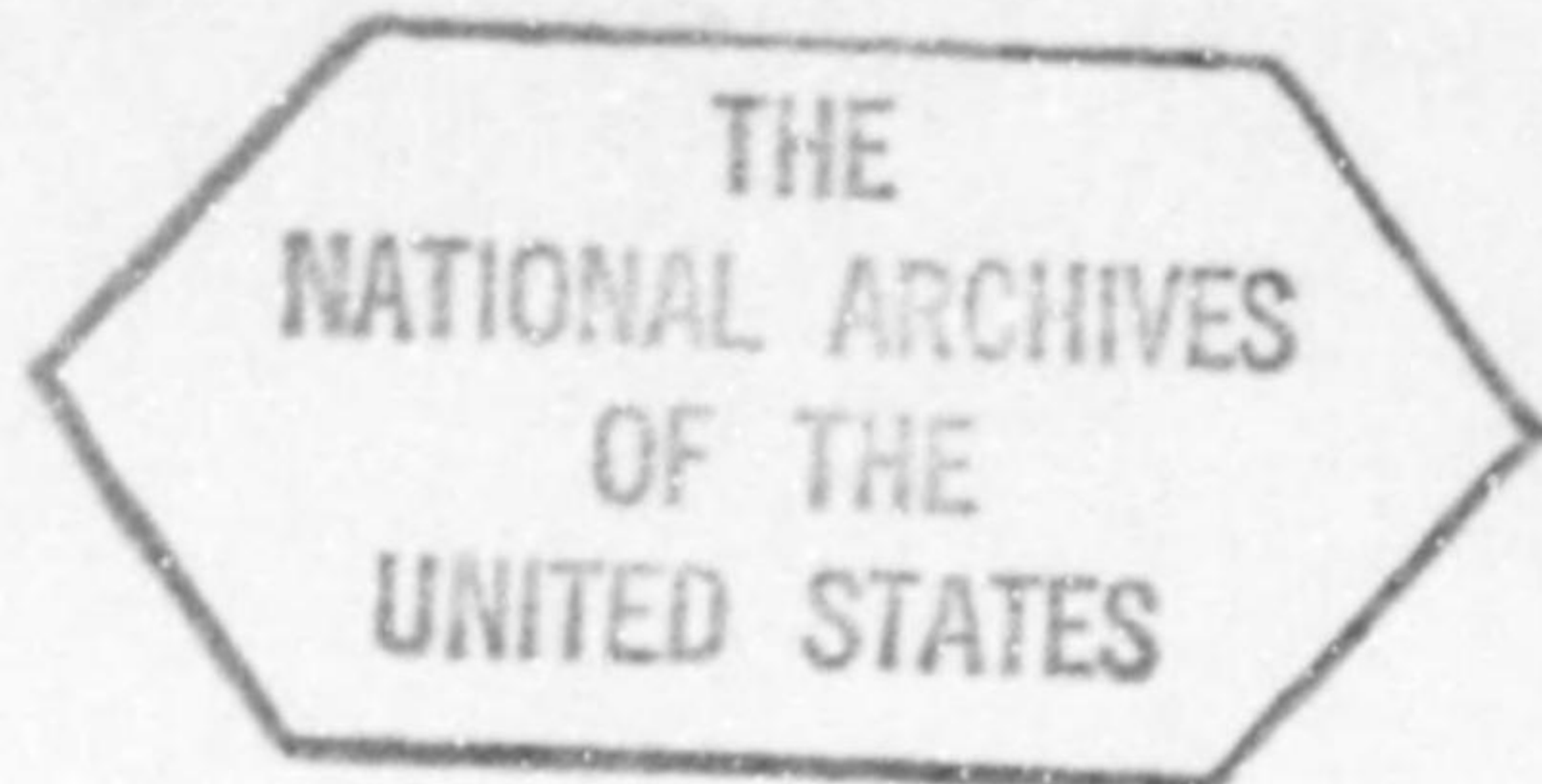


GHQ/SCAP Records(RG 331)
Description of contents



- (1) Box no. 2236
- (2) Folder title/number: (4)
Naigai Building (Chinese)
- (3) Date: May 1948 - Apr. 1952

(4) Subject:

Classification	Type of record
580	z

(5) Item description and comment:
Secret

(6) Reproduction: Yes No

(7) Film no.

Sheet no.

DRAFT

Jurisdiction over the Nagai Building

GS

DS

14 Mar 52

1. 1. Reference Check Note, DS to CPC, 19 February 1952, subject: Chinese Coins with enclosed letter from the Chinese Mission in Japan regarding restitution of Chinese coins and jurisdiction over the Naigai Building.
2. The following information is furnished for use ⁱⁿ future reply to the Chinese Mission:
 - a. An investigation conducted by the Criminal Investigation Division, Provost Marshal Section, General Headquarters, has determined that there has been no violation of SCAPIN 45, dated 22 September 1945. General Headquarters, SCAP, therefore has no further interest in the ownership of this building.
 - b. This statement does not jeopardize any future negotiations in connection with this subject between the Japanese Government and the successor government to the Manchukuan Puppet Government, nor is it to be construed as influencing in any way any legal action now pending in the Japanese courts.

F. R.

DRAFT

TO : CIVIL PROPERTY CUSTODIAN, GENERAL HEADQUARTERS
OF THE SUPREME COMMANDER FOR THE ALLIED POWERS

SUBJECT : Original Documents of Naigai Building Company, Ltd

R.A.P. No. 63 (FS)

26 February 1952

1. Reference:

- a. Memorandum for Japanese Government, AG (11 Dec 51) CPC/ED, dated 11 December 1951, SCAPIN 7484-A, subject as above.
- b. RAP. No. 590 (FS), dated 17 December 1951, subject as above.

2. In compliance with the referenced memorandum 1a, the original documents of the Naigai Building Company Ltd, were presented to the Civil Property Custodian with the reference 1b above for an examination.

3. A written petition dated 18 February 1952 has been submitted by Mr. Kenzo Hayashi, President of the Naigai Building Company Ltd, to this Division, asking for the early return of the said original documents for the reason that the documents are the most important legal documents of the Company and they are necessary as documental evidence in the lawsuit now pending.

4. It is, therefore, requested that the Civil Property Custodian be good enough to expedite the examination so as the documents be returned to Mr. Kenzo Hayashi as soon as possible.

FOR THE DIRECTOR:

(Ichiro Kawasaki)
Chief, Civil Property Division,
Reparations Agency

WHSullivan/ch 26-7695

Chinese Coins

From: DS

To: CPC

Date: 19 February 1952

1. 1. Reference is made to considerable previous correspondence on the ownership of the Naigai Building and the restoration of certain Chinese silver coins held by the Japanese Government.
2. Now transmitted are copies of two notes, both dated 13 February 1952 concerning these two issues. The Chinese Mission in both these notes assumes a firm attitude toward what it considers to be the responsibility of this Headquarters.
3. In the note on the Naigai Building, the Chinese Mission alleges a "brazen violation" of SCAPIN 45 by the Japanese Government. In its note on the silver coins, the Chinese Mission intimates a breach by this Headquarters of the Far East Commission's policy on the restitution of looted property.
4. In view of the serious nature of both these charges and the fact that the Chinese Mission may seek to carry them to a higher and more public level, DS recommends that CPC initiate action to bring these matters to the attention of the Chief of Staff for a policy decision in one form or another. It is assumed that the Chinese Mission, aware of CPC's impending termination, will press for action on these two issues prior to 1 March 1952.

2 Incls:

Cpys of Chinese Mission's two notes dated 13 Feb 52

----- W.J.S. -----

2

From: CPC

To: DS
Thru: G-1

Col Gillette 26-6273

Date: 25 FEB. 1952

1. The following information is furnished for use in reply to memorandum from the Chinese Mission, dated 13 February 1952, regarding the Naigai Building:
 - a. With regard to the second paragraph wherein it is stated that "It appears that the General Headquarters desires to divest itself of jurisdiction over the question of ownership of the Naigai Building" it is desired to call the attention of the Chief of the Chinese Mission to the fact that GEQ has no jurisdiction whatever over the ownership of this property. Further by policy stated by the U.S. State Department, any future disposal of the property will be the subject of negotiation between the Japanese Government and the successor government to the Manchukuo puppet regime.
 - b. The responsibility of this headquarters is solely to carry out provisions of SCAPIN 45 which prohibits transactions in real estate, stocks

Col Gillette 26-6273

Chinese Claims

CPC

DS

Thru: G-1

2 thus requiring retention of ownership or control of the building by the agency that was in control on 22 September 1945. 25 FEB 1952

c. Since the Chief of the Chinese Mission has requested CPC to investigate an alleged violation of SCAPIN 45 and has furnished certain evidence and other information which will be of assistance in the conduct of that investigation, CPC has referred the matter to the CID. Laboratory investigation has been completed and a field investigation is now taking place.

2. It is not believed this matter should be brought to the attention of the Chief of Staff until the results of the CID investigation are known. General Keyser is familiar with the problem from personal visits from General Ho and has approved CPC's actions to date. Further action will be taken through CS after completion of the investigation which will take three weeks.

3. An additional check note in regard to the Chinese coins will be forwarded in a few days after further investigation.

- 1 Incl
1. w/d
2. n/c

----- F.E.G. -----

MEMO FOR RECORD:

FEG:bbb 25 FEB 1952

1. C/N #2 to DS gives info on which to base a reply to memo fr Ch Miss, dated 13 Feb 52, same subj. C/N is sent thru G-1 since CID (Mr. Woods) repts that CPC reqst for field investigation has gone to G-1. The matter of the Chinese coins will be the subj of a separate C/N.

2. Continue action on Line No. 68996.

F.E.G. _____ 26-6273

The Chinese Mission in Japan presents its compliments to the Diplomatic Section of General Headquarters, Supreme Commander for the Allied Powers and has the honor to refer to the latter's note dated January 18, 1952 advising the Mission to enter into negotiations with the Japanese Government with respect to the claim of the Government of the Republic of China to the property known as the Naigai Building.

It appears that the General Headquarters desires to divest itself of jurisdiction over the question of ownership of the Naigai Building and to transfer that jurisdiction to the Japanese Government. Inasmuch as the claim of the Mission is asserted against the Japanese Government, or its nationals, it appears to be a form of injustice at this late date to force the Chinese Mission to sue for its war-born rights in the future against the Japanese Government, or its nationals, in the Japanese Courts. Such a transfer of jurisdiction would seem to defeat the very purpose for which Supreme Commander for the Allied Powers assumed jurisdiction over such matters at the outset.

The transfer of jurisdiction to the Japanese Government might have some justification if the Mission's claim to the Naigai Building were made only recently, but as a matter of fact the Mission first brought this matter to the attention of Supreme Commander for the Allied Powers in its note dated February 7, 1949. Since that date there has been ample time to thoroughly investigate the matter and to decide the issues.

Although the mission is compelled to appeal against the divesting of the jurisdiction of the Supreme Commander for the Allied Powers over the Naigai Building, nevertheless it makes no specific request for relief concerning its right to the Naigai Building at this time. This forbearance is based on the fact that two distinct requests are commingled by the Mission in paragraph 6.a. of its note of November 29, 1951, namely, (a) that an investigation be made of the right of the Mission to the Naigai Building and (b) that an investigation be made of a possible violation of SCAPIN 45.

The Mission may agree to place in abeyance for the time being its first request governing the General Headquarters' exercise of jurisdiction over the request of title to the Naigai Building but feels that the Supreme Commander for the Allied Powers should not deny its second request concerning the investigation into the probable violation of its laws and regulations, such as SCAPIN 45. The Mission is convinced from its own thorough investigation that SCAPIN 45 was flagrantly violated by Japanese nationals in their fraudulent efforts to deprive the Chinese Government of the Naigai Building. A large mass of detailed evidence of this brazen violation of SCAPIN 45 has already been furnished the General Headquarters in correspondence with the Mission. It is firmly believed that a careful investigation will substantiate the charge.

It is safe to presume that once the criminal acts of certain Japanese nationals be uncovered, a reconsideration of the position of the General Headquarters in the matter of exercising jurisdiction over the question of title to the Naigai Building, may be automatic.

The request is therefore respectfully repeated that a thorough investigation be initiated at once to determine if SCAPIN 45 has been violated by various Japanese nationals in connection with the Naigai Building.

Tokyo, February 13, 1952.

To
Diplomatic Section,
General Headquarters, SCAP,
Tokyo

Colonel F. B. Gillette 28-5273

Haigai Building Documents Investigation

CPC/OD

PM Sec, GHQ
Attn: Mr. Woods, CID

29 DEC 1951

1

1. Reference is made to conference, 6 December 1951, with Mr. Woods regarding investigation of the Haigai Building Co., Ltd. made necessary by inquiry from the Chinese Mission in Japan, 29 November 1951. Copy of note from the Chinese Mission is inclosed (Incl 1) for your information.

2. Inclosed also is an abstract of files on the case (Incl 3) which gives the background for your investigation.

3. Request investigation of papers relative to the transfer of ownership, particularly those referenced in paragraph 3c of note from the Chinese Mission, to help determine

a. Whether any of the documents are forged

b. Whether any of the documents have been backdated.

4. Request also if investigation indicates that documents were either forged or backdated that photostat copies of such documents be supplied which will indicate forgery or backdating.

5. Request further that CPC be advised if the investigation turns up any other circumstances surrounding the gifts of shares of stock in the Haigai Building Co., Ltd. by the former ambassador of Manchukuo to the Manchukai which are of such a suspicious nature as to indicate that the transaction was in any way fraudulent.

6. Inclosed for analysis in this investigation are the following original documents (Incl 3):

a. The stock register of the Ko Toki Kaikan

b. Letter, 1 July 1945, to Kenzo Hayashi, subject, "Transfer of K. K. Kotohokian Stocks," from the former Manchukuo Ambassador to Japan

c. Proxy, 1 July 1945, issued by the former Manchukuo Ambassador to Japan empowering Ginsuro Takisawa to change the title of the 20,000 shares in the K. K. Ko Toki Kaikan to the Manchukai

d. Minutes of stockholders' meetings since 30 June 1944 to date.

