

M 2:16

67/14
C

Brief History
of the Development of
HEART MOUNTAIN BUSINESS ENTERPRISES

August 12, 1942 to June 30, 1944

Brief History
of the Development of
HEART MOUNTAIN BUSINESS ENTERPRISES

The Heart Mountain Business Enterprises had its beginning on the afternoon of August 12, 1942, within a matter of hours after the arrival here of the first evacuees. These were a select group of office workers and organizers come to complete preparations for the reception of larger numbers to come at a later date. At that time only two of the twenty blocks had been completed and turned over to the W.R.A. by the Army.

Douglas M. Todd, Superintendent of Community Enterprises, had gone to Tule Lake to study the workings of the cooperative there, but had returned before the arrival of this first group. He had taken the Regional Director, Mr. Smart, to Billings on the opening day and the Assistant Project Director, Mr. Guy Robertson, advanced \$10.00 for change to James Uyemura, who had been selected as manager of the first store. They opened in recreation hall No. 26 in Block 2, and that same location housed the office of the Enterprises during the first few days of operation. Mr. Robertson's \$10.00 advance was returned to him the following day, and on that same day Mr. Todd returned to the center. He advanced \$20.00 which was used for about a week, and which with Mr. Robertson's contribution marked the total financing of an organization which, during its first fiscal year, did \$620,000.00 of business. When additional space was made available, a more suitable location was obtained in 8-26 which is still the location of the store generally referred to as No. 2.

Mr. Richardson, Chief of Community Enterprises, and Mr. Rossman, Senior Advisor, were here at the opening and had ordered some merchandise for the Enterprises before Mr. Todd's return. Their largest single order of \$2200.00 for dry goods was refused by Butler Brothers of Minneapolis, and it was only after Mr. Todd contacted the Chicago office and they sent a man out here to investigate the setup that we were able to establish the much-needed credit with this firm which was later to become one of our largest sources of supply. After their brief investigation and a review of our plans with Mr. Todd, the Chicago office extended credit to the extent \$10,000.00, and their salesman, Russell Davis, has continued to represent them at this center until recently. The largest single order placed in the early days of the Enterprises was an order for \$5,000.00 worth of merchandise obtained from Rice-Stix in St. Louis. These people have also continued to supply us with large amounts of merchandise, and to this day we enjoy a credit of up to \$15,000.00 with them, an amount far exceeding our needs. All merchandise during the first weeks of our operations was purchased on credit with the clear understanding that we would have sixty days in which to pay it. We had no trouble obtaining merchandise on this basis, and that the agreements entered into at that time have been well kept is evidenced by the fact that these same houses continue to this day to supply us and that no question has ever arisen with regard to the condition of our accounts.

Very large supplies of drugs and cosmetic items have been purchased from McKesson and Robbins. Groceries have been bought primarily from Ryan Fruit Company, Ryan Grocery Company, and Keil Company of Billings; and our ice cream, a plentiful supply, has been supplied by the Steward Creamery of Thermopolis, with additional amounts coming from Meadow Gold of Billings. In July, 1943, when I attended the Billings Market Week with some of the trustees, Mr. Sashihara spent some time with Mr. Lambrecht of McKesson and Robbins and succeeded in getting a new agreement which, on the basis of our purchases during our first year, would result in a saving to the Enterprises of about \$5,000.00 a year.

In the early days of our operations, the demand for winter clothing was particularly heavy, due largely to the fact that the evacuees had come with exaggerated ideas regarding the severity of our Wyoming winters. Though the first winter turned out to be the worst that Wyoming had experienced in many years, it was not as bad as the evacuees had expected, and many found that they have over-bought on winter clothing.

