 weeks per year, or aprox. 50,000.00 income.

In the spring of 1979 I leased an additional 150 acres of land, bringing total cultivated acres to 650. By this time the Farm Loan Board had approved an additional 38,000.00 loan, bringing me up to 130,000.00. This did not completely eliminate short term debt. I negotiated a line of credit with the Toronto-Dominion Bank as well as a loan for a combine. The banker William Hartwick advised suppliers to advance seed, fertilizer, limestone, fuel and parts. I already had old accounts with some of these suppliers. In the first week of June, after planting was completed he advised I could pay for supplies. I wrote cheques totaling 48,000.00 and he bounced every one of them. When it came time to apply nitrogen and other chemicals he declined any advances. At harvest time I acquired a combine through Massey rental purchase. By the time harvest was over I had six judgements against

(4)

Me and any kind of financial stability was a nightmare. This whole episode was a set up by people in the Dept of Agriculture and banks. The reason they didnt bother in 1978 is they thought after 1977 I was through. My profit in 1978 surprised them and they realized if they were to get rid of me it would take some effort in 1979.

By Dec of 1979 my financial position was very bleak. On a Sat. night just before Christmas I had a visit from the Hon. Ken Streach. He wanted to know if rumors he had been hearing were true and what he could to help. Little did I know at that time I had a WOLF in sheeps clothing wanting to help himself. Several meetings with Ken ocured into the winter of 1980, and by March 1, 1980 I was advised to place a loan application before the N.S. Farm Loan Board.

Financial position March 1, 1980. Total debts: \$325,000.00.

N.S. Farm LOAN Board: \$130,000.00.

Others: \$195,000.00.

These others banks, suppliers, etc., several of whom had judgements.

In April of 1980, an application was placed before the Farm Loan Board for a new loan totalling \$325,000.00, to refinance old debts. I understand the Board did not approve this, but sent it on to Cabinet, without a recomerdation.

Cabinet amerded the application and offered to lend \$297,000.00, stating certain conditions.

(1) I would have to make a settlement with creditors.

(2) An additional 100 acres, farmed as part of Elmview Farms Ltd., and owned by a third party, would have to be given as collateral.

Cabinet also agreed that since my lawyers (Spencer & Co.) were already working closely on the matter, they should administer this process. The law firm of Spencer & Co. were then advised of this, and told that they had \$167,000.00 of new money, from the Farm Loan Board to settle \$195,000.00 in depts.

At this time, it was agreed by all parties, that Elmview Farms must have working capital, to carry on as a business. A \$40,000.00 line of credit was arranged at the Royal Bank, secured by a first priority on machinery given by the Farm Loan Board to The Royal Bank. In essence the Farm Loan Board guarenteed a \$40,000.00 loan at the Royal Bank. (see item 1)

From there, Spencer & Co. proceeded to get agreements from creditors on settlements. Spencer & Co., received a cheque from the Farm Loan Board approx. \$10,000.00 short of what Cabinet had indicated. The Farm Loan Board explained this shortase as money required to pay interest on the loan until Nov. 1980, at which time regular payments would begin. This came as a complete surprise to my lawyer and myself. (refer to item 2 leger of Spencer & Co.- payout to creditors) *544 p 15*

At this point, Spencer indicated that they were still almost on target, regarding payouts to creditors, in spite of the \$10,000.00 shortfall. However, he advised there was a possibility of going over target by \$2,000.00 to \$3,000.00. Next \$20,000.00 of my operating capital was placed in the trust account of Spencer & Co., along with Farm Loan Board Money. BY the time settlements were complete he was \$27,500.00 over budget, putting Elmview Farms \$27,500.00 behind in its budget projections. I was not informed of this situation until after the fact. However, Elmview Farms exceeded its operating projections, and by March of 1981, was in fact only \$15,000.00 behind its projections.

(5)

This however, did not allow Elmview Farms to completely pay off its line of credit. IN discussions with the Royal Bank, I pointed out that in spite of Spences's performance, Elmview had done better than projected, and they should permit the operating line to float back upward to enable spring cropping. They stated that they couldn't, and when confronted with agreement (item 1) one of the gentlemen, namely Richard Grant, said "If you don't believe me, go across the street and ask Ken Streach". This meeting took place in Royal Bank head office, Halifax. I wonder to this day how Ken Streach came to be making Royal Bank decisions.

April  
81

In April 1981 the Auditor General in his report to the legislature revealed the loan in question to Elmview had not been made in accordance with the regulations of the Agriculture and Rural Credit Act. He also stated that this was the first time it had happened, which is a piece of hogwash. Everyone in the agricultural community of N.S. knew better. The Auditor General also revealed this loan was in arrears. With this the opposition in the legislature started drilling the government on the matter. The Minister of Agriculture responded by threatening to reveal a list of all loans in arrears including some which had been approved by former Cabinet Ministers. There being a large number of loans in arrears at the time the opposition was silenced by the farming community. I personally was contacted by a large number of these farmers expressing their concern. The fate of Elmview was sealed with this publicity.

The result of the preceding month Elmview was unable to plant a crop in the spring of 1981.

Early in June of 1981, I was approached by Allen Streach to lease land to the Streach family company, Musquodoboit Quality Sod, for the production of nursery sod. (item 3 lease agreement for one crop of sod on 70 acres.) This would give an income of \$7,000.00 per year. The \$7,000.00 income was better than no crop at all.

From 1979 to 1982, the gross sales of Elmview dropped from over \$200,000.00 to \$50,000.00. In essence Elmview Farms was being operated in receivership by a combination of Spencer & Co.?, N.S. Cabinet?, N.S. Farm Loan Board?, and Royal Bank? Noone seemed to want to correct this situation.

By the fall of 1982, arrears at Farm Loan Board had reached approx. \$50,000.00, and proceedings had then begun to terminate the agreement of sale. (item 4 two letters from Farm Loan Board, dated Nov. 15 and 16, 1982.)

At this time Allen Streach still had approx. 20 acres of sod from lease, not harvested, and due to climate, wouldn't be until spring 1983.

IN meetings that followed Farm Loan Board letters, I was advised that they were looking at, first what could be done to save Elmview, and secondly, termination of agreement of sale. I indicated at the time, that the only way I was willing to continue was with an unconditional loan guarantee of \$250,000.00 for operating purposes. They argued that approx. \$100,000.00 would be sufficient. I agreed, but pointed out that whoever was interfering adversely with the affairs of Elmview Farms would have to be stopped, and a \$250,000.00 loan guarantee was the only solution I could see, to put an end to the interference. This was, as expected, refused.

On the evening of Jan. 10, 1983, I was visited in my home, by James Streach. He outlined to me that his family business, Musquodoboit Quality

(6)

Sod, wanted to lease all lands south of the C.N.R., belonging to Elmview Farms, aprox. 125 acres. WE discussed aprox. price. I pointed out to him that because of proceedings by the Farm Loan Board and my arrears of about \$60,000.00 with them, that these issues would have to be dealt with first. He indicated that I could liquidate some of my larger equipment that I would no longer need, as well as put some 100 acres of woodland up for tender. Moneyes from these sales would secure the current situation. Further, he indicated that N.S. Lands and Forests would be bidding on the woodland, assuring me of some stability in the move. I told him that I had a meeting scated with the Farm Loan Board on Jan. 12, 1983, and perhaps I should have their offer to lease in writing, for my consideration, and possible presentation to the board.

The following evening, at a meeting with Allen and Ken Streach, a formal offer was drafted, offering to lease 125 acres for \$16,100.00 per year, for ten years. (item 5 Offer to leaseland)

At the Jan. 12, 1983 meeting with the Farm Loan Board, in discussion with Arnold Rovers, the Streach proposal was discussed. I indicated to him that I was not interested in the proposal. Later that same day, I relayed my decision to the Stretches.

I advised Mr. Rovers to proceed with the termination of the agreement of sale, and subsequent disposal of assets. I assured him of my cooperation while making it clear that I would be looking out for my own personal interests.

Contrary to my expectations, these proceedings dragged on until late June of 1983. In April, I was shocked to see Musquodoboit Quality Sod, fertilizing their sod on land leased from Elmview Farms. It was apparent they knew more about the stability of Elmview Farms than I did, as their lease did not have the blessing of the Farm Loan Board. On June 23, 1983, three days after Musquodoboit Sod finished harvesting their sod, I received a registered letter from the Farm Loan Board, terminating my agreement of sale. (Item 3)

In late summer of 1983, assets of Elmview Farms, were sold, by tender by the Farm Loan Board to David Annis, a former employee of the Streach family. This deal was closed in late October and some ten days later, Mr. Annis sold approx., 100-125 acres of land to Allen Streach. One hundred acres of this land is the same 100 acres that was originally put up as collateral by a third party to get the loan in the first place. The property in question being the former George Guild property, then owned by my wife.