7. Attached also (Incl 4) is an additional note to CPC from the Chinese Mission which gives a suggested line of investigation. This is being forwarded

Colonel F. E. Gillette 25-6273

Haigai Building Documents Investigation

CFC/OD

FM Sec, CHQ
Attn: Mr. Woods, CID

29 DEC 1951

1
(Cont'd)

more for background information and to indicate specifically what it is the Chinese allege rather than as a suggested method of approach by CID to the problem. Such use may be made by CID as deemed desirable.

8. Due to the statement made by Lt. Gen. Ho, Chief of the Chinese Mission, to Brig. Gen. Keyser, DC/S SCAP that SCAP has not carried out his responsibilities in the matter of determining ownership of this building, and also due to the fact that the American International Underwriters Corp. is known to be negotiating for the purchase of the building and will request advice and approval of SCAP, a proper answer to the Chinese Mission on the matter has become of great importance to SCAP Headquarters. Your assistance will therefore be appreciated.

9. It is requested that the documents listed in paragraph 6 above be returned to CFC when the investigation is completed.

4 Incls

1. Gy. note fr Chinese Mission
29 Nov 51
2. Original Documents of Haigai
Building Co., Ltd.
3. Abstract of Pertinent Data -
Haigai Building Case
4. Note fr Chinese Mission
28 Dec 51

-----F.E.G.-----

FEG/fr
29 Dec 51

MEMO FOR RECORD:

1. Self-explanatory.
2. Concurrences: not required.
3. Initiates action on Line No. 68503.

FEG _____ 26-6273

CIVIL PROPERTY CUSTODIAN
APO 500

17 December 1951

Received from Mr. Kenzo Hayashi, President of Naigai Building Co., Ltd. for purpose of inspection the following documents:

- a. The stock register of the Ko Toku Kaikan.
- b. Letter, 1 July 1945, to Kenzo Hayashi, subject, "Transfer of K. K. Kotoku Kaikan Stocks," from the former Manchukuo Ambassador to Japan.
- c. Proxy, 1 July 1945, issued by the former Manchukuo Ambassador to Japan empowering Gisaburo Takisawa to change the title of the 20,000 shares in the K.K. Kotoku Kaikan to the Manchukai.
- d. Minutes of stockholders' meetings since 30 June 1944 to date.

COPY

OFFICE OF THE SUPREME COMMANDER
FOR THE ALLIED POWERS

AG 130. (22 Sep 45)ESS
SCAPIN - 45

APD 500
22 September 1945

MEMORANDUM FOR: The Imperial Japanese Government
THROUGH : Central Liaison Office, Tokyo
SUBJECT : Control of Financial Transactions

1. The Imperial Japanese Government will immediately make such amendments to its laws and will take such other action as may be required to prevent and prohibit, without the prior permission of the Ministry of Finance, all transactions involving any of the following:

- (a) Gold or silver coins;
- (b) Gold, silver, or platinum bullion, or alloy thereof in bullion form;
- (c) External assets owned, or controlled, directly or indirectly, in whole or in part, by any person in Japan;
- (d) Property in Japan which is, or on or since 7 December 1941, has been, owned or controlled directly or indirectly, in whole or in part, by any person outside of Japan;
- (e) Transactions in foreign exchange.

2. Definitions of the terms used in this memorandum are set forth in Appendix A attached hereto.

3. No transaction specified in the foregoing will be permitted by the Ministry of Finance without the prior approval of the Supreme Commander.

4. Six copies of all applicable laws, as amended to comply with the foregoing provisions shall be furnished to the Supreme Commander. Such copies shall contain both the English and Japanese texts.

5. An acknowledgment of this memorandum is requested.

FOR THE SUPREME COMMANDER:

1 Incl: Appendix "A" -
Definitions of terms

/s/Harold Fair
HAROLD FAIR
Lt. Colonel, A.C.D.,
Asst. Adjutant General.

A P P E N D I X A

DEFINITIONS

1. The term "laws" shall include, but not by way of limitation laws, decrees, ordinances, regulations and other enactments.

2. The term "person" shall include any individual, partnership, association, corporation, or other organization, and any government, including political subdivisions, agencies, or instrumentalities thereof;

3. The term "transaction" shall include any purchase, sale, acquisition, transfer, payment, withdrawal, disposition, importation, or exportation of, dealing in, or exercising any right, power, or privilege with respect to, any property.

4. The term "property" shall include money, checks, drafts, bullion, bank deposits, savings accounts, any debts, indebtedness or obligations, financial securities commonly dealt in by bankers, brokers and investment houses, notes, debentures, stocks, bonds, coupons, bankers' acceptances, mortgages, pledges, liens or other right in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, any other evidences of title, ownership, or indebtedness, goods, wares merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, vendors sales agreements, land contracts, real estate and any interest therein, leaseholds, ground rents, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts receivable, judgments, patents, trademarks, copyrights, contracts or licenses affecting or involving patents, trademarks or copyrights, insurance policies safe deposit boxes and their contents, annuities, pooling agreements, contracts of any nature whatsoever, etcetera.

5. The term "transactions in foreign exchange" shall include, but not by way of limitation, any transaction involving any foreign currency, any payment or transfer to or from any foreign country, any transfer of credit, or payment of an obligation, expressed in terms of a foreign currency, any purchase, sale, transfer or other dealing in any foreign currency, any financial or property transaction between a person in Japan and a person outside of Japan, whether or not expressed in terms of any foreign currency, and any transaction involving any obligation owed by any person in Japan to any person outside of Japan or owed by any person outside of Japan to any person in Japan.

6. The term "external assets" shall include, but not by way of limitation:

- (1) Any property physically situated outside of Japan;
- (2) Any claims, demands, bank deposits, savings accounts, and credits which are the obligations of persons outside of Japan.

- (3) Any securities, checks, drafts, notes, receipts, insurance policies, or other evidences of ownership or indebtedness issued by, or which are the obligation of, any person outside of Japan;
- (4) Any copyright, patents or trademarks, issued by any country other than Japan, and any contracts or licenses relating thereto;
- (5) Any currency except, supplemental yen currency, type "B", Bank of Japan notes and Japanese state notes and coins.

CIVIL PROPERTY CUSTODIAN
APO 500

17 December 1951

Received from Mr. Kenzo Hayashi, President of Naigai Building
Co., Ltd. for purpose of inspection the following documents:

- a. The stock register of the Ko Toku Kaikan.
- b. Letter, 1 July 1945, to Kenzo Hayashi, subject, "Transfer
of K. K. Kotoku Kaikan Stocks," from the former Manchukuo Ambassador
to Japan.
- c. Proxy, 1 July 1945, issued by the former Manchukuo Ambassador
to Japan empowering Gisaburo Takisawa to change the title of the 20,000
shares in the K.K. Kotoku Kaikan to the Manchukai.
- d. Minutes of stockholders' meetings since 30 June 1944 to date.

File on Naigai
Bldg

TO : CIVIL PROPERTY CUSTODIAN, GENERAL HEADQUARTERS OF THE
SUPREME COMMANDER FOR THE ALLIED POWERS.

SUBJECT: Original Documents of Naigai Building Company, Ltd.

R.A.P. No. 590 (PS)

17 December 1951

1. Reference:

Memorandum for Japanese Government, AG (11 Dec 51)GPC/CD,
dated 11 December 1951, SCAPIN 7494-A, subject as above.

2. In compliance with the referenced memorandum above, the following
original documents relating to the transfer of stock in the Naigai
Building are presented herewith for a thorough examination to the
Civil Property Custodian, General Headquarters, Supreme Commander
for the Allied Powers.

- a. The stock register of the Ke Toku Kaikan.
- b. Letter, 1 July 1945, to Kenzo Hayashi, subject, "Transfer
of K.K. Kotoku Kaikan Stocks," from the former Manchukuo
Ambassador to Japan.
- c. Proxy, 1 July 1945, issued by the former Manchukuo
Ambassador to Japan empowering Gisaburo Takisawa to
change the title of the 20,000 shares in the K.K. Kotoku
Kaikan to the Manchukai.
- d. Minutes of stockholders' meetings since 30 June 1944 to
date.

3. In view of the fact that the above documents are the most im-
portant legal documents of the Company, it is requested that the
Civil Property Custodian be good enough to issue a formal receipt
and take measures to secure the safety of the documents through the
examinations.

FOR THE DIRECTOR:

(Ichiro Kawasaki)
Chief, Civil Property Division,
Reparations Agency

Rec'd & signed for by
Mr. Blake, Deputy Custodian
Monday Dec 17, 1951
Upstie
Witness

AG 095 ()
SCAPIN

)CPC/CD

FEG:DHB:WRFS:alk

11 Dec 51

MEMORANDUM FOR: JAPANESE GOVERNMENT

SUBJECT: Original Documents of Naigai Building Company, Ltd.

1. Reference is made to RAF No. 393 (FS), 2 August 1951, subject, "Report on Naigai Building Company, Ltd."
2. It is directed that the following original documents relating to the transfer of stock in the Naigai Building (Empire House), Tokyo, be brought to the Office of the Civil Property Custodian, General Headquarters, Supreme Commander for the Allied Powers:
 - a. The stock register of the Ko Toku Kaikan
 - b. Letter, 1 July 1945, to Kenzo Hayashi, subject, "Transfer of K. K. Kotokukian Stocks," from the former Manchukuo Ambassador to Japan
 - c. Proxy, 1 July 1945, issued by the former Manchukuo Ambassador to Japan empowering Giaburo Takisawa to change the title of the 20,000 shares in the K. K. Ko Toku Kaikan to the Manshukai
 - d. Minutes of stockholders' meetings since 30 June 1944 to date.
3. It is directed that the documents referenced in paragraph 2 above be presented to the Civil Property Custodian, General Headquarters, Supreme Commander for the Allied Powers not later than one (1) week from the date of this memorandum. Subject documents will remain in custody for as long a period as considered necessary for a thorough examination of the documents.

FOR THE SUPREME COMMANDER:

PERTAINS TO: Memo for the JG, file AG 095, subj, "Original Documents of Naigai Building Company, Ltd." fr GHQ, SCAP

FEG:DHB:WRFS:alk
7 December 1951

MEMO FOR RECORD:

1. Ref is made to:
 - a. M/R, 8 Nov 51, pertaining to C/N #2 to LS, subj, "Naigai Building"
 - b. Memo for files, 13 Nov 51, re conference with reps of the Chinese Mission and the JG.
2. C/N #1, 30 Nov 51, fr DS transmitted note, 29 Nov 51, fr the Chinese Mission which reqtd a thorough examination of the documents of the Naigai Building Co., Ltd.
3. Conference, 6 Dec 51, held in the office of Col. Gillette, CFC, at which were present Messrs. Blake, Carrington, Stier, CFC; O'Neill, LS; and Crume, DS, it was agreed to ask the cooperation of the CID in making the examination of the documents.
4. Col. Gillette received the tentative approval of the CID to assist in this investigation so memo for the JG dirs that subj documents be placed in custody of CFC, GHQ, SCAP one week fr date of memo to remain for as long a period as necessary.
5. Authority: Radio W 81059, 5 May 48.
6. This is an admin matter.
7. Concurrences: none required.
8. Action is continued on line No. 68273.

F.E.G. _____ 26-6273

**GENERAL HEADQUARTERS
FAR EAST COMMAND**

CHECK SHEET JBCrume/lr 26-7695

(Do not remove from attached sheets)

File No:

Subject: Chinese Claim to Naigai Building

Note
No.
1.

From: DS

To: CPC

Date: 30 November 1951

1. Inclosed is a copy of a note dated 29 Nov 1951 from the Chinese Mission in Japan, subject as above.
2. Request information upon which to base a reply, with particular reference to Section 6 of the inclosed note.

Inclosure:

Copy of Chinese Mission
note dated 29 Nov 51.

[Signature]
-W. J. S.-

68273

The Chinese Mission in Japan presents its compliments to the Diplomatic Section of General Headquarters, Supreme Commander for the Allied Powers and has the honor to refer to the case of Ko Toka Kaikan (Maigai Building).

In view of the amount of correspondence on the subject of Ko Toka Kaikan (Maigai Building), this Mission believes that a resume of the subject and a clarification of its position relative thereto is necessary.

The Kokusai Zenrin Club (formerly known as Manshukai), a Japanese juridical person, claims ownership to the entire stock of Maigai Building Company, Ltd. which owns the Ko Toka Kaikan, or Maigai Building, also known as Empire House. This claim of ownership is based on an alleged "donation" of the entire stock of the said Company made by the "Manchukuo" Ambassador to the Manshukai (Teijiro Katsura was then Minister in charge of Manchukuo Embassy). The transfer of the stock and the building is admittedly without receipt of payment or consideration of any kind. It is alleged to be a free and spontaneous gift.

1. Regarded from a legal stand-point, the claim of the Kokusai Zenrin Club, being based entirely on an alleged donation, is untenable.

- a. An Ambassador may not alienate the property of his government, even though in exchange for valuable consideration, unless he is specifically authorized by his government to do so.
- b. This legal proposition is all the stronger when the alleged transfer is by donation without payment or consideration of any kind.
- c. Common diplomatic practice requires an ambassador to present specific written authorization from his government to support a mere pledge of his country's credit.
- d. The burden of proving the authority of the Manchukuo Ambassador to give away the Ko Toka Kaikan normally falls upon the party who benefits from the alleged donation. The Kokusai Zenrin Club as well as the Maigai Building Company, Ltd., have failed to present such proofs.

2. It is clear that as a matter of law, the claim of the Kokusai Zenrin Club is unfounded and invalid. The claim is unsupported by legal precedent of any kind.