Due particularly to the difficulty of obtaining ample quantities of merchandise, partly to the fact that we had insufficient space to stock all lines, and also because we desired to recover something from the very large sums of money that were being spent through mail order houses, we entered into an agreement with Montgomery Ward and Company to set up order desks in our stores to handle orders to their company and to distribute their merchandise to their purchasers. Our contract provided for a 10% commission to Community Enterprises, and from the time of opening their order desks on September 17, 1942, until they were discontinued on June 30, 1943, we sold for Montgomery Ward a total of \$93,221.71 worth of merchandise. One or two stores in Cody and Powell, notably the Cody Trading Company, expressed a desire to have order desks on a similar basis. It was undertaken by this company as of October 23, 1942, but by the end of that year, they found that not enough business was being handled to justify the continuance of this relationship. It was due to an increasing scarcity of merchandise of all kinds and to the difficulty Montgomery Ward was experiencing in obtaining labor that it became necessary to discontinue their order desks. In the meantime, we had increased the stock of our own stores so that most of the items needed by the evacuees could be purchased here.

Upon the appointment of Mr. Robertson as Project Director, Mr. Todd was elevated to the position of Assistant Project Director. As of December 16, 1942, when Mr. Todd became Assistant Project Director, we had operating one dry goods store, two grocery stores, a shoe repair shop, a radio repair shop, dry cleaning pickup, Montgomery Ward order desks, and a well-organized office force. He had established very fortunate sources of supply and credit, and a helpful banking connection. Answering a petition signed by some 500 residents, he had purchased a bowling alley at a very nominal price of \$1,000.00, and some used soda

fountain equipment for \$250.00.

As soon as practicable after setting up the Enterprises organization and its first stores, Mr. Todd began planning for the organization of a cooperative. Pending such organization, he had appointed a group of men to act as an advisory committee to help in the management of the Enterprises. This advisory committee was composed of Yoneo Bepp, Kay Suzuki, Paul Nakadate, S. Nagao, R. Morimizu, E. Watanabe, Kenneth Sato, Thomas T. Sashihara, and Ed Matsuda. The first meeting of this advisory group was held on December 2, 1942, and since Mr. Todd was obliged to be absent during the early part of the meeting, I took charge and took occasion to outline to the group the duties and responsibilities of any Board of Directors of our organization, and that it was the intention that they assume for the time being these responsibilities. I assured them of the unselfish desire Mr. Todd and myself to build a strong, efficient organization for the conduct of this business, and expressed the hope that a very cooperative and friendly relationship would always exist between them and us. They then undertook the organization of their own committee and named Mr. Sashihara chairman, and Mr. Nakadate and Mr. Bepp as secretaries. Messrs. Sashihara, Suzuki, and Sato were named as a merchandise committee; Nakadate and Watanabe as personnel and complaints committee; Matsuda and Bepp as finance committee; Morimizu, Nagao, and Suzuki as the new enterprises committee. This committee met regularly each week thereafter until the organization of a trust during the last week in January, 1943, and the appointment of a Board of Trustees, at which time, as their minutes indicate, they automatically were relieved of their responsibilities. It was natural that until the organization of that committee, the work of setting up and organizing new enterprises had to be done largely by Mr. Todd and his assistant.

During this period of organization, steps were taken to bring about the organization of a cooperative according to W.R.A. plans. Mr. Todd was strongly of the opinion that the organization of a cooperative should not precede the establishment of the business, but rather that the most essential needs of the residents should be met first, that sources of supply should be developed, credit established, and an efficient organization built up which could be taken over by the cooperative when organized. He felt, in view of the inexperience of the great majority of the residents with cooperatives, that they should have considerable instruction in theory and practices of cooperatives, and he immediately set out to provide this instruction. He obtained the help of Mr. Carter, superintendent of public instruction, who assigned to the Community Enterprises department for instructional work Miss Clarise Chase. Cooperative classes were organized under her general direction, and the residents were urged to participate in these classes and in the study of the business and problems of cooperatives. There was a willing response from a considerable number of the younger people, but only a few of the Isseis attended the frequent meetings and classes. Those most helpful in the beginning and whose efforts continued as long as they remained in the center were Theresa Honda, Lafayette Noda, Yoneo Bepp, Nagao, Hachimonji, Clarence Uno, Kay Suzuki, John Kitasako, and Henry Watanabe. We purchased cooperative literature and textbooks for the classes, providing them

with a very complete library.