To sumerize these events Dept of Agriculture decided about 1976 to get rid of me as a farmer. The Streach family saw an oportunity to take advantage of a situation but first had have the Guild property in, the reason for the loan of 1980. Their goal has been acomplishad at a great expense to the taxpayers of Nova Scotia and my family.

Abuse of Elmview Farms Ltd. by N.S. Dept. of Agriculture and others. This item is a supplement to the Elmview Farms Ltd. story by Hush Mac Kay.

Oct, & Nov. 1975 Elmview received a very high bacteria count in milk. (300,000 ppm) I knew that defective cooling at farm or mishandling of samples by the dairy was the only for this to have happened suddenly. There had been no problems with cooling. In the eight weeks following the bulk truck driver took two samples per week. One for his official sample and the other which he gave to me and I relayed to the dept. of agriculture dairy lab. in Truro for testing.

Results:

Highest bacteria count my samples eight weeks 15,000 ppm

Lowest bacteria count official samples eight weeks 60,000 ppm

During the eight weeks I was harselred by Dairy Commission inspectors. (even with the fact of the results of the two samples) This information was known by my neighbours in the farming community. I came in from the field one day to find Mr. John Hutchinsor (dairy Comm. inspector with milk pipeline apart. He stated, we have to find the problem. I agreed and ordered him to put the pipeline back together and get out of the barn. I further advised him the problem was not on the farm and he knew it. Finally I suggested That good milk samples through carelessness can go bad, but it is never possible to make a bad sample good.

Jan. 1976 Fluid Milk Quotas became xx a marketable commodity with the condition natural increases be tied to sales. The rules also clearly stated that for every c.w.t. a producer purchased of Fluid Milk Quota, he would receive with it 30 lbs. of Market Share Quota from the N.S. Dairy Commission. Buyers would be able to add these respectively to their current holdings of F.M.Q. & M.S.Q. Elmview Quotas 1975.

Fluid Quota 1,821 lbs. per day

M.S.Q. 357,657 lbs. per year or 977.88 lbs. per day.

Elmview purchased 1,037 lbs. per day of F.M.Q. during the 1st. four months of 1976, or 10.37 c.w.t. of F.M.Q. which would give an additional 311.1 lbs. per day of M.S.Q. or 113,551.5 lbs. per year. On april 1, 1976, shippers to Farmers dairy reduced their F.M.Q. by 13% to bring them in line with the 80% pay out on Fluid Milk that producers of other dairies in province were receiving. This would give Elmview the following.

F.M.Q. 1975, 1,821 plus 1,037 purchased equal 2,868 lbs. per day F.M.Q. less 13% equal 2,508 lbs. per day F.M.Q.

M.S.Q. 1975, 357,657 lbs. plus 113,551.5 equal 471,208.5 lbs. M.S.Q. 1976.

However the N.S. Dairy Commission ruled that my 1976 M.S.Q. would be 289,285 lbs., a reduction of 181,923 lbs. This was against the stated rules.

EXAMPLES OF EFFECT ON REVENUE:

Had Elmview purchased no F.M.Q.

FLUID 1,821 \* 13% Or 238 equal 1,592.97 @ 80% is 1,274.37 times 365 is 465,134 lbs

Market Share 357,657 lbs

Total milk Elmview could ship 1976

1,022,791 lbs

What it should have with fluid purchase.

FLUID 2,508 lbs. per day 80% equal 2,006.4 times 365 is 732,336 lbs.

MARKET SHARE 471,208 lbs.

1976 Total milk Elmview should have been able to ship 1,203,544 lbs.



(2)

Result on 1976 shipments after N.S. Dairy Commission Ruling.  
Fluid 2,500 lbs, per day 80% equal 2,006.4 times 365 is 732,336 lbs.  
Market Share 289,285 lbs.  
Actual 1976 production potential cut to 1,021,651 lbs.

This meant a reduction of 1,819,933 lbs. of milk for the year with no regard to rules. This is 1,819.93 c.w.t. of milk or approx \$18,000.00 off revenue potential for 1976 and subsequent years.

March 1976 Mr. David Rockwell, manager Royal Bank called me aside one day ~~xxi~~ in bank to ask how much demand loan Elmview would require for spring cropping. This had been an annual practice. Elmview had doubled its land base since the year before and he wanted to avoid any surprises. I advised him the requirements would double to approx \$30,000.00. I further advised that if necessary I could curb this by a max. 75% and survive as there would be lots of feed for livestock. The extra was going supply grain in the form of high moisture corn cob meal. He advised he would look after the matter and if there were any problems he would so advise before cropping season. I was not advised until after the crop was in the ground and money spent.

Oct. 1976 I was custom harvesting corn cob meal for Robie Maxner and Sons in Windsor. One evening after harvesting the Maxners advised me they had a visit from the assistant ag. rep. (Paul Grimm) who advised them they shouldn't have to much to do with me as I wasn't in very good standing with the N.S. Farm Loan Board. We all found this bit of credit reporting very stupid as it was very obvious the Maxners were never going to be anything but indebted to me in the exercise. The ag. rep. in Hants Co. should not even have known this much less be spreading it around.

July 1979 Cash flow was very tight. Elmview was doing contract work for Esso. This was an annual event which worked in well with farm workload. On payroll day, a Friday Esso owed Elmview \$25,000.00 of which \$20,000.00 was overdue. I raised the issue with Esso manager and had supervisor of contract pulled in from his vacation some 100 miles away. We went to the accounting ~~of xxxxxx~~ office only find they hadn't processed my claims due to an error I had made in billing of \$5.00 in Essos favour. The man involved was a former employee of the N.S. Farm Loan Board. (David Dartt)

June 1980 New financing from N.S. Farm Loan Board was being administered by the law firm of Spencer & Co. Settlements had been made with creditors to the point of agreement. N.S. Farm Loan Board staff attempted with some degree of success to sabotage this process. Mr. Peter Spencer has details on this matter.



ITEM 1

Crosby, Murtha, Veniot & Jessome

Barristers, Solicitors, Notaries

Milton J. Veniot, LL.B.  
Richard A. Murtha, LL.B.  
Lawrence R. Jessome, LL.B.

Counsel:  
Howard E. Crosby, Q.C., M.P.

June 5, 1980

D. N. Rockwell,  
Manager  
Royal Bank of Canada  
Middle Musquodoboit,  
Nova Scotia  
BON 1X0

Dear Sir:

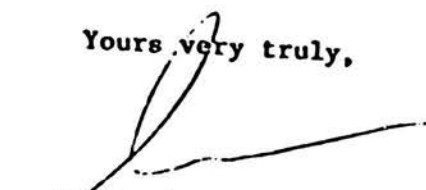
Re: Elmview Farms Limited  
File No. 3700

The Nova Scotia Farm Loan Board understands that the Royal Bank of Canada will provide a term loan of a maximum of \$20,000.00 and an operating line of credit to a maximum of \$20,000.00 for a total loan commitment of \$40,000.00 to Elmview Farms Limited.

This is to advise that the Farm Loan Board will provide a first priority of \$40,000.00 on the value of equipment taken by the Board under chattel mortgage security subject to the following conditions:

- 1 that the Bank recognizes the Board's first charge on equipment to be registered in priority to the Bank's claim. We understand the Bank will be taking a second charge;
- 2 an understanding that the priority of \$40,000.00 will be reduced to \$20,000.00 as surplus items of equipment are sold and that the Royal Bank will obtain a commitment from Elmview Farms Limited that this will be carried out within a reasonable time;
- 3 confirmation that the priority is released at such time as Elmview Farms repays the loan in question.