3. The Mission believes that the matter of the ownership of the Ko Toku Kaikan can be decided as a question of law as outlined above. However, in order to further expose the weakness of the position of the Kokusai Zenrin Club, let it be assumed that an ambassador may freely give away his government's property. It then becomes necessary to examine two documents in the exclusive possession of the Naigai Building Company, Ltd., and upon which this Company bases its right to donate. One is the letter from the Manchukuo Ambassador to Kenzo Hayashi, "donating" the entire stock of Ko Toku Kaikan Company, Ltd. The other is a voting proxy empowering the ownership of the stock of the Ko Toku Kaikan to be transferred. Both documents are sealed by the Manchukuo Ambassador and both documents are dated July 1, 1945. Representatives of the Chinese Mission were granted an opportunity to make a limited and cursory examination of the two documents, viz. the letter of donation and the voting proxy, on 9 November 1951 at the Office of the Civil Property Custodian. The following facts and circumstances were noted:-

- a. Neither the purported letter of donation or the voting proxy is numbered, although it is a practice of the "Manchukuo" Embassy to number all important documents. An examination of the files of the Japanese Foreign Office indicates that all important documents emanating from the Manchukuo Embassy are properly numbered.
- b. All documents originating in the Manchukuo Embassy are dated according to the calendar of the "Manchukuo regime. But the voting proxy is dated according to the calendar of Showa. It is strange to find the "Manchukuo" Embassy using the Showa Calendar for documents purported to have been written on the same day. Even if the dates be different, it would still be ridiculous and improper to have used the Showa calendar instead of its own.
- c. Although both letters purported to be written on the same day and would be expected to be written at the same time as both relate to an identical matter, nevertheless, the letters appear to be written on different typewriters. It also appears that the date on the voting proxy was written on a different machine than that used for typing the body of the letter. (A scientific laboratory determination of inks and typewriters used, might be very revealing and is greatly desired by this Mission.)

4. The above circumstances carry great significance if, as the Mission suspects, these documents are fraudulent either in their entirety or by the device of back-dating, in order to evade the operation of SCAPIN No. 45 dated 22 September 1945, subject, Control of Financial Transactions.

In this connection it is keenly regretted that at the examination of the two documents on 9 November, 1951, the Office of the Civil Property Custodian ruled in advance that later requests for further examinations of the same documents would be denied. Because of this ruling, the representatives of the Mission requested that a verbatim record of the meeting be made, that the making of photostatic copies of the two documents be permitted, that the two documents be marked by the Civil Property Custodian for identification, and that certified true copies of the two documents be made. All these reasonable requests were refused in sequence.

It is especially regretted that the representatives of the Chinese Mission were denied the opportunity of comparing the typewriting of the two documents with the typewriting of the minutes of the stockholders' meeting of the Naigai Building Company, Ltd., of September 15, 1945, the closest date to the purported date of the letter of donation and the voting proxy.

5. Besides the reasons set forth above, which you will note are based upon a limited examination of the letter of donation and the voting proxy, there are additional reasons outside these documents for suspecting the fraudulent character of the alleged gifts:-

- a. In an action against the Kokusai Zenrin Club and the Naigai Building Company, Ltd., now pending before the Tokyo District Court, the plaintiffs contend that the donation of the Naigai Building was made after the termination of the war but was backdated to July 1, 1945 in order to evade the operation of SCAPIN No. 45 dated September 22, 1945.
- b. At a Stockholders Meeting of Ko Tokai Kaikan Company, Ltd. held on June 30, 1945 (just two days before the alleged donation), there is no mention whatsoever of the "donation" of the Company's stock.
- c. Despite the "donation" of the building and the transfer of the ownership of the stock to the Kokusai Zenrin Club, the same directors remain in office, particularly Kenzo Hayashi, and Shigeru Naracka. (Please note that the same Teijiro Katsura, then Minister of

the Manchukuo Embassy in Japan, had issued an order to the Central Bank of Manchuria (Tokyo Branch) to make a loan of ¥300,000,000 to this same Waraka. The alleged order for the loan was "dated" August 14, 1945. It is most illuminating that the body of the order refers to, "the termination of the Great Asia War", a most amazing reference in view of the fact that the war was not terminated until 16 August, 1945 by official proclamation. The pattern of backdating important documents, of giving away the assets of the Manchukuo Government, and of thereby circumventing the operation of SCAP directives, seems well established. Fortunately in this case, SCAP invalidated the attempted loan of ¥300,000,000.00 belonging to the Manchukuo Government.)

- d. The mere fact that these various attempts to give away the assets of the Manchukuo Government were only devised, at the period of the termination of the War and the promulgation of SCAPIN No. 45, warrants the subjecting of all such "donations" to a searching investigation. This is particularly true in the case of a gift of a building valued considerably in excess of US\$1,000,000.00.
- e. It is to be noted that a meeting was held in the Office of the Civil Property Custodian on February 21, 1951 between members of this Mission viz. Messrs. Y. C. Lee, T. L. Tang and Z. F. Wang and the representatives of the Civil Property Custodian viz. Messrs. W.R.F. Stier and J.H. Jewett to discuss this issue. During the meeting, a suggestion was made by a C. P. C.'s representative to the effect that the question of registration of property should be examined. When the examination was made at the Tokyo Legal Affairs Bureau on March 5, 1951, the Mission was most surprised when it was revealed that the ownership of the building was not registered in the name of Kaigai Building Company, Ltd., until February 28, 1951. Even at this late date, the application for the registration submitted by Kenzo Hayashi still bore the seal of the Ke Toku Kaikan Company, Ltd.
- f. The Chinese Mission has in its possession an affidavit signed by Toshi Nagase, Councillor of the Manchukuo Embassy at the time of the alleged donation.

Mr. Nagase states that in the nature of his duties he would have known about the donation had it actually been made prior to the termination of the War.

5. There are other circumstances which tend to prove that the purported donation is fraudulent but there is no need to belabor the point.

6. This Mission respectfully requests the following actions be taken by the Supreme Commander for the Allied Powers:

- a. That a thorough and painstaking investigation be made of the purported donation of the Ke Toku Kaikan by the Manchukuo Ambassador, both from the point of view of a possible violation by Japanese nationals of SCAPIN No. 45, and from the point of view of the fraudulent deprivation of this Mission of an important piece of property to which it is entitled, not only as a matter of law but also as a matter of fact.
- b. That this Mission be permitted to assist at the investigation and be afforded every opportunity through the good offices of the Supreme Commander for the Allied Powers to establish and prove its contentions.
- c. That pending the determination by the Supreme Commander for the Allied Powers, either as a matter of law or as a matter of fact, in which entity will be vested the ownership of the Building, the rents accruing from the Naigai Building shall be placed in a special account from which no withdrawals shall be permitted except as may be essential for the proper maintenance of the building.

Kind consideration and prompt action of the Diplomatic Section of General Headquarters, Supreme Commander for the Allied Powers to the above effect will be greatly appreciated.

Tokyo, November 29, 1951

To the
Diplomatic Section of General Headquarters,
Supreme Commander for the Allied Powers,
Tokyo.

Naigai Building

13 NOV 1951

CPC/OD

LS

2

1. The Ko Toku Kaikan, variously referred to as Empire House and Naigai Building, located at No. 18 Nishone, Marunouchi, Chiyoda-ku, Tokyo, has been and is still on Procurement Demand to the Occupation Forces.
2. Memorandum from the Chinese Mission in Japan, 2 February 1949, submitted a claim for title to this property on behalf of the Republic of China, then considered the successor in rights to property of the former Manchukuo Puppet Regime. Official quarters for Manchukuo had been maintained in this building during the war.
3. Reports submitted to CPC show title in the name of the Naigai Building Company, a Japanese juridical person.
4. SCAP has received authority from Washington to permit certain foreign missions in Japan the use of "puppet government property" provided it was not required for Occupational use.
5. Memorandum for the Ministry of Finance, Japanese Government, 31 August 1949, subject, "Ko Toku Kaikan, Naigai Building," was issued after conference, 15 March 1949, with representatives of the Fourth Section, C.P.B. and of the Economic Affairs Section of the Control Bureau of the Ministry of Foreign Affairs. At this conference the representatives of the Japanese Government were directed to notify the Hojin Kokusai Zenrin (International Goodwill Club) that property acquired by it through shares of Naigai Building Company, donated or gifted by the Manchukuo Puppet Regime, is subject to Ordinance No. 88 and SCAPIN 45.
6. CPC desires to point out that the enforcement of Japanese Government Ordinance No. 88 with regard to subject building is the responsibility of the Japanese Government. Conference memorandum, 15 March 1949, indicates that rental income was anticipated in terms of Procurement Demand arrangements which had the authorization of SCAP but future expenditure of "surplus" after payment of custodial, maintenance, upkeep, insurance, tax expenditures was disallowed without prior approval of SCAP. Request for approval of the distribution or expenditure of any such surplus has not been filed although SCAPIN 2070, 1 January 1950, rescinded SCAPIN 45 and required the Japanese Government to obtain approval of General Headquarters, Supreme Commander for the Allied Powers for "transactions relative to property which is within the jurisdiction of the Civil Property Custodian by reason of the existence therein of the interest of a non-Japanese national on or since 7 December 1941 with the exception of these transactions which have already been authorized by memorandum to the Japanese Government or agencies thereof."
7. CPC is of the opinion that the successor government interests have been adequately protected in calling the Japanese Government's attention to the fact that the Naigai Building is subject to the provisions of SCAPIN 2070. Also that

enx

Mr. W.R.F. Stier 26-6327

Naigai Building

CFC/00

LS

18 JUN 1951

2
(Cont'd) the issue of legal ownership cannot be reviewed by SCAP but will become the
subject of negotiations between the Japanese Government and the recognized
successor government to the Manchukuo Puppet Regime.

2 Incls
n/e

-----F. E. G.-----

PERTAINS TO: C/N #2 to LS, subj, "Naigai Building"

DHB/WFS/cy
8 Nov 51

MEMO FOR RECORD:

1. Ref is made to the fol:
 - a. Memo for files, 15 May 49
 - b. M/A, 23 Aug 49, pertaining to memo for M/P, file 095, subj, "Ko Toku Kaikan (Naigai Building)," and C/N #2 to DB, subj, "Projected Sale of Ko Toku Kaikan, former Manchukuo Property."
2. C/N #1, 3 Nov 51, fr LS reqstd info re the Naigai Bldg in order to prepare an answer to the petition by the Chinese Mission.
3. C/N #2 to LS reviews the steps taken by CPC in blocking actions by the Japanese owners of the Naigai Bldg in disposing of any of its income excepting as need for regular custodial service. C/N also states that CPC is of the opinion that successor government interests have been adequately protected and that the JC is responsible for the enforcement of the blocking orders (SCAPIN 45) and SCAPIN 2070).
4. Authority: Radio W 84795, 22 Aug 47.
5. Concurrences: none required.
6. Action completed on line No. 67888.

D.H.B. _____ 26-6145

Subject: Naigai Building

From: Legal Section

To: GPC

Date: 3 Nov 51

1. By a memorandum to DS, dated 1 October 1951, the Chinese Mission requests that the Japanese Government be advised that any decision rendered by the Tokyo District Court affecting the title to and rents accruing from the Ko Toku Kaikan (Naigai Building) is in violation of SCAPIN 45.

2. The Tokyo District Court has denied a petition by certain alleged stockholders of the Naigai Building Company, Ltd., seeking to enjoin the Naigai Building Company, Ltd. from collecting rents pending a determination of the plaintiffs' rights as stockholders of the company.

3. Request information concerning this property to enable Legal Section to prepare an answer to the petition by the Chinese Mission.

2 Incls

1. Chinese Memo to DS
dtd 1 Oct 51
2. Rpt of Supreme Ct
on case

-----A. C. C.-----

13 November 1951

MEMO FOR FILES

On Friday, 9 November 1951 at 2 PM six (6) representatives of the Japanese Government and six (6) representatives of the Chinese Government came together in Room 305 Kokubu Building to view the documents of the Naigai Building Co which were listed in the note from the Chinese Reparations and Restitution Delegation, 23 Oct 51. Mr. Ed. J. Carrington presided. Mr. Ebisu acted as interpreter. Messrs Stier & Minami were witnesses for the CPC.

The Chinese representatives desired photostatic copies, or certified true copies of several documents which were denied them because of a pending suit in the Japanese Courts. The Chinese were given every opportunity to examine the original documents as long as they needed to in the presence of the Japanese and CPC officials.

W. R. P. Stier

COPY

Reference No. RG/1187

7 November 1951

MEMORANDUM FOR: Custodian, Civil Property Custodian, GHQ, SCAP

SUBJECT: Originals of Naigai Building Company's Documents.

1. Reference is made to memorandum for Civil Property Custodian, General Headquarters, Supreme Commander for the Allied Powers, Reference No. RG/1182, 23 October 1951, subject, same as above, from the Chinese Mission in Japan.

2. Reference is also made to memorandum for Chairman, Chinese Reparations and Restitution Delegation, file No. 095(23 Oct 51)CPC/OD, 1 November 1951, subject, "Naigai Building Company's Documents," from the Civil Property Custodian, General Headquarters, Supreme Commander for the Allied Powers.

3. The Chinese Mission in Japan wishes to take this opportunity to express its appreciation for the Civil Property Custodian's effort in making arrangement to let some representatives of this Mission to examine the documents referred to in paragraph 3 of referenced memorandum 1 above.

4. The Civil Property Custodian, General Headquarters, Supreme Commander for the Allied Powers is hereby informed that the following named persons will be present at the Office of the Civil Property Custodian at 1400 hours on Friday, 9 November 1951, to examine the aforesaid documents:-

Mr. Yung-Cheng LEE, Chairman, Chinese Reparations and Restitution Delegation.

Mr. Y. C. CHEN, Advisor, Chinese Mission in Japan.


Dr. Hsin-Chung WANG, Technical Expert, Chinese Mission in Japan.

Dr. Jen-Kan CHANG, Legal Counselor, Chinese Mission in Japan.

Mr. Raymond N. Bushell, Attorney at Law.

Mr. Chia-Ku WANG, Technical Aide, Chinese Reparations and Restitution Delegation.