Their early enthusiasm was somewhat dimmed by the lack of interest exhibited by the people generally, and by a certain determined opposition from certain sources. The minutes of their meetings indicates that this was noticeable particularly in block 29. There was also a group of older men who took exception to this idea of going to school to learn how to run a business, and who claimed that since they were experienced businessmen, they should be permitted to take the business over at once without necessity of attending these classes. They looked upon the younger people as theorists and had no patience with their persistent proselyting for the cooperative cause.

It was thought advisable to have, in addition to these classes, representatives of the people organized as a study group, and following the suggestion by Mr. Todd, three delegates were named from each block as a committee representing the people, whose purpose was to study the cooperative movement and to make reports and recommendations back to the people. Little seemed to be accomplished during the earlier days of their meetings, though there was an honest effort made to get the facts regarding cooperatives, and particularly to have established in their minds the actual relationship that would exist between the cooperative and the W.R.A. The opposition which existed toward other things undertaken by the administration in the early days of the center was also exhibited here, and some members of the committee freely voiced their opinion that the cooperative idea was merely something that the administration was trying to force upon the evacuees whether they wanted it or not. The most outspoken opposition to everything related to the administration was voiced by Mr. Okamoto, who was later instrumental in the organization of the troublesome Fair Play Committee, though Mr. Okamoto seemed to have a very small following in the committee. A noticeable increase in the opposition was observed after the publication of the supplement to Instruction 26, stating that the Enterprises would be expected to pay its own wages and clothing allowance, and a reasonable rental on the buildings occupied. Within a matter of days after the receipt of this supplement, letters were being received from other centers urging the local committee to cooperate with them in their resistance to the regulation. I attended the committee meetings whenever invited, and in one or two instances asked for an invitation to attend in order to clear up certain misunderstandings that were known to me. I usually asked the Project Attorney, Mr. Housel, to attend these meetings with me, and we were able to satisfy a majority of the committee members of the desire of the War Relocation Authority to be fair in every respect and not to impose upon the people any type of business against their will. The opposition, however, would not be pacified. Many of the meetings developed into such heated arguments that they were little short of battles royal. Division of the delegates among themselves had occurred, and it was apparent that in every meeting considerable

enmity existed between individuals and groups. The many meetings and the long delay in getting action through this committee had a detrimental effect upon the other group which had continued their study of the cooperatives in frequent night meetings. They began to be aware of the fact that they were not accepted nor acknowledged by members of the other committee, and as the opposition to the organization of a cooperative grew in one committee, they found themselves to be more and more the subjects of attacks by members of the larger group. Mr. Bepp was the most notable example of this, for he was an ardent student of the cooperatives and at the same time a member of the other committee. He found certain men were ganging up on him at the meetings and that any recommendation which he made or any opinion which he expressed was immediately resented and opposed by these men. These younger people came more and more to realize that the spirit of cooperation was lacking, and they developed and expressed a fear that if a cooperative were organized under such conditions, it could not possibly succeed.

As the arguments continued month after month, and some of these younger people left the center to relocate, they found their task an impossible one to continue. In some instances they carried on individually, trying to persuade people, not only that a cooperative should be organized, but that the other committee should quickly bring its deliberation to a close to prevent a further widening of the rift.

In January, 1943, we were visited by Mr. Larry Collins, associated with the Washington office of Community Enterprises. He remained long enough to acquaint himself with the problems and attended meetings with delegates from the various groups. He also spent some time in a meeting with the Project Director and Mr. Todd and myself at which time it was agreed that an assistant be at least temporarily assigned to Heart Mountain to assist in cooperative education till this question could be settled. Mr. Collins pointed out that he had several names on the list who were competent and that they would submit to Mr. Robertson some of these names from among which he would be able to select one to be assigned to Heart Mountain. Mr. Collins made detailed report of his visit and his conclusions to Mr. Richardson under date of January 27.