Yours very truly,

  
Richard A. Murtha  
Solicitor for Arnold Rogers,  
Nova Scotia Farm Loan Board

10/1/92

Item 2

NAME	REFERENCE	CHEQUE OR RECEIPT NO.	CLIENT DISBURSEMENTS	CHEQUE AMOUNT	RECEIVED ON ACCOUNT	FEES BILLED	CURRENT BALANCE
A Co's Office	Elmview	1163	10 -				10 -
8/79 Registry	Elmview	1199	12 00				22 00
4180 Co's Office	Elmview	4234/2 2141	50 -				72 -
4180 Co's Office	Elmview	4234/2 2126	5 -				77 -
1100 Reel & Elmview	Elmview	4234/2			77 -		0
6100 Bell & Reel	Elmview	4234/2			5,621 -	2,750 00	-9

TRUST ACCOUNT

NAME	REFERENCE	ACCOUNT NUMBER	CHEQUE OR RECEIPT NO.	RECEIPTS	EXPENDITURES	CURRENT BALANCE	MEMO
2000 Field Proc of N.S.	Elmview	4234/2	110, 111, 112		100, 211, 116		
1800 NS Farm Bond	Elmview	4234/2	1980	x	9,891 09	33,731	Up front interest
2000 City of Hfx (Jury)	Elmview	4234/2	1981		5,829 11	141,489 12	
10 Royal Bank of Canada	Elmview	4234/2	1982		8,891 04	14,321 16	F.I.L.s
1000 Atlantic Credit Union	Elmview	4234/2	1983		5,351 36	150,246 18	
100 Bank of Commerce	Elmview	4234/2	1984		2,584 08	152,830 26	
1000 McKay Ferguson	Elmview	4234/2	1985		53,230 39	10,135 34	Combr e
1000 Continental Bank	Elmview	4234/2	1986		15,803 65	64,338 99	2 Kidder
1000 Central Equipment	Elmview	4234/2	1987		5,713 11	58,652 10	
1000 T S Parker & Sons	Elmview	4234/2	1988		10,942 20	47,710 90	
1800 JG Patten & Sons	Elmview	4234/2	1989		10,516 20	37,194 70	
1800 Canadian Industries Ltd	Elmview	4234/2	1990		5,101 70	32,093 00	
1800 Woodstock Body Shop	Elmview	4234/2	1991		675 00	31,418 00	
1800 Acoustuar Trailers	Elmview	4234/2	1992		1,365 00	30,053 00	
1800 Canada Packers	Elmview	4234/2	1993		1,100 00	28,953 00	

1



Trust Account

CASE NO.  
NATURE OF CASE

Company of the Province of Ontario

Item 2

NAME	REFERENCE	CHEQUE OR RECEIPT NO.	CLIENT DISBURSEMENTS	CHEQUE AMOUNT	RECEIVED ON ACCOUNT	FEES BILLED	CURRENT BALANCE
[REDACTED]							

TRUST ACCOUNT

NAME	REFERENCE	ACCOUNT NUMBER	CHEQUE OR RECEIPT NO.	RECEIPTS	EXPENDITURES	CURRENT BALANCE	MEMO
150 Bariana Stewart	Elmview	4234-2				9,932.73	
170 Crystal Clear Ltd (MCA) Elmview	Elmview	4234-2			(10,942.00)	20,874.93	
180 Boldura & Construction Indust Elmview	Elmview	4234-2	2014		10,942.00	9,932.73	T S Parker
250 Colchester Co-op	Elmview	4234-2	2015		* 1,175.00	8,757.73	
300 Birchell MacDougall & Hardware Indust Elmview	Elmview	4234-2	2016		* 5,005.51	3,752.22	Musq Co-op
1050 The Aubrey Hardware	Elmview	4234-2	2017		* 360.00	3,392.22	
200 Cammerson Equipment	Elmview	4234-2	2018		* 1,700.00	1,692.22	
400 Mecher Furniture	Elmview	4234-2	2023		* 1300 -	392.22	
110 Pectel & Co. (Elmview) Stamps	Elmview	4234-2		2,500 -		2,892.22	
350 Taylor Nicholson & Lockman Hardware	Elmview	4234-2	2023		* 2,359.62	532.70	G Bullis
310 Steve Benjamin Shing	Elmview	4234-2	2026		* 562.70	-	
410 Carol. Cheung (MCA)	Elmview	4234-2 (MCA)			(5,121.73)	1512.70	
1180 Canadian Industries	Elmview	4234-2	2012		5.121.73	-	
150 David St. Mackay	Elmview	4234-2		2,000 -		2,000 -	
12180 Prottie	Elmview	4234-2	2025		* 1.5 -	1985 -	

\* 24,500. over

Carl Moore 2300

CLIENT ACCOUNT  
CASE NO 4034-2

Elmwood Station Rd  
Glenshire Pa 15116

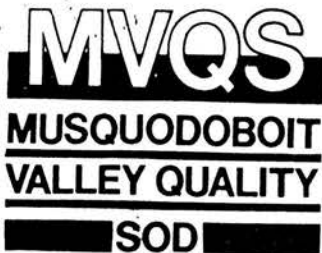
Company of Elmwood Station Pa

DATE	NAME	REFERENCE	CHEQUE OR DEBIT NO	CLIENT DISBURSEMENTS	CHEQUE AMOUNT	RECEIVED ON ACCOUNT	FEES BILLED	CHARGE BALANCE

TRUST ACCOUNT

DATE	NAME	REFERENCE	ACCOUNT NUMBER	CHEQUE RECEIPT NO	RECEIPTS	EXPENDITURES	CURRENT BALANCE	MEMO
Aug 1980	Balance Forward						1,925.-	
Aug 1980	Clerk of the Court (Quota)	Elmwood	4334-2-2047		1,850.-		135.-	Brett
Aug 1980	Prothonotary - Quota	Elmwood	4334-2-2048		8.-		127.-	
Aug 1980	Prothonotary - Quota	Elmwood	4334-2-2049		5.50		121.50	
Aug 1980	Reg of Deeds - 41/2	Elmwood	4334-2-2050		5.50		116.-	
Aug 1980	Cancel # 2047	Elmwood	4334-2		(5.50)		110.50	
Aug 1980	Cancel # 2048	Elmwood	4334-2		(6.50)		104.-	
Aug 1980	Prothonotary (20 in Mackay)	Elmwood	4334-2-2053		2.-		102.-	
Aug 1980	Reg of Deeds	Elmwood	4334-2-2054		4.50		120.50	

Item 2



ELDERBANK, HALIFAX COUNTY, NOVA SCOTIA B0N 1K0

*Item 3*

June 19, 1983.

STATEMENT OF LEASE TERMINATION

With respect to the Land Lease Agreement made June 13, 1981.  
between Elmview Farms Ltd. and Musquodoboit Valley Quality Sod.

This Statement of Termination indicates that all  
terms of the lease agreement between the parties concerned  
have been satisfactorily carried out.

This statement also indicates that as of this date  
no further arrangements have been made between the above  
noted Parties.

SIGNED at MIDDLE MUSQUODOBOIT, N.S. this 19th day of July, 1983..

Party of the first part ..... Elmview Farms Ltd.

Per ..*Hugh Mac Kay*.....

Party of the second part .... Musquodoboit Valley Quality Sod.

Per ..*[Signature]*.....



THIS LEASE AGREEMENT made in duplicate this day of June, A.D., 1981.

BETWEEN:

ELMVIEW FARMS LIMITED, a body corporate, with head office in Middle Musquodoboit, in the County of Halifax, Province of Nova Scotia Scotia

LAND OWNER

- and -

MUSQUODOBOIT VALLEY QUALITY SOD, of Elderbank, in the County of Halifax, and Province of Nova Scotia

THE LESSEE

- and -

THE NOVA SCOTIA FARM LOAN BOARD, consenting hereto

WITNESSETH in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the parties hereto for themselves, their heirs, successors and assigns, agree as follows:

1. The Land Owner will lease approximately seventy (70) acres of land, more or less, to the Lessee for the sum of One Hundred Dollars (\$100.00) per acre, per year.
2. The Lessee agrees to lease the said lands of the Land Owner for a sum of One Hundred Dollars (\$100.00) per acre, per year.
3. The term of this lease shall be for a period of one sod crop growth harvest and market thereof, said lease period may extend beyond a two (2) year period.
4. The Lessee will pay to the Land Owner upon the execution of this agreement, the sum of Two Thousand Dollars (\$2,000.00) which represents advanced part payment of lease payment for this first twelve (12) month period.
5. Balance due the 1st day of November, 1981 for the remaining amount due on the rental of this land for the first twelve (12) month period starting the date of this agreement.  
All other payments for any other twelve (12) month

period or part thereof shall be by agreement between the parties or failing agreement the sum of Two Thousand Dollars (\$2,000.00) on or before the 15th day of June, 1982 and the balance on or before the 1st day of November, 1982.