FOR THE CHIEF OF CHINESE MISSION IN JAPAN:


Yung-Cheng LEE
Chairman, Chinese Reparations
and Restitution Delegation

DECLASSIFIED BY 11052 SEC. 5(E) AND 5(D) OR (E) NNOG # 773012

PERTAINS TO: Memo for Chinese R&R Del, file 095, subj, "Naigai Building Company's Documents," fr CPC, GHQ, SCAP

DHB/WGFE/ry
29 Oct 51

MEMO FOR RECORD:

1. Ref is made to M/R, 4 Oct 51, pertaining to C/N #4 to DS, subj, "Chinese Claim to Manchukuo Property," fr CPC, GHQ, SCAP.
2. Memo, 23 Oct 51, fr Chinese R&R Del rqstd permission to see the orig documents of the Naigai Building Co.
3. Mr. T. Hongo, RA, JG, has arranged to have Messrs Kenzo Jayashi, pres, Hajime Inomata, Managing director and Kyo Matsuki, atty and Messrs. Iohiro Kawasaki and Riichi Uchizawa of the Rep Agy to bring rqstd document to CPC at 1400 hours, Friday, 9 Nov 51 for reps of the Chinese R&R Del to inspect. It was agreed that these documents will not be given to the reps of the Chinese R&R Del but will remain in the presence of CPC officials and they will be returned to the reps of the Naigai Bldg Co the same day; that there will be no discussion of the validity of authorizations outlined in the documents presented nor any adjudication of the claim of the Chinese Govt to ownership of Empire House.
4. Memo for the Chinese R&R Del confirms meeting date for inspection of subj documents and rqsts names of reps of the Chinese R&R Del that will be present.
5. Authority: Radio S1059, 5 May 48; and for dir comm, C/N fr C/S to CPC, 29 May 47.
6. Concurrences: none required.
7. Action completed on line No. 67747.

D.H.B. _____ 26-6145

JBCrums/ch 26-7695

Chinese Claim to Manchurian Property

DS

CPC/OD

8 Oct 51

1 1. Reference is made to c/n 1, DS to CPC, dated 17 Sept 1951, subject as above.

2. Inclosed is a copy of a note dated 1 October 1951 from the Chinese Mission on the subject of the claim of the Republic of China to the Naigai Building.

3. Request CPC furnish DS with information upon which to base a reply.

Incl:

Cpy note from Chinese Mission dtd 1 Oct 51.

----- W.J.S. -----

2 From: CPC/OD

To: DS
Thru: LS

W.R.P. Stier - 26-6327

Date: 13 OCT 1951

It is suggested that the Chinese Mission be advised that SCAP's authority with reference to real property allegedly Puppet Government owned does not extend to adjudication of title disputes; and that issues such as have been raised in referenced inclosure are subjects which may be properly considered in future negotiation between the Japanese Government and the recognized successor government of the Puppet Regime whose property in Japan may be claimed by that successor government.

1 Incl
n/c

----- F.H.S. -----

SECRET

PERTAINS TO: C/N #2 to DS, subj, "Chinese Claim to Manchukuo Property,"
fr GFC, GHQ, SCAP

DEB:NRFS:alk
12 October 1951

MEMO FOR RECORD:

1. Ref is made to M/R, 4 Oct 51, pertaining to C/N #4 to DS, subj, "Chinese Claim to Manchukuo Property," fr GFC, GHQ, SCAP.
2. C/N #1, 8 Oct 51, fr DS incl cy of note, 1 Oct 51, fr the Chinese Mission which renews their claim to control over the Naigai Building operations.
3. C/N #2 to DS gives an interpretation of para B of Radio W 81059, 5 May 48, which states "Transfer of title is not now contemplated and will be considered in reparations decisions and Peace Treaty provisions. It is also an interpretation of JAPQ D-2/9 and Radio DA 81909, 20 Sep 51, which indicates that claims of successor govt to the Manchukuan Puppet Regime must be matters of negotiations between a subsequently reorganized successor govt and the JG.
4. C/N is routed through LS since DS sent a similar claim to that section on 9 Oct 51.
5. Authority: Radio 81059, 5 May 48.
6. Concurrences: none required.
7. Action is completed on line No. 67560.

D.H.B. _____ 26-6145

SECRET

WHSullivan/ch 26-7695

Subject: Chinese Claim to Manchukuo Property

3. From: DS To: GPC/OD Date: 17 Sept 51

1. DS has received a note dated 14 Sept 1951 from the Chinese Mission indicating that a study of the aforementioned documents has been made and that certain irregularities have been found.

2. The Chinese Mission makes several specific requests including the imposition of an injunction against the Naigai Building Company, Ltd. and the institution of criminal action against certain individuals associated with that Company for alleged acts of forgery and fraud.

3. Request GPC furnish DS with information upon which to base a reply.

1 Incl:

Cpy of Chinese Mission's note
dtd 14 Sep 51 with sub-inclosures.

-----W.J.S.-----

4. From: GPC/OD To: DS Mr. Stier - 26-6327
Date: 6 OCT. 1951

In view of positions taken in JAPG B-2/9 and Radio DA 81907, 20 September 1951, GPC cannot take additional action on subject request of the Chinese Mission other than that taken in memorandum for the Ministry of Finance, Japanese Government, 31 August 1949, copy of which is inclosed.

2 Incls

1. n/c
Added 1 incl
2. Cy, memo for M/P,
31 Aug 49

-----F.S.G.-----

8 OCT. 1951

OD
65728

PERTAINS TO: C/N #4 to DS, subj, "Chinese Claim to Manchukuo Property,"
fr CPC, GHQ, SCAP

DHB/WRFS/st
4 Oct 51

MEMO FOR RECORD:

1. The Chinese Mission has been pressing for an early decision fr SCAP re the Chinese Govt's claim as the rightful successor govt to the Manchukuoan Puppet Regime and that it has a rightful interest in the Naigai Building in Tokyo, known as Empire House. The building is on PD.
2. CPC has assembled a series of data rqstd by the Chinese Mission showing operational activities of the corps which have owned and/or operated this bldg during and since the war. These repts transmitted under R.A.P. No. 393 (FS), 2 Aug 51, were shown to Mr. CHIA-Ku Wang of the Chinese Mission on 6 Aug 51.
3. Mr. Bushell, atty for the Chinese govt, has conferred with Messrs. Blake, Carrington and Stier on several occasions between 25 and 28 Sept 51. He was advised of SCAP's policy re Puppet prop insofar as this could be discussed.
4. In view of Position Paper JAPQ D-2/9 and Radio DA 81907, 20 Sept 51, there seems no other reply to the Chinese Mission but to refer to memo for M/F, 31 Aug 49, which stated the Nagai bldg was subj to provisions of SCAPIN 45, 22 Sept 45.
5. C/N #4 to DS makes recommendations suggested in paras above and inclcs cy of memo for M/F, 31 Aug 49.
6. Authority: Radio 81059, 5 May 48.
7. Concurrences: none required.
8. Action completed on line No. 65728.

D.H.B. _____ 26-5623

C O P Y

Aug
28 ~~Sept~~ 1951

MEMO FOR FILE:

SUBJECT: Chinese Claim to Naigai Building

1. Ref M/R, 21 Jun 51, pertaining to C/N #2 to DS, subj, "Chinese Claim to Manchukuo Property."

2. JG submitted translations of documents. DS was advised by telecon and requested Chinese call at CPC to obtain a copy. This was picked up on 6 Aug 51 by Mr. Chia-Ru Wang. DS had no wish for copy of document for own files.

3. Action completed on line No. 65728.

J. H. Jewett

TO : CIVIL PROPERTY CUSTODIAN, GENERAL HEADQUARTERS
OF THE SUPREME COMMANDER FOR THE ALLIED POWERS.

SUBJECT: Report on Naigai Building Company, Ltd.

RAP. No. 393 (FS)

2 August 1951.

1. Reference is made to: 095 (11 Jun 51)CPC/CD, 22 June 1951, subject: "Naigai Building Company, Ltd."

2. In accordance with reference memorandum, report compiled by the Chuo Trust and Banking Co., Ltd. on the subject property is submitted herewith as the inclosure attached hereto.

FOR THE DIRECTOR:

(Masao Yagi)

Chief, Looted Property Section,
for (Ichiro Kawasaki)
Chief, Civil Property Division,
Reparations Agency.

Incl: Report on Naigai
Building Company, Ltd.

cc: AD
3 Aug

CIVIL PROPERTY CUSTODIAN
APO 500

095 (11 Jun 51)CPC/OD

DHB/WRFS/JHJ/br

22 JUN 1951

MEMORANDUM FOR: Civil Property Division, Reparations Agency, Japanese
Government, Tokyo, Japan

SUBJECT: Naigai Building Company, Ltd.

1. The Civil Property Division, Reparations Agency is directed to submit to Civil Property Custodian, General Headquarters, Supreme Commander for the Allied Powers the following documents of the Naigai Building Company, Ltd.:

- a. the share register
- b. list of shareholders
- c. power of attorney used for transfer of shares
- d. the minutes of shareholders' meetings held since 1942.

2. Submission of these documents will be effected by
16 July 1951.

F. E. GILLETTE
Colonel, Infantry
Custodian

Distr:
CHS

PERTAINS TO: G/N #2 to DS, subj, "Chinese Claim to Manchukuo Property,"
fr CPC, GHQ, SCAP

DHB/WEPB/JHJ/ks
JUN 27 1951

MEMO FOR RECORD:

1. G/N #1, 11 Jun 51, fr DS, subj, "Chinese Claim to Manchukuo Property," incl cy of ltr, 6 Jun 51, fr the Chinese Mission which reqtd production of the share register, list of shareholders, power of attorney used for transfer of shares, and the minutes of the shareholders' meetings held since 1942 of the Haigai Building Company, Ltd. and reqtd info on which to base reply.
2. G/N #2 to DS states that an investigation is being made re subj documents; that on receipt, DS will be informed and reps of the Chinese Mission may inspect them at CPC.
3. Memo to GPD/RA dir submission of subj documents by 30 Jun 51.
4. Authority: Para 45, JCS 1380/15; and for dir comm, G/N fr G/S to CPC, 2 Apr 46.
5. Concurrences: none required.
6. Continues action on line No. 65728.

D.H.B. _____ 26-5639

C O P Y

The Chinese Mission in Japan presents its compliments to the Diplomatic Section, GHQ, SCAP, and has the honor to refer to the following memoranda pertaining to the property known as Ko Toku Kaikan:-

(a) Memoranda from the Chinese Mission in Japan to the Diplomatic Section, GHQ, SCAP dated 7 Feb. 1949, 16 Feb. 1949, 30 July 1949 and 1 September 1950.

(b) Memoranda from the Diplomatic Section, GHQ, SCAP to the Chinese Mission in Japan dated 5 March 1949, 11 March 1949 and 2 August 1949.

The Chinese Mission has recently conducted further investigation concerning the above mentioned property and has obtained the following information:-

The property is a 6-storey reinforced concrete building located at No. 18, 2-chome, Marunouchi, Chiyoda-ku, Tokyo. It has a total floor space 3,540.64 tsube, of which the main floor occupies 551.80 tsube. The building was constructed sometime in the year 1923 and was originally known as Naigai Building and owned by the Naigai Building Company, Ltd.

It was in the year 1942 that the defunct "Manchukuo" Government purchased all the shares of the Naigai Building Company, Ltd. together with the title of the said property. The price paid by the "Manchukuo" Government was three million yen plus an extra of five hundred thousand yen for the cash deposit and other credits then in favor of the Naigai Building Company, Ltd. After the sale the Company was renamed as Ko Toku Kaikan Company, Ltd. and the building renamed Ko Toku Kaikan.

This Mission has now in its possession an affidavit issued by Aiichiro FUJIYAMA (藤山 愛一郎) and Tosaburo KANEZAWA (金澤 冬三郎), Auditor and Director of the former Naigai Building Company, Ltd. respectively, proving the sale of the said Company's shares to the "Manchukuo" Government. Mr. Aiichiro FUJIYAMA is a prominent Japanese industrialist and was a responsible person of the former Naigai Building Company, Ltd. at the time of the sale, therefore, no doubt is left as to the fact of the purchase of the said Company's shares by the "Manchukuo" Government as stated above.

copy AD & CPL 7/6
22 June 51

C O P Y

65728

C O P Y

2

This Mission has been informed by the Civil Property Custodian, GHQ, SCAP, that the Japanese Government has submitted a detailed report concerning the subject property in which the Japanese Government has contended that the shares of the Ko Toku Kaikan Company, Ltd. were transferred to the Manchu Club as a donation just prior to the end of the war by order of the "Manchukuo" Embassy in Japan. However, it is the opinion of this Mission that such transfer is fictitious and fraudulent and therefore the "Manchukuo" Government should still be the undisputed owner of the property because of the following reasons:-

(a) According to information obtained by this Mission, it was at the end of the war that Kenzo HAYASHI (林 賢 藏), then President of the Ko Toku Kaikan Company, Ltd., collaborated with Teijiro KATSURA (桂 定 雄 郎), then Minister of the "Manchukuo" Embassy in Japan, and that the latter issued an order in the name of WANG Yung-ching (王 允 卿), then "Manchukuo" Ambassador in Japan, donating all the shares of the Ko Toku Kaikan Company, Ltd. to the Manchu Club, and that the date of the order was purposely set back to 1 July 1945. After the illegal transfer, the name of the said Company was then changed back to Naigai Building Company, Ltd. Their purpose in doing so was to avoid possible claims by the Chinese Government.

(b) The Manchu Club, whose present name is Kokusai Zen Rin Club (国際善鄰倶楽部), was an organization of those who then had special privileges in Manchuria; its members were all connected with either the Japanese Kwantung Army or the "Manchukuo" Government in one way or another. The main object of the Manchu Club was to study methods and policies as to how to squeeze and colonize Manchuria and to maintain their own special privileges. This can be substantiated by studying the personal history and background of the directors of the said Club. Kenzo HAYASHI, besides being the President of the Ko Toku Kaikan Company, Ltd. as afore-mentioned, was concurrently a director of the said Club. He then was also closely connected with the Japanese Kwantung Army.