In the meantime, the Enterprises had continued to operate successfully and to generally supply the legitimate needs of the community. The first audit had been completed, and an announcement of the earnings had been made. We became aware of the possibility that the people would not accept the organization of a cooperative, so through our Project Attorney, we had kept in close contact with the solicitor, Mr. Glick, plying him with every question that was raised regarding the legality of various points, particularly as to the application to a trust of the laws governing cooperatives. Many of these questions were raised in the committee meetings, and in some instances Mr. Housel was able to answer them at the time, but in other cases he preferred to submit the questions

to Mr. Glick. Since the answers to many of the questions raised indicated that the laws as applied to cooperatives, particularly with regard to refunds and taxation, would apply in like manner to an association operating under a declaration of trust, many members of the committee began to raise the question, "Why then a cooperative?" and to point out that if no substantial advantage could be gained they should hesitate to make a change.

It was at this time, April, 1943, that Mr. Lee Poole, Associate Superintendent of enterprises at Manzanar, was given a special assignment to come to Heart Mountain and help to bring about the organization of a cooperative. The entire history of the long standing argument and all our files and reports were made available to Mr. Poole, and he was introduced to numerous leaders who had interested themselves in the problem. He concluded soon after his arrival here that the matter had gone too far for him to inject himself into the argument for he believed that to do so at this late date would only tend to increase the antagonism and to encourage the charge by some that the W.R.A. was trying to force the cooperative upon the people. Mr. Poole remained until the question was decided by the people. He made many constructive suggestions to us regarding the organization of our enterprises, and before leaving made a detailed report to Mr. Richardson covering all of his experiences during his stay in Heart Mountain. His report was dated June 4, 1943. Mr. Poole had been here two months when he left during the early part of June.

It was finally decided to refer the matter to the people themselves, and in this effort we again ran into some trouble that had been anticipated. As early as the previous October or November, while Mr. Todd was still superintendent of Community Enterprises, a committee of seven men lead by Mr. Hayashida called at the office and told Mr. Todd that they had come to "take over" Community Enterprises. When he explained that it was not a simple matter to do, that he regarded it as important that a business be established and organized, and that they acquaint themselves with the principles and practices of a cooperative before they organized such an association, they assured him that they were perfectly capable of operating the business and that it would not in anywise affect his position because they planned to keep him as an advisor. The experience was not considered serious at the time, but during the deliberations of the committee over a period of seven months, it became apparent that a small number under this same leadership constituted a block which seemed to be more determined than the others to take over the business. This block became the most persistent in its endeavor to persuade the committee to accept the cooperative, but at the same time continued to ignore this study group and to refuse to associate with them. When the matter was about to be brought to a vote, it was found that this group had railroaded through the committee the plan for having the election determined, not by a vote of individuals, but by a vote of blocks, it being agreed that if a majority of blocks

indicated that they preferred a cooperative, it would be organized regardless of whether or not that represented the wish of the majority of those voting. Though they had been authorized by the committee as a whole as early as December to call such an election and to give due notice of the election, we found one Friday afternoon that they had posted notices in the mess halls that a vote would be taken at the block meetings the following Monday night. Notices were also published in the bulletin in Japanese only. This fact was immediately called to our attention by some of the younger members of the committee who complained that not sufficient notice was being given, and that the notice given did not constitute a notice to the great majority of the younger people, because so few of them could read or did read the Japanese supplement. When this was called attention to the Project Director, he immediately issued a memorandum calling off the election and notifying the committee that all elections held at Heart Mountain would necessarily be by the Democratic method of secret ballot. He asked them to post a notice of election to be held at a later date, to see that the notice was published in English and Japanese, and that the vote be by secret ballot.

After this, the members of the committee had prepared mimeographed copies in Japanese and English of the pertinent questions involved in determining whether to have a cooperative or to continue under a trust agreement, and these, with a notice of election, were delivered to all the apartments in the center. The vote on the question on May 18, 1943, resulted in 2316 people voting against the organization of a cooperative, and 1346 voting for the cooperative. This settled the matter so far as the one great question involved was concerned, and upon publishing notice of the result of the vote, the Project Director thanked the committee of delegates for their efforts and dissolved their committee by a memorandum addressed to them.