6. The Lessee agrees to repair any damage done to drain tiles under the lands leased, if damage is the result of the Lessee's use of heavy trucks or other vehicles travelling upon the said lands of the Land Owner.

7. The lands subject to this lease are located in Middle Musquodoboit and referred to as the Guild Property on the south side of Highway #224.

"From the old barn foundation you go Northeast in a line parallel to the railway line to the Dickey Brook;

Then southeasterly along the various courses of the Dickey Brook to the Musquodoboit River;

Then southwesterly along the several courses of the Musquodoboit River to the farm boundary;

Then northeasterly along the farm boundary's open drainage ditch to the old barn foundation."

8. This agreement does not contain all of the terms or other agreements between the parties.

9. The Land Owner grants to the Lessee a right of access for himself, his servants, agents, for their trucks and other vehicles to his lands leased herein for the term of this lease at all times.

10. The Land Owner agrees to put up a gate on each of the roads leading into the lands rented herein and lock same.

11. The Lessee has the right to remove at anytime, the sod crop grown on the lands in question.

12. The Lessee agrees that any sod not harvested by the 30th of November, 1983 shall become the sole, absolute property of the Land Owner.

13. The Parties agree that this lease may be extended

for a further lease period upon the same terms, if both parties are agreeable.

IN WITNESS WHEREOF the Parties hereto have signed, sealed and delivered this agreement, the day and year first above written.

WITNESS:

) ELMVIEW FARMS LIMITED  
 )  
 ) PER: Hugh MacKay  
 )  
 )  
 ) MUSQUODOBOIT VALLEY QUALITY SOD  
 )  
 ) PER: A. L. Stantek  
 )  
 )  
 ) CONSENTED TO:  
 )  
 ) NOVA SCOTIA FARM LOAN BOARD  
 )  
 ) PER: \_\_\_\_\_  
 )



Item 4

NOVA SCOTIA FARM LOAN BOARD

TRURO, N. S.

B2N 5E3

November 15, 1982

REGISTERED

Elmview Farm Limited  
Middle Musquodoboit  
Halifax Co., N. S.  
BON 1X0

Re: Loan No. 3700

Gentlemen:

Referring to the Agreement of Sale of the 3rd day of June, A. D. 1980, between The Nova Scotia Farm Loan Board, a body corporate, and yourself, relating to certain land situate, lying and being at Middle Musquodoboit, in the County of Halifax and Province of Nova Scotia, and more particularly described in said Agreement, and also relating to goods therein mentioned, I beg to remind you that you have made default in payment of the monthly payments of principal and interest within the times limited in and by the said Agreement.

Unless before December 15, 1982, you remedy the default or can show the Board some good reason why the Board should not determine and put an end to the Agreement as provided in Paragraph Eleven thereof, the Board will determine and put an end to the said Agreement in accordance with the provisions in that Paragraph.

SIGNED ON BEHALF of the Nova Scotia Farm Loan Board by:

Arnold A. Rovers, Director  
AGRICULTURE DEVELOPMENT AND  
CREDIT SERVICES

/JC



I Tem 4

NOVA SCOTIA FARM LOAN BOARD

TRURO, N. S.

B2N 5E3

November 16, 1982

Elmview Farm Limited  
Middle Musquodoboit  
Halifax County  
Nova Scotia

Re: Loan No. 3700

Dear Mr. MacKay:

Attached is a letter required under the terms of the Agreement of Sale, and is the initial effort required to formally request your attention to the arrears problem, and your inability to meet the arrangements you made with the Board last spring.

I would like to discuss both the letter and your situation with you as soon as possible to determine if there can be a solution to this very difficult problem. If you wish to do so, please phone me at 895-1571 (extension 178) to arrange a time.

Yours very truly

Arnold A. Rovers, Director  
Agriculture Development and  
Credit Services

AAR:sjf

I Tem 5

Jan 11/83

Mr. Hugh MacKay;

Having leased & operated a 70 acre portion of land from Elmview Farms Ltd. for 2 years I feel this land proves to be satisfactory for my farm operations. On this basis I am prepared to enter into an agreement as set out below. The lease arrangements will be similar to those of a number of other farm properties in the valley.

The land I wish to lease is located between the CNR track and the Musquodoboit River and consists of approximately 125 acres belonging to Elmview Farms Ltd. The terms of this offer to lease are as follows:

Period; 10 years allowing for removal of crop in growth stage in existence on the land at the time of the tentative expiration date

Parties to the lease; Lessor to be Musquodoboit Valley Quality Sod Lessee to be Elmview Farms Ltd. and the N.S. Farm Loan Board.

Rate of consideration; \$16,100 in Canadian dollars per year payable in 7 equal payments of \$2,300 per month for June through December, beginning June 1983.

Occupancy; Musquodoboit Valley Quality Sod have complete and uninterrupted access to this property.

Upon acceptance of this lease offer, the 3 Parties to this lease will prepare a formal lease signed in witness within one month of the date of this offer.

MUSQUODOBOIT VALLEY QUALITY SOD

King

Middle Musquodoboit,  
Halifax Co., N.S., BON 1X0,  
October 28, 1987

Hon. Terence Donahoe,  
Attorney General,  
Province of Nova Scotia,  
P.O. Box 7, Halifax, N.S.,  
B3J 2L6

Dear Mr. Donahoe:

This will acknowledge receipt of your letter of Oct. 6, 1987.  
To clarify the Elmview Farms issue, let me once again present the facts.

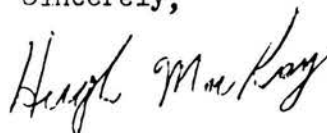
In Sept. of 1981, Ed. Lorraine, Liberal candidate for Colchester North, made a comprehensive statement about Elmview Farms to the press. This was reported by news services in the province; for example A.T.V. news, Sept. 17, 1981. In summary, he stated that the N.S. Cabinet had granted a Farm Loan Board loan to Elmview Farms Ltd. in May of 1980. The loan had monthly payments of \$2,313 to begin Nov. 1, 1980. He further alleged that as of Sept. 1, 1981, no payments had been received by the Farm Loan Board.

He also stated that 70 acres of Elmview land, was as of Sept. 1, 1981, leased to Musquodoboit Quality Sod Ltd., a company owned by the family of M.L.A. Ken Streach, for a price of \$7,000 per year. This fact was known only to me, the Streach family and senior staff at the N.S. Farm Loan Board. It was never my contention that this appeared in Hansard as the House was not in session when Mr. Lorraine made his statement.

After reading copies of Hansard which you enclosed with your letter, I have decided to send you some facts about Elmview Farms Ltd., prior to the 1980 financing, as well as the sequence of events following the 1980 financing.

I must advise that I intend to pursue this matter further. However, there may be some merit in arranging a meeting to discuss this matter. I will leave that decision with you.

Sincerely,



Hugh Mac Kay

cc Hon. Roger Bacon  
Hon. Ken Streach  
Hon. Vincent MacLean  
Donald Cameron M.L.A.  
Bob Levy M.L.A.  
Sgt. William MacLean R.C.M.P.  
David Orsborne, Marshall Inquiry  
Office of N.S. Ombudsman

ELMVIEW FARMS LTD.; MISTAKE OF N.S. FARM LOAN BOARD AND ROYAL BANK (1977)

YOU DONT FORCE A YOUNG FARMER OUT WHO HAD ACCOMPLISHED THE FOLLOWING:

Note: This company was incorporated in 1970, having no assets. I put into this company a farm and the company assumed aprox. \$16,000 in debt, I was issued \$8,000 in share capital being my equity. From 1970 to 1975 the company purchased the assets of my father's dairy farm. My father never milked a cow after Dec. 1968, nor did he take any part in the day to day management of the farm. His only involvement was in items of capital purchase. During twenty years from 1948-1968 he had aquired by purchasing probably the finest commercial herd of dairy cattle in province. (ask auctioneers Jack Cunningham and Howard Roper.