(c) It has been a well-known fact that the powers of the "Manchukuo" Government and the "Manchukuo" Embassy in Japan were actually in the hands of the Japanese. The "Manchukuo" Ambassador to Japan, WANG Yung-ching, was no more than a puppet, and the actual power was in the hands of Teijiro KATSURA, then Minister of the said Embassy.

C O P Y

C O P Y

3

Further, from the registration books of the Tokyo Legal Affairs Bureau (東京法務局), this Mission has obtained the following records which further support the fact that the contended transfer of the said Company's shares by donation from the "Manchukuo" Government to the Manchu Club is fictitious, fraudulent and illegal:-

(d) According to the registration made on 14 January 1946, the said Company's name was changed back to Naigai Building Company, Ltd. on 15 September 1945. (This implies that the disputed transfer of the Company's shares was made after the Japanese surrender and that such act could have violated the directive of SCAP prohibiting any transaction of property of this category.)

(e) On 30 June 1945, the Company's auditor, Kyo TANAKA (田中恭), resigned; on 2 October 1945, one of the Company's two directors, Hajime INOMATA (猪股一), resigned; and on 30 June 1946, both the Company's president, Kenzo HAYASHI, and the other director, Kyukichi TOGASHI (富樫久吉), resigned. Since all these vacancies were not filled until 26 June 1948, the said Company therefore had no responsible person whatsoever for a period of two years, i.e., from 30 June 1946 to 26 June 1948. (It is possible that these people might have resigned from the Company because they were afraid of possible punishment, the result of irregularities.)

(f) According to its organization, the Company has one president, two directors and one auditor. None of them was replaced until about three years after the disputed transfer when a new director and a new auditor were appointed, with the president and the other director remaining unchanged even up to that moment. (This leads to the belief that the transfer was made between the same people themselves and therefore is legally unsound and fictitious.)

(g) On 26 June 1948, Kenzo HAYASHI again assumed the post of President and Hajime INOMATA again assumed the post of Director of the Company after two years of "wait and see". (Their resumption of office could only mean that they feel their misdeeds have not been challenged.)

C O P Y

COPY

4

(h) Until 26 Feb. 1951 the ownership of the property of Ko Toku Kaikan was still in the name of the Ko Toku Kaikan Company, Ltd. It was not until that date that Kenzo HAYASHI made application for change of registration of the said ownership from Ko Toku Kaikan Company, Ltd. to Naigai Building Company, Ltd. The application forms for change of registration made by Kenzo HAYASHI on 26 Feb. 1951 still bear the seal of Ko Toku Kaikan Company, Ltd. despite the fact that the Company's name had already been changed back to Naigai Building Company, Ltd. in the year 1945. (This further supports that the disputed transfer of the Company's shares is fictitious.)

In the light of the above, this Mission has no doubt that the right of ownership of the said Company and of the property of Ko Toku Kaikan still belongs to the defunct "Manchukuo" Government. However, for further clarification of the subject case, this Mission wishes the General Headquarters, Supreme Commander for the Allied Powers, to direct the Japanese Government to order the present Naigai Building Company, Ltd. to produce (1) its share register, (2) its list of shareholders, (3) power of attorney used for transfer of shares, and (4) the minutes of shareholders' meetings since the year 1942. This Mission has been advised by a Japanese lawyer, that according to Japanese law, a company is required to keep these documents for a period of ten years, and normally there is no excuse for any company to have failed in doing so. Be it noted that the building had not been bombed by Allied planes and had not suffered any loss through fire.

This Mission wishes to take this opportunity to express its deep appreciation to the General Headquarters, Supreme Commander for the Allied Powers, for the latter's efforts and cooperation in making possible the restoration of gold ingots (RAC-244), silver ingots (RAC-202) and diamonds (RAC-256), formerly belonging to the puppet Government of China and the "Manchukuo" Government to the Government of the Republic of China, and to request the General Headquarters, Supreme Commander for the Allied Powers to extend the same consideration and cooperation in the settlement of the subject case.

Kind attention and prompt action of the General Headquarters, Supreme Commander for the Allied Powers on subject matter will be much appreciated.

Tokyo, 6 June 1951

To
Diplomatic Section,
General Headquarters, SCAP.

C O P Y

TO : CIVIL PROPERTY CUSTODIAN, GENERAL HEADQUARTERS
OF THE SUPREME COMMANDER FOR THE ALLIED POWERS.
SUBJECT: Supplementary Report on the Property of Naigai
Building K.K.

R.A.P. No. 182 (FS)

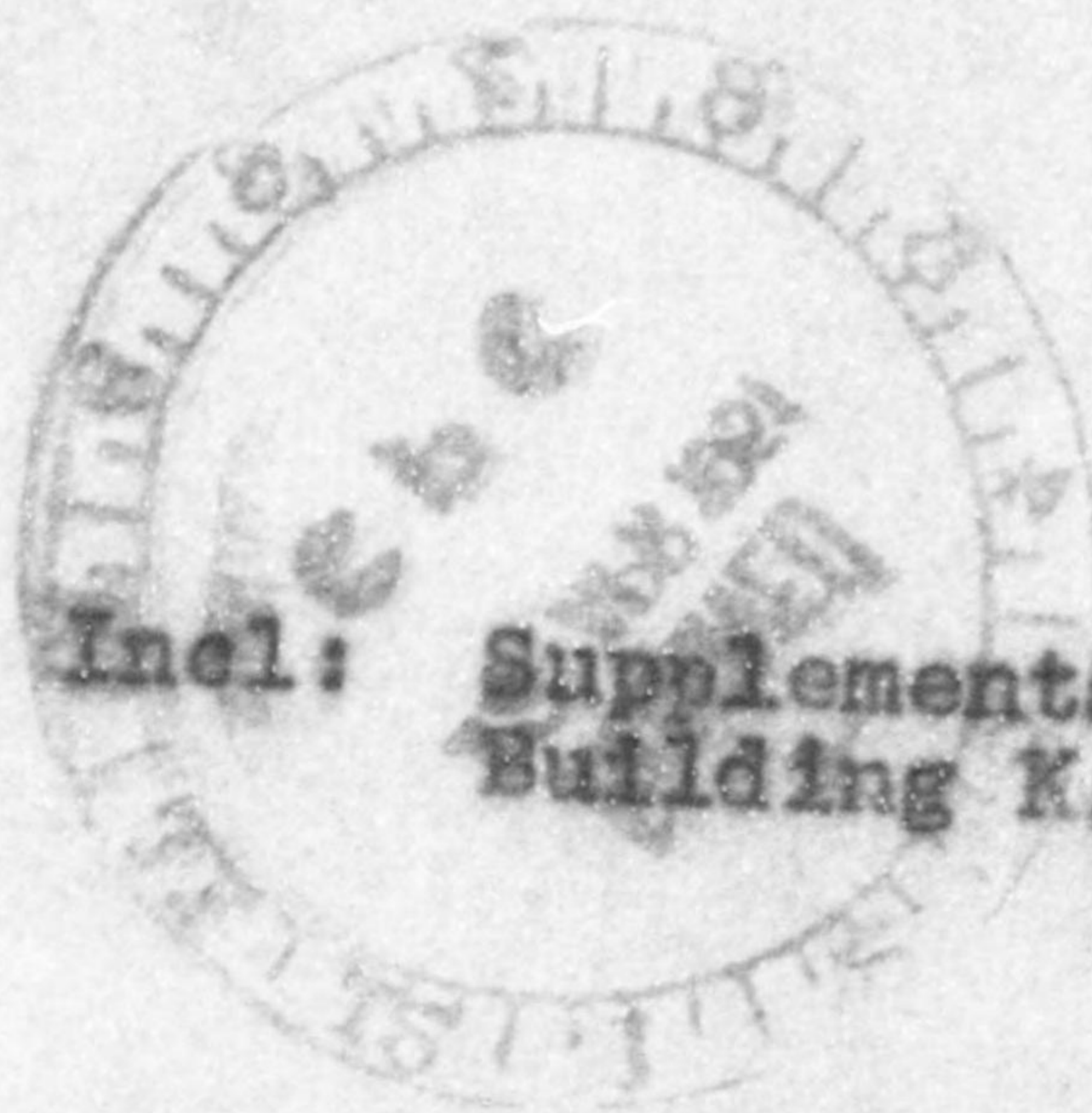
12 April 1951.

1. Reference is made to:
 - a. Informal Memorandum, file JHJ/ks, dated 2 February 1951, subject: "Property of Naigai Building K.K."
 - b. R.A.P. No. 142 (FS), dated 26 March 1951, subject: "Report on the Property of Naigai Building K.K."
2. In accordance with reference memorandum, a supplementary report compiled by the Chuo Trust & Banking Co., Ltd. on the subject property is submitted herewith as the inclosure attached hereto.

FOR THE DIRECTOR:

(Ichiro KAWASAKI)
Chief, Civil Property Division,
Reparations Agency.

Incl: Supplementary Report on the Property of Naigai
Building K.K.



CC/AD
130/4

632

April 2, 1951

To : Reparations Agency

Supplementary Report on the property of
Naigai building K.K.

Certified:

Information supplied above was made by me through
personal inspection and is warranted to be true and correct.

The Chuo Trust & Banking Co., Ltd.

Inspector Richi Ushizawa
RIICHI USHIZAWA

412-RU/th

- Reference:
1. CPC Memorandum JHJ/ks, 2 February 1951,
subject: "Property belonging to Naigai
Building K.K."
 2. R.A.P. No. 142 (FS), 26 March 1951,
subject: "Report on the Property of
Naigai Building K. K."

1. As we reported in paragraph III of reference 2 above,
the registration of the transfer of ownership of one of
the two houses, which Naigai Building K.K. bought, has
been completed in behalf of the said company; but that
of the other was in process of registration.
2. Now that the registration of the latter house has
been completed, we are submitting to you an extract
copy of its official registration attaching hereto.

EXTRACT COPY OF THE OFFICIAL REGISTER

Registration No. 503.

Designation of Real Estate

Designation No.1 Accepted: July 28, 1944
Located at 38 Komagome-Oiwake-cho,
Bunkyo-ku, Tokyo-to
House No.116 of Komagome-Oiwake-cho,
wooden, tile roofed and two-storied
dwelling house - one building
Building area: ground floor - 9 tsubo
 second " - 7 "

The above is registered.

Sketch file: Vol. 93 page 71.

(The rest is blank)

"KO" Section (Ownership)

Order No.3 Accepted: March 13, 1951 No. 2522
Ownership is registered in behalf of Naigai
Building Co., Ltd. of 2-3 Yuraku-cho 1-chome,
Chiyoda-ku, acquired through purchase under
date February 20, the same year.

(The rest is blank)

This is an extract copy of the only registration which
is in force at present, and its contents are exactly same
as the original.

March 29, 1951

Tokyo Judicial Affairs Bureau,
Kojimachi Branch

Kazuo Akimoto
Secretary of Attorney
General's Office.

TO : CIVIL PROPERTY CUSTODIAN, GENERAL HEADQUARTERS
OF THE SUPREME COMMANDER FOR THE ALLIED POWERS.

SUBJECT: Report on the Property of Naigai Building K.K.

R.A.P. No. 142 (FS)

26 March 1951.

1. Reference is made to:

Informal Memorandum, file JHJ/ks, dated 2 February 1951,
subject: "Property of Naigai Building K.K."

2. In accordance with reference memorandum, report compiled
by the Chuo Trust & Banking Co., Ltd. on the subject property is
submitted herewith as the inclosure attached hereto.

FOR THE DIRECTOR:

(Shichiro SAIGO)
Chief, Foreign Property Section
for (Shigeru NAKAMURA)
Chief, Civil Property Division,
Reparations Agency

Incl:
Information and Inventory
Report on the Property
belonging to Naigai Building
K.K.

cc/AD
29 Mar



63218

March 10, 1951

To : Reparations Agency

Reference: CPC Memorandum JHJ/ks, 2 February, 1951
Subject: Property of Naigai Building K.K.

Information and Inventory Report
on the property belonging to
Naigai Building K.K.

Certified:

Information supplied above was made by me through
personal inspection and is warranted to be true and correct.

The Chuo Trust & Banking Co., Ltd.

Inspector Richi Ushizawa
RIICHI USHIZAWA

412-RU/e1

Subject: Property of Naigai Building K.K.
Reference: CPC Memorandum JHJ/ks, 2 February, 1951

INDEX

I. Houses bought by Naigai Building K.K.	Page	1
II. Location of the Houses	"	2
III. Owners of the House, according to registration	"	2
IV. Balance sheet of Naigai Building K.K. as of December 31, 1950	"	3

Enclosure:

No. 1 Copy of the official registration (House A)	"	4
2 Copy of the official registration (House B)	"	5
3 Affidavit by Mr. Hajime Inomata, Managing Director of Naigai Building K.K.	"	6
4 Inventories as of 31 May, 1947 and as of 30 November, 1948	"	8
5 Balance sheet as of 30 November, 1950	"	9
6 Trial balance sheet as of 31 December, 1950	"	10

I. Houses bought by Naigai Building K.K.

A. 1. The house is a 3-family house, consisting of three dwelling sections with three independent entrances, two of which are symbolized as "A" and the other "B". The house "B" was first constructed as an independent house and the House "A" consisting of two dwelling sections is an extension which was built later. For this reason, registration is being made separately for "B" and "A" sections, but as a matter of fact, it is one 3-family house. Naigai Building K.K. bought House "A" on Apr. 15, 1947 and House "B" on October 9, 1948.

2. The descriptions of the building are as follows:

Location:	38 Komagome Oiwake-cho, Bunkyo-ku, Tokyo	
Structure:	Wooden construction, tiled roof, 2-story building	
No. of ridge:	one building	
No. of houses:	3-family houses	
Symbol of sections:	A	B
Area:	44.95 tsubo	16.00 tsubo
Purchase Price:	¥91,000.00	¥25,000.00
Date of Payment:	Apr. 15, 1947	Oct. 9, 1948

3. At present the larger parts of the House "A" are being used as dwelling quarters of its employees; but the House "B" and a part of House "A" are still being occupied by those who had been living before the house was bought by Naigai Building K.K.