Long before the deliberations of the committee were completed, we were reminded by the Project Attorney of the absolute necessity of organizing so as to give the enterprises legal entity and to enable them to enter into contractual obligations. Particular reference was had to the necessity of a license and rental agreement with W.R.A. and to the fact that W.R.A. had indicated that such a legal organization would have to be effected not later than the first of February, 1943. Accordingly on January 29 a temporary declaration of trust was executed according to W.R.A. instructions in Supplement 2 to Instruction 26. This provided that in case a trust should be formed, it should be executed by those men immediately responsible for the conduct of the temporary enterprises. It was thought advisable, however, by those assuming such responsibilities that others in addition to these key-men should participate in executing the trust. In compliance with the instruction, Mr. Uyemura, Mr. Tsujimura, and Mr. Horiuchi, managers; Mr. Sato, Buyer; and Mr. Yoneo Bepp, educational director, were assigned as trustees. In order to increase the number to seven and to have representation

from the community as a whole, separate and apart from any association with the business, a request was made of the Community Council and of the Block Managers that they each name one additional trustee. The Community Council named as their representative Mr. Thomas T. Sashihara, and the Block Managers assigned Mr. Rikio Tomo as their representative.

These men were made aware of the necessity of amending the declaration of trust which had been prepared by the Project Attorney, Mr. Housel, as a temporary instrument, and they began their efforts to prepare the amended declaration, working at all times with the Project Attorney, Mr. Housel. It was particularly unfortunate for the trustees that frequent changes were made in succeeding months in the office of Project Attorney, and this made it impossible to complete the new trust within a reasonable time. Mr. Housel entered military service before he had completed the work, which in turn was taken up by Mr. McGowen. The trustees with his help and mine had completed one draft which seemed sufficient. This was submitted to the Community Council which approved it with only one descending vote. It was passed upon favorably by Mr. Rossman of the Washington office of Community Enterprises, and finally passed without any suggested changes by Mr. Glick, Solicitor in Washington.

Before this amended declaration could be filed, objection was raised by Mr. Hayashida, through the Community Council, challenging the right of the trustees to amend the trust and claiming that this responsibility belonged to the people and could only be done by their appointed representatives. This question had not been determined at the time of Mr. McGowen's first illness. It was argued pro and con during the time that Mr. Lechlitter occupied the office of Project Attorney. Both of these men held with the trustees that they were the legally responsible body for the operation of the enterprises, and that it was their responsibility to prepare such an amendment. The trustees desired, however, not to be arbitrary in the matter and agreed that it might be advisable to have a committee appointed by the people to cooperate with them in the preparation of the amended declaration of trust.

The following quotation is taken from the minutes of the trustees meeting when it was decided to encourage such cooperation: "There was a long discussion on the plan of the reorganization of the Board of Trustees, resulting in the suggestion being made that the community be called upon to elect two delegates from each block to meet with the trustees and discuss the reorganization in detail, particularly with reference to the manner of selecting the trustees." At about the same time in October, 1943, the Community Council also discussed the differences of opinion that existed, and recorded in their minutes the following: "Mr. Saito urged on prompt setup of a new trust. He declared that block committee on trust should be organized to study trust. Mr. Ritchey expressed that there is a misunderstanding between the present trustees and a large portion of residents, and moved that a joint meeting be held to enlighten on the question of Community Enterprises by former Block Chairmen, present members of the Council, and

Chairman of the former cooperative study committee. Motion passed with 13 favoring votes."

A committee comprised of two representatives from each block was thereupon appointed at the regular block meetings, and they began their deliberations in the fall of 1943. It was unfortunate that this committee showed little desire to cooperate with the Board of Trustees; that they preferred to operate independently of the Board of Trustees; and that at no time invited all of the members of the Board to participate in their discussions. On two or three occasions, Mr. Sashihara was invited to attend their meetings at which time he was heckled and required to answer all sorts of questions regarding details in the operation of the business which were not in anywise related to the question of amending the declaration of trust.