FACTS:

1. For 10 years, 120 consecutive months, 1967-1977 received premium for quality milk from Farmer's Co-op Dairy. Under 30,000 p.p.m. bacteria.
2. Fluid milk quota on the farm increased from aprox. 1,000 lbs. per day in 1970 to 1,831 lbs. per day in 1975. During this period no livestock nor milk quota were purchased.
3. By 1972 farm had 80 acres of mixed hay in rotation, all of which was 50% or more alfalfa. Protein content was in the 20% range. The rotation included 50 acres of corn. The entire 130 acres had a p.h. of 6.0 or better.
4. 1972-1975 aprox. 130-150 head of cattle all ages fed on 200 acres of land. All forages and pasture were provided from the 200 acres.
5. Assets on farm 1970, 75 cattle (45 mature), suitable stantion housing for cattle, house, 400 acres woodland, 200 acres cultivated land, 1,000 lbs. per day fluid milk quota and a line of field equipment of which only one item was under 10 years of age. (haybine)

Assets on farm 1977, 180 cattle (100 mature), new free stall barn for 110 cows, double six milk parlor, 4,000 gal. milk tank, 24 x 50 and 24 x 70 silos, manure storage, suitable housing for 90 young cattle, house, 400 acres woodland, 500 acres cultivated land, \$160,000 new field equipment, 2,508 lbs. per day fluid milk quota, 471,208 lbs. per year market share milk quota and a \$22,000 investment in Farmer's Co-op Dairy Ltd.

6. Capital expenditures to acquire the above:

Amount paid to parents for farm	\$112,000
Amount paid to asume my debt	\$ 16,000
Earn silos, assoc. equipment, etc.	\$110,000
Cattle and quota 1976	\$ 25,000
New field equipment	\$160,000
Farmer's Co-op Dairy investment	\$ 22,000
	<u>\$445,000</u>
Burris Farm N.S. Farm Lease	\$ 81,000
	<u>\$526,000</u>

7. Liabilities 1977:

N.S. Farm Loan Board	\$108,000
Skort term total	<u>\$187,000</u>
	<u>\$295,000</u>
Capital in N.S. Farm Lease	\$ 81,000
	<u>\$376,000</u>

*Heath MacKay*



( 2 )

N.S. Farm Lease was not a debt as such, It was a capital asset being leased from the N.S. Farm Loan Board, with option to buy at \$81,000. I have listed it as it forms part of the 1977 assets. The lease adds the additional land and housing for young cattle.

8. All that was required to make this unit viable was \$25,000 capital for manure handling and more silage storage.
9. Contrary to the desk experts this farm did not have a negative cash flow but rather improper financing. Subtract 1977 total debt from total capital expenditures. \$150,000 positive cash flow over a period of seven years, or \$21,428 per year. During this seven years my family and I had no other source of income. The farm provided our total income for a family of five, an income comparable to the average middle income family. All of this had taken place at a time when the farm was expanding its income potential four fold. The land base was the quantity and quality to have allowed the farm to have grown all of it's own feed, (grain and forage) thus taking advantage of cropping rotations that would cut feed and fertilizer costs to aprox. 20% of milk sales, rather than the average 50% experienced in Nova Scotia.
10. In June of 1977 the N.S. Farm Loan Board refused to refinance Elmview Farms Ltd. and the Royal Bank called it's demand loans. July 1977 I sold dairy herd and quota to pay short term debts. Farm Loan Board and Royal Bank beleived income potential of farm was gone and it would be only be a matter of time and I would be forced to sell the balance of farm. In 1978 gross sales as well as net income up. I suggest that if the dairy herd had been still in place it would gone even higher. I WILL SUGGEST THAT IF THE DAIRY HERD HAD REMAINED ELMVIEW FARMS LTD. WOULD BE OPERATING TODAY AND BE DEBT FREE.
11. In 1979 an additional 150 acres cultivated land rented. Toronto Dominion Bank manager Bill Hartwick advised trade creditors, bank was providing crop financing. Within hours I was buying supplies on credit from creditors who had old accounts. Bank withdrew support by returning \$50,000 cheques N.S.F. when crop was about 60% paid for. THIS WAS THE ONLY YEAR OF NEGATIVE CASH FLOW PRIOR TO 1980. THIS STUNT OF TORONTO DOMINION BANKER WAS CAUSE OF NEGATIVE CASH FLOW AS WELL AS JUDGEMENTS. YOU COULD SMELL IT ALL THE WAY TO THE NOVA SCOTIA FARM LOAN BOARD.

signed Hugh Mac Kay



ELMVIEW FARMS LTD.: Sequence of events from 1979 to June 1982

- Dec. 1979: Ken Streach came to house one evening, wanting to know if he could assist me in my plight in anyway. After some discussion he offered to help secure a consolidation loan.
- Jan. 1980: Streach advised Cabinet would provide a guarentee of a loan for \$100,000 to settle with unsecured creditors. Condition, I would have to lease his family company cultivated land for sod production. My lawyer Frank Mason secured a deal with unsecured creditors only to have the Cabinet back out. This was about the same time the Roland Thornhill banking affair was before the House of Assembly.
- April 1980: Applied to N.S. Farm Loan Board for \$325,000 loan to consolidate all debts. Loan Board did not approve, but Cabinet did approve a \$297,000 loan stating I had to make settlement with unsecured creditors. A 100 acre parcel of land owned by a third party and farmed as part of farm would have to put up as security.
- May 1980: Lawyer Frank Mason of Spencer & Co. was to administer the settlement with creditors. A provission was made for Farm Loan Board to guarentee an operating loan at bank. (Royal) \$40,000 reducing to \$20,000 after one year.
- June 1980: Lawyer Mason had his settlement efforts sabotaged by Farm Loan Board staff. Cost to Elmview \$27,500.
- April 1981: In spite of \$27,500 set back Elmview had exceeded what was set out in cash flow projections and was by then only \$15,000 behind projected cash flow.
- May 1981: Royal Bank refused to finance spring crop even though 75% of their loan would have been guarenteed by Farm Loan Board, as well as section 178 on crops.
- June 1981: No crop planted. Allen Streach to lease Elmview cropland to grow nursery sod. He offered \$100 per acre per year. As I could not finance a crop I leased him 70 acres for one crop of sod. He made no bones about the fact Royal Bank was financing his operation.
- Sept. 1981 Ed. Lorraine candidate Colchester North released to press arrears of Elmview Farm loan at Farm Loan Board as well as the fact Streach was leasing 70 acres of land for sod production. He also quoted the price of \$7,000 per year a fact known only to me, the Streach family and senior staff at Farm Loan Board. This information obviously came from staff of the N.S. Farm Loan Board. The Freedom of Information Act prohibits any dept. of government or agency of the same from releasing any information on file of a person to the public in the absence of consent.

signed Hugh Mac Kay



Elmview Farms Ltd, sequence of events continued:

March 1982: Auditor General (Sarty) in his annual report to the House of Assembly made public Elmview arrears at Farm Loan Board. His report was as of Oct. 1, 1981. He also stated there were irregularities in the granting of this loan. Section eight of the Auditor General Act requires the Auditor General to report to the House of Assembly every case he has observed where there has been a deficiency or loss through default of any person. In the case of a Farm Loan Board loan, deficiency or loss can not be determined until the lending agency has terminated it's Agreement of Sale, seized it's chattles and sold them. The Auditor General, in the spring of 1982, did not report deficiency or loss, as was within his mandate; rather, in violation of the Freedom of Information Act, he reported default of a standing agreement between the N.S. Farm Loan Board and Elmview Farms Ltd.

March 1982: A horrendous debate on this matter took place in the House of Assembly. One would have to read hansard to even beleive the ridiculous questions and answers. The opposition were armed with facts obviously obtained from staff of Farm Loan Board, containing many misleading items. The Minister of Agriculture was equally misleading by his answers. ALL OF THIS BAFOONERY AT THE EXPENSE OF ELMVIEW FARMS LTD. AS FAR AS I AM CONCERNED THE ENTIRE HOUSE OF ASSEMBLY WAS IN VIOLATION OF THE FREEDOM OF INFORMATION ACT TO HAVE ALLOWED THIS DEBATE TO HAVE TAKEN PLACE.

April  
May 1982: N.S. Federation of Agriculture at a meeting with the Agricultural Committee of the House of Assembly condemned these actions on the grounds of business ethices. Freedom of Information Act, passed 1977, proclaimed Oct. 11, 1977 Auditor General Act, passed 1973, proclaimed April 24, 1973 Some members of the Agricultural Committee of 1982 had been members of the House Of Assembly since 1970 and therefor reasonably familiar with these Acts. I can not beleive some of them didnt ask themselves, if laws of the province were being broken. The effect this was having on my business must have suited these members as nothing was done.

June 1982: Income and credibility of my business was lost as a result of the violation of these Acts.