4. It is mistake that the purchase price of House "B" is being referred as ¥35,000.00 in paragraph 2 of reference CPC Memorandum. The house was bought for ¥25,000.00 as above-mentioned. (Refer to Encl. No.1, No.2 and No.3)

B. 1. Reference CPC Memorandum JHJ/ks 2 February, 1951 points out that the house bought in July, 1947 does not appear in the "Inventory" as of December 31, 1947. But we wish to call your attention to the fact that the "Inventory" referred to is not that of Naigai Building K.K. but that of Hojin Kokusai Zenrin.

2. Naigai Building K.K. has the house in its books, entered in the account entitled "Buildings for Business", according to its Inventory as of May 31, 1947, as follows:

Buildings for Business - ¥ 1,022,513.60

Breakdown:

(1) Building ¥ 931,513.60
(2) House A ¥ 91,000.00

(Refer to Encl. No.4)

3. According to Inventory as of November 30, 1948, it appears as follows:

Buildings for Business - ¥ 1,030,596.10

Breakdown:

(1) Building ¥ 927,129.93
(2) House A ¥ 81,191.17
(3) House B ¥ 22,275.00

The fact that the houses are listed at less values than the original purchase prices is because of some depreciation having been made. (Refer to Encl. No.4)

II. Location of the House.

The houses, in fact one house, are located at the following address:

38 Komagome Oiwake-cho, Bunkyo-ku, Tokyo-to.
(Refer to Encl. No.1 and No.2)

III. Owners of the Houses, according to registration.

A. Owner of House A. Naigai Building K.K.
18 Marunouchi 2-chome, Chiyoda-
ku, Tokyo.

Owner of House B. Hikoe Makino,
642 Nogata-cho, 1-chome, Nakano-
ku, Tokyo.

(Refer to Encl. No.1 and No.2)

B. According to Mr. Inomata, Managing Director of Naigai Building K.K., the registration of the transfer of ownership of House "B" to Naigai Building K.K. will be effected by the end of this month.
(Refer to Encl. No.3)

As soon as the registration is completed, we will submit a copy to you.

IV. Balance Sheet of Naigai Building K.K. as of December 31, 1950.

A. Naigai Building K.K. closes its books at the ends of May and November, each year, so it does not have a regular balance sheet as of December 31, 1950, so we are attaching its trial balance as of the same date in addition to Balance Sheet as of November 30, 1950. (Refer to Encl. No.5 and No.6)

B. According to its balance sheet as of November 30, 1950, the house in question is listed as follows:

Buildings for Business - ¥ 40,123,890.91

Breakdown:

(1)	Building	¥	39,856,160.74
(2)	House A	¥	253,689.17
(3)	House B	¥	14,041.00

The fact that the value of the Business Building and the House "A" advanced compared with the previous figures is due to appreciation made in the preceding term according to "Property Revaluation Law." The house "B" has only 16 tsubo in floor space and quite old as compared with the House "A", no appreciation was made. (Refer to Encl. No.3)

Enclosure No. 1

COPY OF THE OFFICIAL REGISTER

Registration No.502

Designation of Real Estate

Designation No.1 Accepted: July 28, 1944
Located at 38 Komagome-Oiwake-cho,
Bunkyo-ku, Tokyo-to
House No.115 of Komagome-Oiwake-cho,
Wooden, tile-roofed and two storied
dwelling house - one building.
Building area: ground floor - 26.95 tsubo
 second " - 18 "

The above is registered
Sketch file: Vol. 93 page 71.

(The rest is blank)

"KO" Section (Ownership)

Order No.1 Omitted

Order No.2 "

Order No.3 Accepted: July 4, 1947 No.3640
Ownership is registered in behalf of Naigai
Building Co., Ltd. of 18 Marunouchi 2-chome,
Chiyoda-ku, acquired through purchase under
the same date.

This is to certify that the above copy of registration
is prepared from the original register and its contents are
exactly same as the original.

Tokyo Judicial Affairs Bureau,
Kojimachi Branch

Kazuo Akimoto
Secretary of Attorney
General's Office

Enclosure No.2

COPY OF THE OFFICIAL REGISTER

Registration No.303.

Designation of Real Estate

Designation No.1 Accepted: July 28, 1944
Located at 38 Komagome-Oiwake-cho,
Bunkyo-ku, Tokyo-to
House No.116 of Komagome-Oiwake-cho,
Wooden, tile roofed and two-storied
dwelling house - one building
Building area: ground floor - 9 tsubo
 second " - 7 "
The above is registered.
Sketch file: Voli 93 page 71.

(The rest is blank)

"KO" Section (Ownership)

Order No.1 Omitted

Order No.2 Accepted: July 28, 1944 No.5230
Ownership is registered in behalf of Hikoe Makino
of 642 Nokata-machi 1-chome, Nakano-ku, acquired
through purchase under the same date.

This is to certify that the above copy of registration
is prepared from the original register and its contents are
exactly same as the original.

Tokyo Judicial Affairs Bureau,
Kojimachi Branch

Kazuo Akimoto
Secretary of Attorney
General's Office.

Enclosure No.3

Affidavit

1. The Naigai Building Company bought the following two houses from the Closed Institutions Liquidation Commission for the purpose of using them as the dwelling quarters of its employees and it is still owning the houses:

Location:	38 Komagome Oiwake-cho, Bunkyo-ku, Tokyo-to.	
Structure:	Wooden construction, tiled roof, 2-story building	
No. of ridge:	one building	
No. of houses:	3-family houses	
Symbol of sections:	A	B
Area:	44.95 tsubo	16.00 tsubo
Purchase Price:	¥ 91,000.00	¥ 25,000.00
Date of Payment:	Apr. 15, 1947	Oct. 9, 1948

2. The house A is being occupied by two families consisting of four persons who are the employees of the company and two families consisting of five persons who are not company's employees. The house B is occupied by one family consisting of six persons who have no connection with the company. Those who are not the employees of the company are the persons who had been living in the house before the house came to the possession of the company and who are declining to move out.
3. The registration of the transfer of ownership of the House B is expected to be completed by the end of this month.

4. I am attaching hereto Inventories of Assets as at the end of the term in which the House A and House B were bought respectively, balance sheet as of November 30, 1950, trial balance as of December 31, 1950, and the detailed list of "Buildings for Business" account. (Refer to the foot note)
5. The building for business including the House A was appreciated according to Property Revaluation Law, but the House B was not appreciated because of the fact that it is old and has only 16 tsubo of floor space and only ¥15,000.00 in book value and furthermore which requires good deal of repairing.

March 9, 1951

Hajime Inomata,
Managing Director of
the Naigai Building Co., Ltd.

Note:

1. Refer to Encl. No.4, No.5 and No.6.
2. The detailed list of Buildings for Business is omitted, because we already explained in detail concerning the account in the text of our report.

Enclosure No.4

INVENTORY

Naigai Building K.K.

	as of May 31, 1947	as of November 30, 1948
Buildings for Business	1,022,513.60	1,030,596.10
Machinery for Business	12,083.50	10,249.30
Accounts Receivable	106,360.40	34,003.80
Cash in Bank	79,920.99	467,727.53
Deposit for Tax Payment	12,917.31	
Cash on Hand	1,339.03	16.17
Securities	8,248.48	8,248.48
Suspense Payments	435,918.65	436,301.15
Total	<u>1,681,301.96</u>	<u>1,987,142.53</u>

Enclosure No.5

BALANCE SHEET

as of November 30, 1950

Naigai Building K. K.

Assets		Liabilities and Net Worth	
Buildings for Business	40,123,890.91	Capital Stock	1,000,000.00
Machinery for Business	9,135.30	Balance of Profit forward from the Previous Term	185,771.24
Office Furniture and Fixtures	1,582.00	Legal Reserve	195,000.00
Accounts Receivable	940,966.68	Special Reserve	1,497,950.00
Securities	6,420.00	Revaluation Reserve	39,746,875.00
Suspense Payments	91,930.50	Deposits for Office Room	28,449.00
Cash in Bank	1,319,094.91	Other Deposits	6,296.10
Cash on Hand	39,566.92	Accounts Payable	60,637.00
Loss for the Term	189,515.12	Suspense Receipts	1,124.00
Total	<u>42,722,102.34</u>	Total	<u>42,722,102.34</u>

Enclosure No.6

TRIAL BALANCE

as of 31 December, 1950

Naigai Building K.K.

Debit side		Credit side	
Balance of Loss brought forward from the Previous Term	3,743.68	Capital Stock	1,000,000.00
Buildings for Business	40,123,690.91	Legal Reserve	195,000.00
Machinery for Business	9,135.30	Special Reserve	1,497,950.00
Office Furniture and Fixtures	1,582.00	Revaluation Reserve	39,746,875.00
Accounts Receivable	940,956.68	Deposits for Office Room	28,449.00
Securities	6,420.00	Other Deposits	29,362.10
Suspense Payments	194,784.50	Accounts Payable	60,637.00
Operating Expenses	252,056.00	Interest Received	6,570.00
Current Account	206,787.91	Room Rents	1,484.00
Deposit at Notice	800,000.00	Miscellaneous Revenues	28,000.00
Cash on Hand	26,083.92	Suspense Receipts	1,124.00
Total	<u>42,595,451.10</u>	Total	<u>42,595,451.10</u>

RESTRICTED

Mr. Sullivan 26-7695

S 236

Former Manchukuo Property in Tokyo

DS

CPC

20 January 1951

(1) 1. Reference is made to DS check sheet of 2 Aug 1949 and CPC response 31 Aug 1949, subject, "Projected Sale of Ko-Toku Kaikan, former Manchukuo Property"; DS check sheet to CPC, 11 Sep 50, subject as above.

2. DS has been advised by the Department of State that the Chinese Embassy in Washington has expressed an interest in the action being taken in Tokyo with regard to this property. The following is a quotation of a communication from the Department in its entirety:

"A representative of the Chinese Embassy has informally brought to the attention of the Department an exchange of communications between the Chinese Mission in Japan and the Diplomatic Section, GHQ, SCAP between December 1946 and August 1950, with respect to claims of the Chinese Nationalist Government to property in Japan of the former Manchukuo puppet government. The assets specifically mentioned are two buildings and an account in a Japanese bank amounting to 280 million yen. According to the Chinese representative, both of the buildings in question belonged to the former puppet government, the one known as the Naigai Building or Ko Toku Kaikan having been used as a student dormitory, and the one near Hibiya Park known as To To Tei having been used as a club house for diplomatic officials. It is understood that the former building is still occupied by Chinese students, who are considerably disturbed over the prospect of termination of their rent-free occupancy.

"The Department has noted the communication of November 26, 1948 from the Diplomatic Section to the Chinese Mission, in which are stated the general principles recognized by SCAP as governing the interim control of former puppet government properties. The Department has informed the Chinese representative that these principles are in accord with the views of the U. S. Government. The Chinese representative argued that the To To Tei at least was a borderline case, that it could be found that the property was directly owned by the Manchukuo Government and used for diplomatic or consular purposes, and hence that the Chinese Mission should be allowed the use of this property within the principles. Reply was made that if there was new evidence which would justify this conclusion, the Department was confident that it would be open-mindedly considered by GHQ, SCAP, but that the Department could not itself undertake to evaluate the evidence.

RESTRICTED

RESTRICTED

Mr. Sullivan 26-7695

S 236

Former Manchukuo Property in Tokyo.

DS

CPC

20 January 1951

(1)
Cont'd

"With respect to the Naigai Building, the Chinese representative argued not that the Chinese could be given use of the building pursuant to the principles, but that pending a peace treaty the principles should be liberalized to allow continued use of the building by Chinese students. On this point it was indicated that the Department would desire the views of GHQ, SCAP before commenting. It is requested that the Mission explore with CPC the possibility of arrangements whereby the occupancy by Chinese students of this property could be regularized on terms mutually agreeable to the various parties concerned.

"With respect to the fund of 280 million yen, it was indicated that the Department did not consider a change in the present status of the fund feasible at this time."

3. DS requests an expression of the position of CPC relative to the arrangements suggested in the penultimate paragraph of this communication.

-----W. J. S.-----

CPC/OD

DS

Mr. W. R. F. Stier 26-5648

Date: 3 FEB. 1951

2 1. CPC'S opinion is submitted regarding subject matter of penultimate paragraph of quoted communication from the Department of State.

2. The history of administration of the Naigai Building (Ko Toku Kaikan) in Tokyo shows that this has always been used as an office building and that no Chinese students have ever been billeted there. The structure has been on Procurement Demand to the Allied Forces since 1946 and is presently known as "Empire House." As it is still being used by several SCAP agencies and diplomatic missions, it cannot be released in the near future.

3. With reference to the To To Tei Building mentioned in the first and second paragraphs of quoted communication, it is to be noted that ownership of this building has been in the name of the Zen Rin K. K., a Japanese Juridical Person as the successor to the Manchu Ko Yu Kai, an association which bought up the controlling interests of the former Manchu Kai. Investigation is continuing to determine to what extent any Manchukuo Government interest there was in the enterprise. The data presently available indicates that all money set aside for the development of the Manchu Ko Yu Kai was Japanese Government money or that belonging to Japanese individuals in Japan who had lived at one time in Manchuria. Any evidence available to the Chinese

RESTRICTED

RESTRICTED

Mr. W. R. F. Stier
26-5648

Former Manchukuo Property in Tokyo

(2)
Cont'd

CPC/OD

DS

Date: 3 FEB. 1951

Mission that would help to prove that the To To Tei was in reality
Manchukuo Puppet Government Property will be appreciated. 3 FEB. 1951

-----E. C. M. Jr.-----

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PERTAINS TO: C/N #2 to DS, subj, "Former Manchukuo Property in Tokyo"

DHB/WRF/S/dr

1 FEB 1951

MEMO FOR RECORD:

1. Ref is made to:

a. M/R, 23 Aug 49, pertaining to memo for M/F, file 095, subj, "Ko-Toku Kaikan (Naigai Building)," and C/N #2 to DS, subject, "Projected Sale of Ko-Toku Kaikan, former Manchukuo Property"

b. C.P.B. No. 380, 9 Apr 49, subj, "Ko Toku Kaikan and Hojin Kokusai Zenrin."