It was not until the latter part of May, 1944, that this committee submitted to the trustees a draft which they stated was in final form and which they requested the trustees to submit to Washington for approval. In the meantime, however, word was frequently carried to the trustees that they had major differences of opinion among themselves, and it was openly charged by some that a minority number of the committee had taken possession of the deliberations, and that they were not representative of the entire committee. Mr. Sashihara, Chairman of the Board of Trustees, wrote Mr. Nagamori, Chairman of the Committee, calling this to his attention and asking for a meeting between the Board of Trustees and the committee for the purpose of clarifying some of the points of issues. Mr. Nagamori replied in writing that the matter had been determined and that there was no occasion for any further meetings. There was always grave doubt in my mind and in the minds of Board of Trustees as to whether or not this committee was not over-stepping the authority granted them.

Mr. Sashihara tried to obtain information on the exact nature of their assignment when they were appointed, and it was apparent that no clear-cut authority was given them. Some held that they were authorized to amend the trust, others merely that they were authorized to make recommendations and to cooperate with the trustees in amending the trust. Before this question could be clarified in the minds of the trustees, Mr. Sashihara received a communication signed by 21 members of the committee and representing 13 blocks, advising him that the amended trust agreement that had been forwarded by Mr. Nagamori had not been approved by them and requested him not to submit it to the Washington office for approval.

On date of June 19, these 21 members of the committee plus one additional member sent identical letters to the Board of Trustees and to the Project Director in which specific charges of railroading by the minority group was made and by which they announced the dissolution of the committee. They listed the most important points on which they differed

with the minority group, and indicated that the clauses in the amending instrument which were in controversy were added to the instrument by the minority group after they had approved a draft of the amended declaration without these items. I understand that the same information as contained in these letters has been published to the community as a whole. The Board of Trustees has the letter under advisement at this time, and within the next few days will forward their own recommendations to the Project Director.

The Declaration of Trust, as submitted by Mr. Nagamori, was generally acceptable to the trustees, though they had already refused to approve those parts which provided: first, for the selection of the trustees by the trust committee from the members of the trust committee alone rather than from the community as a whole; second, declaring all employees of Community Enterprises as ineligible for membership on the Board of Trustees; and third, that provision providing that the trustees may be put on payroll of the Enterprises.

It is to be hoped that this will bring the matter to a head, and that the amended declaration of trust will soon be completed so that the trust committee can be elected by the people and the new and complete board of trustees organized.

As indicated previously, the Enterprises have been operated from the beginning as a cooperative. It is true that we have no paid memberships and have no congress of delegates with authority over that of the managing body, the Board of Trustees. The present organization does represent the choice of the majority of the people. All residents who trade at the stores and services of the Enterprises and who retain and turn in their cash register receipts participate in the earnings or savings without the necessity of purchasing memberships. Accurate records of patronage have been kept in the office, and already the earnings of the first fiscal year have been refunded to the residents; that is, that part of the earnings represented by cash register receipts turned in, which was 89.22% of all our sales. The earnings for the first year were \$100,115.20, and the amount refunded now exceeds \$89,000.00.

During the first three and a half months operation of the enterprises, cash register receipts were not issued. We obtained a ruling from the Department of Internal Revenue through the Solicitor to the effect that if the patronage records were accurately kept for a period approximating this three and a half month period for which no cash register receipts were kept, we would be permitted to estimate our patronage refunds for this period on the basis of records kept for a corresponding period following. Our fiscal year ran from August 12, 1942, to July 31, 1943, and it was on the basis of our patronage records during the seven months in 1943 that we computed the refunds for the three and a half months' period from August 12, 1942, to the end of the year. We have continued to maintain accurate patronage records to this time.

The Department of Internal Revenue has exempted Community Enterprises from the payment of income taxes. However, we had already paid the income tax for our first fiscal year, and application has been made for a refund of this sum amounting to about \$4200.00.