THURS., APRIL 15, 1982, PAGE 1558, HOUSE OF ASSEMBLY DEBATES. I QUOTE THE HONOURABLE MINISTER OF AGRICULTURE, " JUST A MINUTE, IF I AM GOING TO REVEAL EVERY FARM ACCOUNT IN THIS PROVINCE, THEN I AM AFRAID, MR. SPEAKER, THAT WE WOULD PUT EVERY FARM FAMILY AT A DISADVANTAGE WITH HIS BANK MANAGER, HIS COMMUNITY, HIS CREDITORS AND EVERYTHING.

I WONDER HOW HE THOUGHT MY FAMILY WAS SUPPOSED TO ISOLATE THEMSELVES FROM THIS?

signed Hugh Mac Kay



ELMVIEW FARMS LTD.: Sequence of events June 1982 to end 1983

- June 1982: An annual contract between Elmview Farms Ltd. and Imperial Oil Ltd. This work had been carried out every year for Imperial Oil Ltd. since 1978. This work came at a time when three tractors of Elmview were not needed on farm. This contract grossed Elmview approx. \$35,000 per year. Operating costs of doing the job were approx. \$10,000 per year. This project was an environmental disposal of bio-degradable sludge at the Dartmouth Refinery. Imperial had to be assured of stability of equipment to do this project. They were concerned by the adverse publicity Elmview was receiving. Imperial purchased their own equipment to do the project themselves.
- Nov. 1982: Letters from N.S. Farm Loan Board advised arrears would have to be addressed or Elmview would face termination of Agreement of Sale. They wanted a meeting. At meeting I was advised by Arnold Rovers, he was first to explore the possibility of saving Elmview Farms Ltd. I advised him that the only way I was willing to continue was for N.S. Cabinet to grant Elmview an unconditional loan guarantee for \$250,000 for operating capital. He stated Elmview would only need \$100,000. I agreed but advised that whomever was using their influence adversely on Elmview would have to be stopped. As far as I was concerned a \$250,000 loan guarantee was the only acceptable guarantee this would happen.
- Jan. 1983: Streach family company, Musquodoboit Quality Sod Ltd. offered in writing to lease all Elmview land south of C.N.R. at \$16,100 per year for 10 years, approx. 60% of Elmview annual payment to N.S. Farm Loan Board. I advised them of the Nov. letters from the Farm Loan Board concerning arrears. They advised Elmview could sell at public tender 400 acres of cull woodland. Arrears \$66,000. They advised me N.S. Lands and Forests would be bidding thus assuring me some stability in the move. I declined their offer, as in 10 years I would have no woodland, the topsoil would be gone from the best cropland and the payments to the N.S. Farm Loan Board would be as large as ever.
- JUNE 21, 1983: STREATCH FAMILY FINISHED HARVEST OF SOD FROM 1981 LEASE.
- JUNE 23, 1983: N.S. FARM LOAN BOARD TERMINATES AGREEMENT OF SALE WITH ELMVIEW.
- OCT. 19, 1983: N.S. FARM LOAN BOARD SELLS ELMVIEW ASSETS TO DAVID ANNIS A FORMER EMPLOYEE OF THE STREATCH FAMILY FARM.
- OCT. 27, 1983: DAVID ANNIS SELLS ALL LAND SOUTH OF C.N.R., TO ALLEN STREATCH BROTHER OF KEN.
- QUESTION: IF STREATCH FAMILY WANTED THIS LAND, WHY DID THEY NEVER OFFER TO BUY IT FROM ELMVIEW.

signed Hugh Mac Kay



NOV 05 1987

ELMVIEW FARMS LTD. PRES. HUGH MAC KAY

Primary mistake of N.S. Farm Loan Board and Royal Bank of Canada 1977.

YOU DONT FORCE A YOUNG FARMER OUT WHO HAD ACOMPLISHED THE FOLLOWING:

Note: My father never milked a cow after Dec. 1968, nor did he take any part in the day to day management of the farm. His only involvement was in items of capital purchase.

1. For 10 years, 120 consecutive months, received premium for quality milk from Farmer's Co-op Dairy. Under 30,000 p.p.m. bacteria.
2. Fluid milk quota on the farm increased from aprox. 1,000 lbs. per day in 1970 to 1,831 lbs. per day in 1975. During this period no livestock nor milk quota were purchased.
3. By 1972 had 80 acres of mixed hay in rotation, all of which was 50% alfalfa or more. Protein content was in the 20% range. The rotation included 50 acres of corn. The entire 130 acres had a p.h. of 6.0 or better.
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6. Liabilities 1977. N.S. Farm Loan Board	\$108,000.
Short term	\$187,000.
	\$295,000
Capital in N.S. Farm Lease	\$ 81,000
	<u>\$376,000</u>

7. Capital expeditures to aquire the above.	
Amount paid to Parrents for farm	\$112,000
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Field equipment	\$160,000
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N.S. Farm Lease was not a debt as such, It was a capital asset being leased from N.S. Farm Loan Board, with option to buy at 81,000. I have listed as it forms part of the 1977 assets.

8. All that was required to make this unit viable was \$25,000 for manure handeling and more silage storage, and proper ratio of long term financing.

signed Hugh Mac Kay



Attached is a copy of the  
summarized events of the Elmview  
Farms Ltd. Plo include in said  
file.  
Would appreciate hearing from  
you.



- June 1977: N.S. Farm Loan Board refused to refinance and Royal Bank called demand loans.
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- June 21, 1983: Streach family finished harvest of sod from 1981 lease.
- June 23, 1983: N.S. Farm Loan Board terminates Agreement of Sale with Elmview.
- Oct 26, 1983: N.S. Farm Loan Board Sells Elmview assets to David Annis a former employee of the Streach family farm.
- Nov. 2, 1983; David Annis sells all land south of C.N.R. to Allen Streach brother of Ken

CONCLUSION: I, Hugh Mac Kay do firmly beleive that these sequence of events prove the Streach family intended to have this parcel of land without regard to any law or anyone. As the 100 acres of land put up as security in 1980 is now the property of the Streach family I beleive there was a conspiracy. It is obvious the Minister of Lands and Forests used his influence in this matter.

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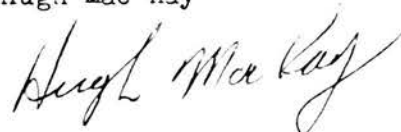
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- May 1981: Royal Bank refused to finance spring crop even though 75% of their loan would have been guaranteed by Farm Loan Board, as well as sec 178 on crops.
- June 1981: No crop planted. Allen Streach to lease my cropland to grow nursery sod. He offered \$100 per acre per year. As I could not finance a crop I leased him 70 acres for one crop of sod. He made no bones about fact Royal Bank was financing his operation.
- Oct. 1981: Ed Lorraine M.L.A. Colchester North released to press arrears of my Farm Loan as well as the fact Streach was leasing land for sod production. This information obviously came from staff of N.S. Farm Loan Board. The Freedom of Information Act prohibits any department of government or agency of the same from releasing any information on file of a person to the public in the absence of consent.

signed Hugh Mac Kay



- April 1982: Auditor General in his annual report to the House of Assembly made public my arrears at Farm Loan Board. His statement was as of Oct 1, 1981. (same as Lorraine) He also stated there were irregularities in the granting of this loan. Section 8 of the Auditor General Act requires the Auditor General to report to the House of Assembly every case he has observed where there has been a deficiency or loss through default of any person. In the case of a N.S. Farm Loan Board loan, deficiency or loss cannot be determined until the lending agency has terminated it's Agreement of Sale, seized it's chattles and sold them. The Auditor General, in the spring of 1982, did not report deficiency or loss, as was within his mandate; rather, in violation of the Freedom of Information Act, he reported default of a standing agreement between the N.S. Farm Loan Board and Elmview Farms Ltd.
- May 1982: N.S. Federation of Agriculture at a meeting with the Agricultural Committee of the House of Assembly condemned these actions on the grounds of business ethices. Freedom of Information Act passed 1977, proclaimed Oct. 11, 1977 Auditor General Act passed 1973, proclaimed April 24, 1973 Some members of the 1982 Agricultural Committee had been members of the Legislature since 1970 and therefor reasonably familiar with these Acts. The effect this was having on my business must have suited these members as nothing was done.
- June 1982: Income and credibility of my business was lost as a result of the violation of these Acts.
- Nov. 1982: Letters from N.S. Farm Loan Board advised arrears would have to be addressed or I would face termination of Agreement of Sale. They wanted a meeting. At meeting I was advised by Mr. Rovers he was first to explore the possibility of saving Elmview Farms. I advised that the only way I was willing to continue was for Cabinet to grant Elmview an unconditional loan guarentee for \$250,000 operating capital. He stated Elmview only needed \$100,000. I agreed but advised that whomever was using their influence adversely on Elmview would have to be stopped if I had a \$250,000 loan guarentee.
- Jan 1983: Streach family offered in writing to lease all Elmview land south of C.N.R. at \$16,100 per year for 10 years, aprox. 60% of annual payment to N.S. Farm Loan Board. I advised them of the Nov. letters from Farm Loan Board and arrears. They advised I could sell a public tender 400 acres of cull w odland. Arrears \$66,000
- June 21, 1983: Streach family finished harvest of sod from 1981 lease.
- June 23, 1983: N.S. Farm Loan Board terminates Agreement of Sale with Elmview.
- Oct 26, 1983: N.S. Farm Loan Board Sells Elmview assets to David Annis a former employee of the Streach family farm.
- Nov. 2, 1983; David Annis sells all land south of C.N.R. to Allen Streach brother of Ken