2. C/N #1 fr DS, 20 Jan 51, transmitted quotations fr a communication fr the Dept of State inquiring specifically for an expression of CPC position relative to students reportedly housed in the Naigai Building Tokyo, and comments on the To To Tei Building near Hibiya.

3. C/N #2 to DS informs that Chinese students have never been housed in the Naigai Building; that it is presently known as the "Empire House" and cannot be released at present time since it is used by SCAP agencies and several diplomatic missions. An interim report on investigation of the ownership of the To To Tei shows Japanese Juridical Person ownership and suggests that if the Chinese Mission had data to show that this was Manchukuo Puppet Government Property this should be presented to CPC.

4. Authority: JCS 1380/15.

5. Concurrences: None required.

6. Completes action on line No. 61365.

D.H.B. _____ 26-5639

RESTRICTED

24 August 1950

MEMO FOR FILES:

SUBJECT: Naigai Building

1. Petition re "Restoration of Share Certificates of Naigai Bldg sets forth disputed claims between two business firms, Japanese juridical persons. Messrs. Saigo & Fujicka, the petitioners have been informed by telecon, 24 Aug 50, that action will not be taken by CPC until such time as the petition is officially submitted by the JG with recommendations.

2. Action is completed on Line No. 55544.

V. Poindexter

Civil Properties Custodian,
Kokubu Building,
Tokyo.

Subject : Restoration of entire Share Certificates of the
Naigai Building Co., Ltd., owner of the Showa
Building, 18 Marunouchi 2-chome, Chiyoda-ku,
Tokyo.

Reference: Petition by Yasuhei Saigo & Shigetaro Fujioka,
under date of April 18, 1949.
Ditto under date of July 20, 1950.

1. In continuation of our letter of July 20, above referred to, we
beg to advise you that Mr. Kojiro Toida, residing at 3313-3
Kokubu, Yebina-cho, Koza-gun, Kanagawa-ken, now testifies as fol-
lows:-

Naigai Building Co., Ltd.
18 Marunouchi 2-chome
Chiyoda-ku, Tokyo.

The above building company was called Kotoku-Kaikan, Ltd.,
at the time of the Japanese Surrender (August 15, 1945) and
belonged to the Manchukuo Government, but on the day of the
Japanese Surrender and the following day, I, Kojiro Toida, then
chief of the General Affairs Department of the above company,
attended to the work of altering the names of holders of the
Share Certificates of the above company from the Manchukuo Govern-
ment to the Manchu Association (now called the International Good
Neighbourhood Club), anti-dating such alternation on July 1, 1945,
in concert with Mr. Kenzo Hayashi, then President, and Mr. Gisaburo
Takizawa then chief of the Accountant Department, of the above
company, under instruction of the said Kenzo Hayashi, disguising
change of the ownership of the shares as a donation by the
Manchukuo Government to the said Club on July 1, 1945.

2. It has further transpired that the above company's title was
changed from the Kotoku-Kaikan, Ltd., to the Naigai Building Co.,
Ltd. in January, 1946.

We commend the above to your kind consideration.

Tokyo, July , 1950.

西御保厚
Yasuhei Saigo,

Shigetaro Fujioka,
c/o Minagawa Building,
18 Ginza 1-chome, Chuoku,
Tokyo. (Telephone 56 - 1769).

CONFERENCE MEMORANDUM

8 June 1950

Miscellaneous Property Branch/FP

Subject: Ko-taku Kaikan (Naigai Bldg.)

Present: Sakae Suzuki and Yasuhei Saigo, representing the Naigai Bldg.

Representing CPC: Mr. W. K. Dayton and Miss A. C. Bolton.

Mr. Yasuhei Saigo, represented by Sakae Suzuki, came to CPC on 8 June 1950 to inquire about the return of the Naigai Building (Ko-taku Building) now known as the Empire House to the original owners. Mr. Suzuki, speaking for Mr. Saigo, stated that the latter was one of the original shareholders of the Naigai Building company, former owners of the reference property, and was representing all of the original shareholders. He stated further that the reference property was sold by the Naigai Building company under duress of the Japanese Government to the Manchurian Puppet Government during the war with the understanding that it would be sold back to the original shareholders when the Manchurian Government ceased to use the reference building. All papers in connection with this transaction were burned. In July 1945 the Manchurian Puppet Government made a present of the reference property to the International Good Will Club, a foundational juridical person. Mr. Saigo was advised through Mr. Suzuki that the case in question is being investigated and that the investigation might not be finished before the end of the year. In the meantime, action in regard to the property is pending.

AcB
A. C. Bolton

rsn

CONFERENCE MEMORANDUM

September 1949

Miscellaneous Property Branch/FP

SUBJECT: Ko-toku Kaikan (Naigai Building)

Mr. Yasuhei Saigo (Minagawa Bldg., 1-6 Ginza, Chuo-ku, Tokyo, represented by Mrs. Nogami, came to CPC to inquire re the Naigai Building. He stated that the building was sold under duress. CPC has information that shares in the Naigai Building Company were transferred to the Manchurian Embassy; after prolonged discussion Mr. Saigo stated that the shares were, in fact, sold but that he could prove that title to the building was also transferred. Mr. Saigo seemed confused re the transactions and was told to submit details in writing. CPC information lists building as property of Naigai Building Company shares of which were transferred to Manchurian Embassy in 1942.

B. C. Adachi

November 1949

No documents have been received which back up Saigo's statements. No action is deemed necessary pending solution of general puppet problem.

B. C. Adachi
B. C. Adachi

MINISTRY OF FINANCE
THE JAPANESE GOVERNMENT

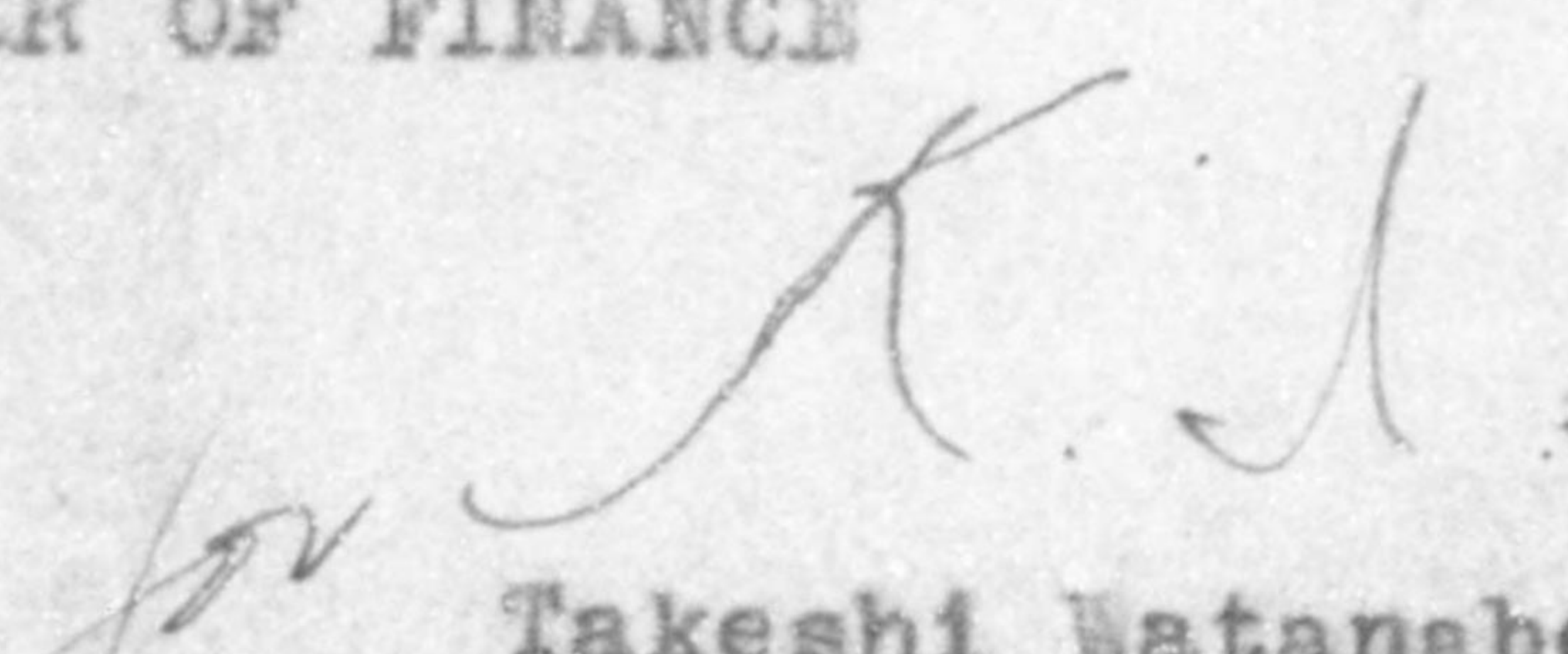
FCO 2505/49 (CPL/TE)

14 September, 1949.

MEMORANDUM FOR: CIVIL PROPERTY COUSTODIAN, G. H. Q.
THROUGH: Bureau of Liaison, Ministry of Foreign Affairs.
SUBJECT: Transfer of Ko-toku Kaikan (Naigai Bdg.)

1. Reference is made to your memorandum
095 (30 Jul, 49) CPC/FP 31 Aug, 49
Subject: Ko-toku Kaikan (Naigai Building)
2. Pursuant to the afore-mentioned memorandum, the Ministry of
finance has sent notifications as shown in the attached sheets
to Naigai Building Co., Ltd. and International Friendship Club,
foundational juridical person.
And it is herewith reported to your Headquarters.

FOR THE MINISTER OF FINANCE


Takeshi Watanabe
Financial Commissioner

(KUD)

FMO 868 (FIM)
16 Sept '49

RECEIVED
MINISTRY OF FINANCE
SEP 21 1949
MED

MINISTRY OF FINANCE
THE JAPANESE GOVERNMENT

(Attached No. 1)

Memorandum for : TSUKISHIMA Shinji, President of the
Foundational Juridical Person, International
Friendship Club, c/o To-tte-tai, 1-2,
Yurakucho, Chiyodaku, Tokyo-to

Subject : Restriction of Transaction concerning the
Naigai Bdg. Shares.

Your attention must be paid to the fact that no transaction
of Naigai Bdg. shares owned by you may be effected without
authorization of the Minister of Finance in accordance
with the provisions of the Ministry of Finance Ordinance No. 88
of 1945

Besides, just for information, this memorandum is based on
the instruction of the General Headquarters, Supreme Commander
for the Allied Powers.

Director of Financial Bureau
Ministry of Finance,

MINISTRY OF FINANCE
THE JAPANESE GOVERNMENT

(Attached No. 2)

Memorandum for : HAYASHI Kenzo Director of Naigai Bdg.
Co., Ltd.

Subject : Restriction of Transaction concerning the
Naigai Bdg. Shares.

Your attention must be paid to the fact that no Transaction of Naigai Bdg. shares owned by you may be effected without authorization of the Minister of Finance in accordance with the provisions of the Ministry of Finance Ordinance No. 88 of 1945

Besides, just for information, this memorandum is based on the instruction of the General Headquarters, Supreme Commander for the Allied Powers.

Director of Financial Bureau
Ministry of Finance,

Information concerning the To To Tei Building

The To To Tei Building is owned by the Zenrin Club Co., whose business is to hire the building. The representative is Mr. Yasuichiro Chino, managing director of that company. The capital of the Zenrin Club Co. is ¥ 100,000 and it is fully paid, being divided into 2,000 shares.

The Kokusai Zenrin Club Association, which holds 95% of the shares of the Zenrin Club Co., is a main renter of that building, together with Mr. Hsu Ping-lai (徐炳燮), representative of the Chinese Cooking Association. The Kokusai Zenrin Club Association was remodelled in July 1947 from the Shotoku Club, and Mr. Nobuji Tsukijima is the representative of the said Association.

According to Article 2 of the Articles of Association, the purpose of the Kokusai Zenrin Club Association is (1) to increase friendship between the people who were once residents in foreign country and (2) to promote their international knowledge.

A part of the first floor and all the rooms of the second floor of the building are occupied by the Kokusai Zenrin Club Association, and Mr. Hsu uses the basement, the third, the fourth and the fifth floors, besides some part of the first floor. Remaining part of the first floor is reserved for the office of the Zenrin Club Co.

The monthly rental paid to the Zenrin Club Co. by the Kokusai Zenrin Club Association and Mr. Hsu is ¥ 618 and ¥ 50,000 respectively.

(C O P Y)

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
CIVIL PROPERTY CUSTODIAN

095 (30 July 1949)CPG/FP

31 August 1949

MEMORANDUM TO: Ministry of Finance, Japanese Government, Tokyo, Japan

SUBJECT: Ko-toku Kaikan, Naigai Building

1. Reference is made to SCAPIN 45 dated 22 September 1945, subject, "Control of Financial Transaction," - - - - -

2. The Naigai Building is subject to the provisions of the reference memorandum by reason of the Manchukuo interests and Chinese Government's claim for title thereto.

3. No transactions pertaining to the said property may be effected without the prior authorization of General Headquarters, Supreme Commander for the Allied Powers, Civil Property Custodian. The enforcement of the Japanese Government's Ordinance No. 88 with regard to the subject building is the responsibility of the Japanese Government.

(Signed)

(C O P Y)

CHECK SHEET

Mr. Adams 26-5443

File No: H 236

Subject: Projected Sale of Ko-Toku Kaikan, former Manchukuo Property.

Note No. (1)

From: DS

To: GPG/YP

Date: 2 August 1949

1. Reference is made to telecon Mr. Curland - Mr. Adams, 2 August 1949, on above subject. DS has replied this date to the Chinese Mission memorandum of 30 July 1949, copy inclosed, to the effect that no such sale is being effected nor could it be made under existing regulations (info copy to GPG/YP).