It is customary for the trustees to declare as a refund to the people all of the net savings of the Enterprises for the fiscal year as soon as they can be determined and to issue certificates of indebtedness for the entire amount. On the basis of our operations and the experience of the first year, this will amount to about \$100,000.00 a year. This is used as a revolving fund to finance the operations of the enterprises, and the time of its payment to the residents is left to the determination of the Board of Trustees. They have established the practice of refunding the amount in installments about every three months, or to pay back the old earnings as rapidly as new earnings accumulate so that at all times they have approximately \$100,000.00 with which to work. This method enables them to pay all relocatees within a reasonable time after leaving the camp, and to leave the ownership and financing of the enterprises in the hands of those who remain in the center. The Washington office has ruled that not more than 25% of the net earnings may be refunded until the Enterprises has a ratio of current assets to current liabilities of at least 3 to 1. We have carefully observed this ruling, and at the present time are able to maintain a ratio substantially greater than this. Our present ratio is 3.72 to 1.

The Enterprises pay all taxes usually charged to private enterprises, including the sales tax to the State of Wyoming. To date we have paid the State of Wyoming in excess of \$25,000.00, and recently made application for a refund of an amount equal to 2% of the total income refunded to the residents. Thus far this request has been denied by the State Board of Equalization. We have reviewed the question with them and the Attorney General. They have expressed a willingness to leave the matter undecided until it can be argued further and until legal authority to substantiate our claim can be submitted to them. Our strongest argument up to this date has been that our sales are conditional sales and that no sale is completed until the conditions of such sale are fulfilled. We claim, therefore, that the initial sale when the merchandise is delivered and collected for does not reveal the actual cost of the merchandise to the purchaser, but that this will only be determined when we finally determine the cost of distribution and add this to the initial cost of the merchandise, and that we should be required to pay sales tax only on the actual cost of the merchandise to the ultimate purchaser. The matter is going to be left with the Project Attorney who has been given at least one other decision where it was held that a cooperative does not in reality sell to its members but is merely an instrument which they use to purchase the goods from the wholesaler, and we believe that this argument and others which the Project Attorney will use will persuade the Attorney General to rule in our favor. If he does, it will mean a saving to the Enterprises of approximately \$1800.00 a year. If the

requested refund is finally denied by the State Board of Equalization, this would make an interesting test case to be tried by the court, though I am not sure that it should be undertaken because of the adverse effect upon public relations.

The Enterprises have purchased various types of insurance for its own protection - burglary insurance, liability insurance, workmen's compensation, etc., and bonds all of its employees who are charged with handling money. It has been the established practice to sell merchandise at approximately the same prices charged in Cody and Powell, and in no case to permit our prices to exceed those charged in the neighboring towns. This has kept us well within ceiling prices, which we have been careful to observe. Rationing has likewise been religiously observed in the stores. When rationing first became effective, we had more than a thousand dollars worth of rationed goods on our shelves. These were immediately removed from the shelves and stored until they were disposed of to the W.R.A. for the use by the Welfare Department.

The trustees have cooperated with the enterprises of other centers and took an active part in the convention of delegates from various centers which met in Chicago last September, at which time a Federation of Center Business Enterprises was formed, and at Granada in April, 1943. Mr. Sashihara was chosen as chairman of the meetings both in Chicago and at the Granada Center.

The Enterprises was audited last October by the Northwest Cooperative Auditing and Service Association of Walla Walla, Washington, an independent auditing company specializing in cooperative audits, and they have been engaged for another audit as soon as possible after the close of this fiscal year, July 31.

The trustees have been careful not to establish a dangerous precedent when applications were made from time to time for donations. They have desired to contribute to the welfare of the community, but have wanted any requests made to them to be representative of the community before contributing any funds. A contribution of \$1200.00 was made to the community through the Community Activities Division after a request was made by the committee through the Community Council which took a poll of the community and indicated to the trustees that fifteen blocks had expressed a desire that such a contribution be made.