CONCLUSION: I, Hugh Mac Kay do firmly beleive that these sequence of events prove the Streach family intended to have this parcel of land without regard to any law or anyone. As the 100 acres of land put up as security in 1980 is now the property of the Streach family I beleive there was a conspiracy. It is obvious the Minister of Lands and Forests used his influence in this matter.

signed Hugh Mac Kay



Middle Musquodoboit,  
Halifax Co., N.S., BON 1X0,  
October 28, 1987

Hon. Terence Donahoe,  
Attorney General,  
Province of Nova Scotia,  
P.O. Box 7, Halifax, N.S.,  
B3J 2L6

Dear Mr. Donahoe:

This will acknowledge receipt of your letter of Oct. 6, 1987. To clarify the Elmview Farms issue, let me once again present the facts.

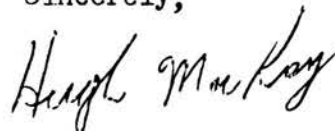
In Sept. of 1981, Ed. Lorraine, Liberal candidate for Colchester North, made a comprehensive statement about Elmview Farms to the press. This was reported by news services in the province; for example A.T.V. news, Sept. 17, 1981. In summary, he stated that the N.S. Cabinet had granted a Farm Loan Board loan to Elmview Farms Ltd. in May of 1980. The loan had monthly payments of \$2,313 to begin Nov. 1, 1980. He further alleged that as of Sept. 1, 1981, no payments had been received by the Farm Loan Board.

He also stated that 70 acres of Elmview land, was as of Sept. 1, 1981, leased to Musquodoboit Quality Sod Ltd., a company owned by the family of M.L.A. Ken Streach, for a price of \$7,000 per year. This fact was known only to me, the Streach family and senior staff at the N.S. Farm Loan Board. It was never my contention that this appeared in Hansard as the House was not in session when Mr. Lorraine made his statement.

After reading copies of Hansard which you enclosed with your letter, I have decided to send you some facts about Elmview Farms Ltd., prior to the 1980 financing, as well as the sequence of events following the 1980 financing.

I must advise that I intend to pursue this matter further. However, there may be some merit in arranging a meeting to discuss this matter. I will leave that decision with you.

Sincerely,



Hugh Mac Kay

cc Hon. Roger Bacon  
Hon. Ken Streach  
Hon. Vincent MacLean  
Donald Cameron M.L.A.  
Bob Levy M.L.A.  
Sgt. William MacLean R.C.M.P.  
David Orsborne, Marshall Inquiry  
Office of N.S. Ombudsman

ELMVIEW FARMS LTD.; MISTAKE OF N.S. FARM LOAN BOARD AND ROYAL BANK (1977)

YOU DONT FORCE A YOUNG FARMER OUT WHO HAD ACCOMPLISHED THE FOLLOWING:

Note: This company was incorporated in 1970, having no assets. I put into this company a farm and the company assumed aprox. \$16,000 in debt, I was issued \$8,000 in share capital being my equity. From 1970 to 1975 the company purchased the assets of my father's dairy farm. My father never milked a cow after Dec. 1968, nor did he take any part in the day to day management of the farm. His only involvement was in items of capital purchase. During twenty years from 1948-1968 he had acquired by purchasing probably the finest commercial herd of dairy cattle in province. (ask auctioneers Jack Cunningham and Howard Roper.

FACTS:

1. For 10 years, 120 consecutive months, 1967-1977 received premium for quality milk from Farmer's Co-op Dairy. Under 30,000 p.p.m. bacteria.
2. Fluid milk quota on the farm increased from aprox. 1,000 lbs. per day in 1970 to 1,831 lbs. per day in 1975. During this period no livestock nor milk quota were purchased.
3. By 1972 farm had 80 acres of mixed hay in rotation, all of which was 50% or more alfalfa. Protein content was in the 20% range. The rotation included 50 acres of corn. The entire 130 acres had a p.h. of 6.0 or better.
4. 1972-1975 aprox. 130-150 head of cattle all ages fed on 200 acres of land. All forages and pasture were provided from the 200 acres.
5. Assets on farm 1970, 75 cattle (45 mature), suitable stantion housing for cattle, house, 400 acres woodland, 200 acres cultivated land, 1,000 lbs. per day fluid milk quota and a line of field equipment of which only one item was under 10 years of age. (haybine)

Assets on farm 1977, 180 cattle (100 mature), new free stall barn for 110 cows, double six milk parlor, 4,000 gal. milk tank, 24 x 50 and 24 x 70 silos, manure storage, suitable housing for 90 young cattle, house, 400 acres woodland, 500 acres cultivated land, \$160,000 new field equipment, 2,508 lbs. per day fluid milk quota, 471,208 lbs. per year market share milk quota and a \$22,000 investment in Farmer's Co-op Dairy Ltd.

6. Capital expenditures to acquire the above:

Amount paid to parents for farm	\$112,000
Amount paid to asume my debt	\$ 16,000
Barn silos, assoc. equipment, etc.	\$110,000
Cattle and quota 1976	\$ 25,000
New field equipment	\$160,000
Farmer's Co-op Dairy investment	\$ 22,000
	<u>\$445,000</u>
Burriss Farm N.S. Farm Lease	\$ 81,000
	<u>\$526,000</u>

7. Liabilities 1977:

N.S. Farm Loan Board	\$108,000
Short term total	<u>\$187,000</u>
	<u>\$295,000</u>
Capital in N.S. Farm Lease	\$ 81,000
	<u>\$376,000</u>

*Heath Mac Kay*

( 2 )

N.S. Farm Lease was not a debt as such, It was a capital asset being leased from the N.S. Farm Loan Board, with option to buy at \$81,000. I have listed it as it forms part of the 1977 assets. The lease adds the additional land and housing for young cattle.

8. All that was required to make this unit viable was \$25,000 capital for manure handling and more silage storage.
9. Contrary to the desk experts this farm did not have a negative cash flow but rather improper financing. Subtract 1977 total debt from total capital expenditures. \$150,000 positive cash flow over a period of seven years, or \$21,428 per year. During this seven years my family and I had no other source of income. The farm provided our total income for a family of five, an income comparable to the average middle income family. All of this had taken place at a time when the farm was expanding its income potential four fold. The land base was the quantity and quality to have allowed the farm to have grown all of it's own feed, (grain and forage) thus taking advantage of cropping rotations that would cut feed and fertilizer costs to aprox. 20% of milk sales, rather than the average 50% experienced in Nova Scotia.
10. In June of 1977 the N.S. Farm Loan Board refused to refinance Elmview Farms Ltd. and the Royal Bank called it's demand loans. July 1977 I sold dairy herd and quota to pay short term debts. Farm Loan Board and Royal Bank beleived income potential of farm was gone and it would be only be a matter of time and I would be forced to sell the balance of farm. In 1978 gross sales as well as net income up. I suggest that if the dairy herd had been still in place it would gone even higher. I WILL SUGGEST THAT IF THE DAIRY HERD HAD REMAINED ELMVIEW FARMS LTD. WOULD BE OPERATING TODAY AND BE DEBT FREE.
11. In 1979 an additional 150 acres cultivated land rented. Toronto Dominion Bank manager Bill Hartwick advised trade creditors, bank was providing crop financing. Within hours I was buying supplies on credit from creditors who had old accounts. Bank withdrew support by returning \$50,000 cheques N.S.F. when crop was about 60% paid for. THIS WAS THE ONLY YEAR OF NEGATIVE CASH FLCW PRIOR TO 1980. THIS STUNT OF TORONTO DOMINION BANKER WAS CAUSE OF NEGATIVE CASH FLOW AS WELL AS JUDGEMENTS. YOU COULD SMELL IT ALL THE WAY TO THE NOVA SCOTIA FARM LOAN BOARD.