I have been impressed during my entire experience here with the faithful application to duty of the trustees. They have met weekly almost without exception and have devoted themselves unselfishly to the welfare of this community-owned business. They have sought a friendly, cooperative relationship with the Community Council, though on one or two instances it has been necessary for them to resist efforts by certain members of the Council to interfere in the affairs of the enterprises. This has not been true generally of the Council, but because of the

tendency I have felt it necessary to warn the trustees to guard against every possible invasion of their rights and responsibilities by any group, including the Council. They have been apprized of Section 18 of Article III of the Community Charter, stating that "The Council shall not have authority to regulate the management, operation, or conduct of business enterprises within the center."

The attitude toward the Community Activities Division has also been one of cooperation, and it was with this in view that they encouraged the activities group to form their own trust or cooperative and to operate such recreational facilities as the picture show that would provide them with much-needed income and which, except for their own earning power, would likely have had to be contributed by the Enterprises to support non-income producing activities. I believe that they were advised by the Project Attorney and that he communicated with regard to their organization with the Solicitor, Mr. Glick, in Washington. It seemed advisable, also, after the Sentinel had been operating quite successfully for some time with limited financial help from the Enterprises, that they also operate independently, and I believe the success of the Sentinel has justified this belief, though it was intended in the original plans of W.R.A. that both picture shows and community newspaper be handled through the Enterprises. Both these independent undertakings received approval from the Washington office. We have encouraged our people who were indifferent to the value of their cash register receipts to leave them at the stores for the benefit of the Community Activities Department; and through these receipts that department benefitted to the extent of more than a thousand dollars from our first year's refunds.

As of this date, the following departments are being operated by the Heart Mountain Community Enterprises:

Store #1 Dry Goods Store	Opened September 28, 1942
Store #2 Groceries	Opened August 12, 1942
Store #3 Groceries	Opened September 11, 1942
Radio Repair Shop	Opened October 1, 1942
Dry Cleaning	Opened November 7, 1942
Shoe Repair Shop	Opened December 9, 1942
Store #4 Shoe Store	Previously sold through the dry goods store. It operated as a separate unit since August 1, 1943.

Three Barber Shops	Opened March 17, 1943
Two Beauty Shops	Opened March 10, 1943
Fish Market	Opened September 7, 1943
Fire Insurance on household goods and personal property	Opened December 5, 1942
Optometry Department	Opened January 2, 1943
Telegraph service under contract with Western Union	Opened November, 1943
Store #7 for the appointed personnel	Opened June 12, 1944

and

check cashing and travelers' checks service, domestic help service for appointed personnel, and photography service through a commission arrangement with an outside photographer.

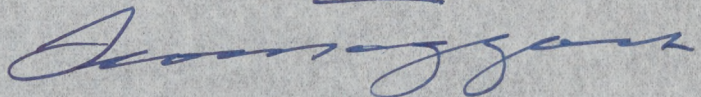
While there has been very general acceptance by the community of the manner in which the Enterprises have been conducted, there has been some opposition to the trustees and myself by a small group of men. Generally, they are the same ones who attempted to take over the Enterprises during the first few weeks while Mr. Todd was superintendent. They have continued their interference almost without interruption and have been very largely responsible for the long delay in getting the organization set up on a strictly community-wide, democratic basis.

As a result of the dissolution of their committee by a majority of its members, the trustees are now engaged in an effort to inform the public of the present status of affairs and to persuade the Community Council to set up the necessary machinery for the election by ballot of another committee with a more clearly defined authority to amend the present trust instrument. When this is done, new trustees will be elected in the manner set forth in the amended trust agreement.

This pretty well covers the story of the Enterprises to June 30, 1944, on which day my services as Superintendent terminate. While I appreciate the assignment as one of the supervising auditors which was to come to me as of July 1, I felt that I could not well afford to turn down the offer of another job which offered a degree of permanency and other advantages not to be found in the temporary organization of the War Relocation Authority.

The trustees and I appreciate the wholehearted cooperation that has come to us from the Project Director and the various division heads. It has been all that we could desire, and it is to be hoped that we have contributed something to warrant this long-to-be-remembered relationship.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Scott Yaggart", with a horizontal line above it.

Scott Yaggart, Superintendent
COMMUNITY ENTERPRISES

June 30, 1944