signed Hugh Mac Kay



ELMVIEW FARMS LTD.: Sequence of events from 1979 to June 1982

- Dec. 1979: Ken Streach came to house one evening, wanting to know if he could assist me in my plight in anyway. After some discussion he offered to help secure a consolidation loan.
- Jan. 1980: Streach advised Cabinet would provide a guarentee of a loan for \$100,000 to settle with unsecured creditors. Condition, I would have to lease his family company cultivated land for sod production. My lawyer Frank Mason secured a deal with unsecured creditors only to have the Cabinet back out. This was about the same time the Roland Thornhill banking affair was before the House of Assembly.
- April 1980: Applied to N.S. Farm Loan Board for \$325,000 loan to consolidate all debts. Loan Board did not approve, but Cabinet did approve a \$297,000 loan stating I had to make settlement with unsecured creditors. A 100 acre parcel of land owned by a third party and farmed as part of farm would have to put up as security.
- May 1980: Lawyer Frank Mason of Spencer & Co. was to administer the settlement with creditors. A provission was made for Farm Loan Board to guarentee an operating loan at bank. (Royal) \$40,000 reducing to \$20,000 after one year.
- June 1980: Lawyer Mason had his settlement efforts sabotaged by Farm Loan Board staff. Cost to Elmview \$27,500.
- April 1981: In spite of \$27,500 set back Elmview had exceeded what was set out in cash flow projections and was by then only \$15,000 behind projected cash flow.
- May 1981: Royal Bank refused to finance spring crop even though 75% of their loan would have been guarenteed by Farm Loan Board, as well as section 178 on crops.
- June 1981: No crop planted. Allen Streach to lease Elmview cropland to grow nursery sod. He offered \$100 per acre per year. As I could not finance a crop I leased him 70 acres for one crop of sod. He made no bones about the fact Royal Bank was financing his operation.
- Sept. 1981 Ed. Lorraine candidate Colchester North released to press arrears of Elmview Farm loan at Farm Loan Board as well as the fact Streach was leasing 70 acres of land for sod production. He also quoted the price of \$7,000 per year a fact known only to me, the Streach family and senior staff at Farm Loan Board. This information obviously came from staff of the N.S. Farm Loan Board. The Freedom of Information Act prohibits any dept. of government or agency of the same from releasing any information on file of a person to the public in the absence of consent.

signed Hugh Mac Kay



Elmview Farms Ltd, sequence of events continued:

March 1982: Auditor General (Sarty) in his annual report to the House of Assembly made public Elmview arrears at Farm Loan Board. His report was as of Oct. 1, 1981. He also stated there were irregularities in the granting of this loan. Section eight of the Auditor General Act requires the Auditor General to report to the House of Assembly every case he has observed where there has been a deficiency or loss through default of any person. In the case of a Farm Loan Board loan, deficiency or loss can not be determined until the lending agency has terminated it's Agreement of Sale, seized it's chattles and sold them. The Auditor General, in the spring of 1982, did not report deficiency or loss, as was within his mandate; rather, in violation of the Freedom of Information Act, he reported default of a standing agreement between the N.S. Farm Loan Board and Elmview Farms Ltd.

March 1982: A horrendous debate on this matter took place in the House of Assembly. One would have to read Hansard to even believe the ridiculous questions and answers. The opposition were armed with facts obviously obtained from staff of Farm Loan Board, containing many misleading items. The Minister of Agriculture was equally misleading by his answers. ALL OF THIS BAFOONERY AT THE EXPENSE OF ELMVIEW FARMS LTD. AS FAR AS I AM CONCERNED THE ENTIRE HOUSE OF ASSEMBLY WAS IN VIOLATION OF THE FREEDOM OF INFORMATION ACT TO HAVE ALLOWED THIS DEBATE TO HAVE TAKEN PLACE.

April  
May 1982: N.S. Federation of Agriculture at a meeting with the Agricultural Committee of the House of Assembly condemned these actions on the grounds of business ethics. Freedom of Information Act, passed 1977, proclaimed Oct. 11, 1977 Auditor General Act, passed 1973, proclaimed April 24, 1973 Some members of the Agricultural Committee of 1982 had been members of the House Of Assembly since 1970 and therefor reasonably familiar with these Acts. I can not believe some of them didnt ask themselves, if laws of the province were being broken. The effect this was having on my business must have suited these members as nothing was done.

June 1982: Income and credibility of my business was lost as a result of the violation of these Acts.

THURS., APRIL 15, 1982, PAGE 1558, HOUSE OF ASSEMBLY DEBATES. I QUOTE THE HONOURABLE MINISTER OF AGRICULTURE, " JUST A MINUTE, IF I AM GOING TO REVEAL EVERY FARM ACCOUNT IN THIS PROVINCE, THEN I AM AFRAID, MR. SPEAKER, THAT WE WOULD PUT EVERY FARM FAMILY AT A DISADVANTAGE WITH HIS BANK MANAGER, HIS COMMUNITY, HIS CREDITORS AND EVERYTHING.

I WONDER HOW HE THOUGHT MY FAMILY WAS SUPPOSED TO ISOLATE THEMSELVES FROM THIS?

signed Hugh Mac Kay





ELMVIEW FARMS LTD.: Sequence of events June 1982 to end 1983

- June 1982: An annual contract between Elmview Farms Ltd. and Imperial Oil Ltd. This work had been carried out every year for Imperial Oil Ltd. since 1978. This work came at a time when three tractors of Elmview were not needed on farm. This contract grossed Elmview approx. \$35,000 per year. Operating costs of doing the job were approx. \$10,000 per year. This project was an environmental disposal of bio-degradable sludge at the Dartmouth Refinery. Imperial had to be assured of stability of equipment to do this project. They were concerned by the adverse publicity Elmview was receiving. Imperial purchased their own equipment to do the project themselves.
- Nov. 1982: Letters from N.S. Farm Loan Board advised arrears would have to be addressed or Elmview would face termination of Agreement of Sale. They wanted a meeting. At meeting I was advised by Arnold Rovers, he was first to explore the possibility of saving Elmview Farms Ltd. I advised him that the only way I was willing to continue was for N.S. Cabinet to grant Elmview an unconditional loan guarantee for \$250,000 for operating capital. He stated Elmview would only need \$100,000. I agreed but advised that whomever was using their influence adversely on Elmview would have to be stopped. As far as I was concerned a \$250,000 loan guarantee was the only acceptable guarantee this would happen.
- Jan. 1983: Streach family company, Musquodoboit Quality Sod Ltd. offered in writing to lease all Elmview land south of C.N.R. at \$16,100 per year for 10 years, approx. 60% of Elmview annual payment to N.S. Farm Loan Board. I advised them of the Nov. letters from the Farm Loan Board concerning arrears. They advised Elmview could sell at public tender 400 acres of cull woodland. Arrears \$66,000. They advised me N.S. Lands and Forests would be bidding thus assuring me some stability in the move. I declined their offer, as in 10 years I would have no woodland, the topsoil would be gone from the best cropland and the payments to the N.S. Farm Loan Board would be as large as ever.
- JUNE 21, 1983: STREATCH FAMILY FINISHED HARVEST OF SOD FROM 1981 LEASE.
- JUNE 23, 1983: N.S. FARM LOAN BOARD TERMINATES AGREEMENT OF SALE WITH ELMVIEW.
- OCT. 19, 1983: N.S. FARM LOAN BOARD SELLS ELMVIEW ASSETS TO DAVID ANNIS A FORMER EMPLOYEE OF THE STREATCH FAMILY FARM.
- OCT. 27, 1983: DAVID ANNIS SELLS ALL LAND SOUTH OF C.N.R, TO ALLEN STREATCH BROTHER OF KEN.
- QUESTION: IF STREATCH FAMILY WANTED THIS LAND, WHY DID THEY NEVER OFFER TO BUY IT FROM ELMVIEW.

signed Hugh Mac Kay