2. It is requested that the Japanese Government again be notified of the applicability of standing instructions regarding the transfer of title to such properties as were foreign owned on 7 December 1941. Reference is made in this connection to GPG/YP check note no. 2, 26 February 1949, to DS check sheet, 7 February 1949, "Chinese Claim to Title of Former Manchukuo Property in Tokyo".

3. It is suggested that American International Underwriters and Mr. Ayakawa be informed that no sale of the Ko-Toku Kaikan (Empire House) can be effected due to existing regulations as well as to the fact that the Chinese Government has presented an official claim for title to this former Manchukuo property.

1 Incl:
Copy of Chinese memo,
30 July 49.

-----W.J.S.-----

MCA
Mrs. J.S. Adachi 26-5624

2

From: GPG/YP

To: DS

Date: 31 AUG 1949

Inclosed is a copy of directive issued to the Ministry of Finance regarding subject property.

1 Incl
1. w/d
Added 1 Incl
2. Memo for M/E

-----R. C. H., Jr-----

PERTAINS TO: Memo for W/F, file 095, subj. "Ko-Foku Kaikan (Naigai Building)," and
C/N #2 to DS, subj. "Projected Sale of Ko-Foku Kaikan, former Manchukuo
Property."

WFO
DHP/WFO/SCA/cdt
23 August 1949

MEMO FOR RECORD:

1. C/N #1 fr DS, 2 Aug 49, forwarded memo, 30 Jul 49, fr Chinese Mission requesting that the rumor be investigated re the purchase of the Naigai Bldg (Ko-Foku Kaikan), now known as Empire House and any sale stopped. DS replied to memo but requested that CFC remind JG that any such transactions violate directives re prop in which there is a foreign interest.
2. Chinese Dip Mission interest arises from the Manchukuoan proprietary interest in the bldg; validity of alleged transfer of such interest to a Japanese agent in Jul 45 has not been determined. Bldg is on P.D. to Occupation Forces; there is no policy for the disposition of puppet-owned real prop at this time.
3. Negotiations re proposed sale of the bldg to American cos were brought to CFC's attention verbally. The entire problem has been discussed with the W/F and all interested parties who have been advised that any transactions pertaining to such prop are unauthorized and in violation of SCAP directives pertaining to foreign prop.
4. Memo to W/F directs attention to SCAPIN 45, Manchukuoan and Chinese Govt interest in the prop, and compliance with JG Ordinance No. 58.
5. C/N #2 to DS forwards copy of directive to W/F.
6. Authority: Had W 81059, 5 May 48; and for direct communication, C/N fr C/S, 2 Apr 46.
7. Concurrences: not required.
8. Action completed on Line No. 31416.

BHB WFO 26-5639

26 July 1949

MEMO FOR FILE

SUBJECT: Chinese Claims

PRESENT: Liu, Ian-Sheng, Chinese Reparations and Restitution Delegation;
Messrs. Dayton and Curland, CPC

Mr. Liu called at the office of Miscellaneous Property Branch this date re the following:

(1) Naigai Building - Minister Yorkson C. F. Shen has heard that the Manchurian Heavy Industry Development Co. is negotiating with American International Underwriters Corporation to sell the subject building for \$1,250,000.

Liu was told that CPC has no intention of authorizing the sale of this building by anyone to anyone pending establishment of title to it; that Japanese Government has been instructed of the applicability of SCAPIN 45 and Ordinance 33 to subject building and that American International Underwriters have been advised accordingly by CPC.

During interview, Liu stated:

- a. Manchukuo Puppet Embassy purchased the building with funds given to it by the Manchurian Heavy Industry Development Co. from a "secret fund"
- b. Chinese Mission is aware but does not recognize the validity of the gifting of the Naigai Co. shares by the puppet embassy to the International Goodwill Club
- c. "Koto-Ku" in the Ke-toku Kaikan is the official appellation of Pu-Yi's reign as Manchukuo Emperor.

(2) Manchukuo Embassy Property - Liu was told that determination of title at this time is not within scope of SCAP's authority but that the property could be made available for Mission's use. Liu was also informed that further investigation is now in progress re subject property.

(3) Taiwan Fiber Products Co. (Taiwan Senj Seihin K. K.) - Liu was told on liquidation of the company (in accordance with SCAPIN 1965) proceeds of liquidation distributable to Formosan stockholders will be deposited into a bank account in Japan (Foreign Creditors' Yen Deposit Account) and will be available to Formosan beneficiaries on demand.

msu

H. Curland

TO: CIVIL PROPERTY CUSTODIAN, GENERAL HEADQUARTERS
OF THE SUPREME COMMANDER FOR THE ALLIED POWERS.

SUBJECT: Ko Toku Kaikan and Hojin Kokusai Zenrin.

C.P.B. No. 380

9 Apr. 1949

1. Reference is made to the memorandum for Civil Property Bureau, Foreign Office, file 095 (2 Feb 49)CPC/FP, 9 March 1949, subject "Ko Toku Kaikan and Hojin Kokusai Zenrin."

2. Submitted herewith is report on the relationship between the ex-Manchukuoan Government and property in Japan of the Raigai Building Company and Hojin Kokusai Zenrin, as prepared by the Ministry of Foreign Affairs, in compliance with paragraph 2 a through f of the reference memorandum as of attached.

FOR THE MINISTER:

(Yuzo Isono)
Director, Civil Property Bureau.

Enclosed: a report

3/4/6

C O P Y

15 March 1949

MEMO FOR FILE

SUBJECT: Naigai Building (Kotoku Kaikan)

PRESENT: Hishiki, Ministry of Foreign Affairs, Control Bureau, Economic Affairs Section; K. Suganuma, Ministry of Foreign Affairs, CPB, Fourth Section

1. Representatives of the Japanese Government were again directed to notify the Hojin Kokusai Zenrin (International Goodwill Club) that property acquired by it through shares of Naigai Building Company, donated/gifted by Manchukuo puppet regime, is subject to Ordinance 88 and SCAPIN 45, until further notice. The Club is specifically directed not to dispose of tangible property. There will be no action taken at this time on the investment by Naigai Bldg. Co. of rental proceeds from subject building for purchase of a residential house, but such investments are not to take place in future without prior approval.

(It is considered that the above action is all that is necessary at this time regarding checksheet, S 236, 26 February 1949, from DS which forwards a letter from the Chinese Mission requesting that appropriate steps be taken to prevent the rumoured sale of the subject building to an "American Episcopal Church". Investigation of the interest of Manchukuo in the subject property has revealed that the interest was disposed of by donation; this raises the question of why recognition should not be given to an action of a puppet regime in disposing of property by gift as to its action in acquiring such property.)

/s/ B. C.

B. Curland

mau

CIVIL PROPERTY CUSTODIAN
APO 500

695 (2 Feb 49)CPC/FF

WHD
DHB/WHD/khf
9. MAR 1949

MEMORANDUM FOR: Civil Property Bureau, Foreign Office,
Japanese Government, Tokyo, Japan

SUBJECT: Re Toku Kaikan and Hojin Kokusai Zenrin

1. The Civil Property Bureau is directed to investigate and report on the relationship between the ex-Manchukuoan Government and property in Japan of the Naigai Building Company, and Hojin Kokusai Zenrin. Report will be submitted within thirty (30) days of this memorandum to General Headquarters, Supreme Commander for the Allied Powers, Civil Property Custodian.
2. Report will specifically, though not exclusively, give information, supported by copies of records, where available, pertaining to the following:
 - a. Date and purpose of acquisition by Manchukuo of 100% of the securities of Naigai Building Company; source of funds with which purchase was made; type of property owned by Naigai Building Company at that time; agent or agency of Manchukuo by whom purchase was made
 - b. Control exercised by Manchukuo over management of property of the Naigai Building Company including the Re Toku Kaikan building, and its participation in the income accruing from such management; utilization made of the property of Naigai Building Company including the use of the Re Toku Kaikan Building as a club-house or residence
 - c. Date, purpose, consideration, authority, and by what agent or agency of Manchukuo the shares of Naigai Building Company were transferred to Hojin Kokusai Zenrin; present ownership registration and location of the certificates of subject shares
 - d. Date and purpose of the establishment of Hojin Kokusai Zenrin or its predecessor (s); composition of its membership; property owned by said association at the time of founding, at the end of the war and at present; source of funds for acquisition of such property

MAR 10 1949

31416

085 (2 Feb 49)CPC/ST

9 MAR 1949

Subj: Ke Toku Kaikan and Hojin Kokusai Zenrin

e. Participation of the Manchukuo Government or its agency in the financing and management of the Hojin Kokusai Zenrin or its predecessor (a)

f. The utilization/operation of property of Haigai Building Company, specifically the Ke Toku Building, made since transfer of Haigai Building Company stock by Manchukuo; amount and type of income derived and to whom and for what purpose disbursement has been made of such income.

PATRICK H. TANNEY
Brig Gen, USA
Custodian

173012
Mr. Adams ^{Rios} 26-5443

S 236

Chinese Claim to Title of Former Manchukuo
Property in Tokyo.

DS

CPC/FP

26 February 1949

1. Reference is made to DS check sheet, 7 February 1949, subject as above, regarding the Ko Toku Kaikan (Empire House), Tokyo.

2. Inclosed for your information and necessary action is a copy of the Chinese Mission's memorandum of 16 February 49, stating that it has been reported to the Mission that the former custodians are planning to sell this building. The Mission requests appropriate steps be taken to prevent any such sale.

1 Incl:
Copy of memorandum.

J. S. ^{P.M.B.}

31416

Mr. Adams 26-5443

S 236

Chinese Claim to Title of Former Manchukuo
Property in Tokyo.

DS

CPC

7 February 1949

1 1. Inclosed herewith is a copy of Chinese Mission memorandum of 2 February 1949 presenting a claim on behalf of the Chinese Government for title to the Ko Toku Kaikan, a former Manchukuan property in Tokyo. The Chinese Mission states that the Japanese-owned Naigai Building was sold to the puppet government of Manchukuo in 1943 and became the Ko Toku Kaikan, a clubhouse for Manchukuo officials visiting Japan. The Mission claims that no Japanese money or interests were involved in this purchase and therefore that the title to this property should revert to the Chinese Government.

2. Request DS be furnished information on which to base reply to the Mission.

1 Incl:

Chinese Mission memo (may be
withdrawn for CPC files).

----- W. J. S. -----

2

From: CPC/WT

To: DS

Mr. Curiam 26-5143

Date:

26 FEB. 1949

1. From informal conference with representatives of the Japanese Government subject building has been identified to be under procurement demand to the Occupation Forces and currently known as the "Empire House."

2. It is suggested that the Chinese Mission be advised in substance as follows:

"Authority for acceptance of claims of subject category has not as yet been received by General Headquarters, Supreme Commander for the Allied Powers; pending receipt of such authority it is suggested that subject claim be held by the Chinese Government. When procedure has been established for adjudicating such claims, adequate publicity will be given.

"Definitive instructions from higher authority relative to the disposal of interests of the former puppet regimes in property in Japan is also as yet not available to General Headquarters, Supreme Commander for the Allied Powers and it is therefore not within the authority of General Headquarters, Supreme Commander to transfer title of the subject property.

31416

Chinese Claim to Title of Former
Manchukuo Property in Tokyo

CFC/FP

DS

20. FEB. 1949

2 (contd) "Attention of the Japanese Government has been called to the applicability, to Manchukuo's interests, of instructions which prohibit transactions in property in Japan which was on or since 7 December 1941 owned or controlled, directly or indirectly, in whole or in part, by any person outside of Japan."

1 Incl
s/c

----- P. H. T. -----

PERTAINS TO: C/W #2 to DS, subj, "Chinese Claim to Title of Former Manchukuo Property in Tokyo."

^{WHD}
DRB/WHD/wmf BC
18 February 1949

MEMO FOR RECORD:

1. C/W #1 fr DS, 7 Feb 49, file S 236, requested info on which to base a reply to a claim fr the Chinese Mission, as successor govt of the Manchukuo puppet regime, to a bldg known as "Ko Toku Kaikan" or "Haigai Bldg" located at 18, 2-chome, Chiyoda-ku, Tokyo. Chinese Mission claims title to the prop and requested acknowledgement of the claim.

2. During conf with reps of JG, 10 Feb 49, prop was identified as being under PD and currently known as the "Empire House." JG was informed that provisions of SCAPIN 45 and Ordinance No. 88 were applicable to subj prop.

3. C/W #2 to DS advises that:

a. SCAP does not have authority to accept claims of subj category

b. SCAP does not have authority to transfer title to prop owned by former puppet regimes

c. JG has been instructed as to the applicability of SCAPIN 45 and Ordinance 88 to subj prop.

4. Authority: Radios W 81095, 5 May 48, and WAR 93363, 3 Jan 48.

5. Action completed on Line No. 31415.

CHB
D. H. B.

CONFERENCE MEMORANDUM

10 February 1949

Miscellaneous Property Branch/FP

SUBJECT: Naigai Building (To Tokai Kaikan)

PRESENT: Inamoto, Director of Naigai Bldg. Co. and Official in Charge of Building since 1942 (57-0696 - 0697)
Hishiki, Ministry of Foreign Affairs, Control Bureau Economic Affairs Section (57-4175 - 4179) formerly with Ministry of Greater East Asia
Messrs. Dayton and Curland

Meeting called to discuss ownership of subject building, at present known as the "Empire House," for which a claim has been received from the Chinese Mission as successor of the Manchukuo Puppet Regime. All statements referred to below were made by Inamoto.

1. The Manchukuo, through its Economic Affairs Ministry, acquired an interest in the subject property in September 1942 in following manner: In consideration of payment of ¥3,300,000 it acquired at 100% stock-ownership of Naigai Building Co. (a 100% Japanese owned company), a company whose sole asset was the subject building located at 18, 3 Chome, Chiyoda-ku, Tokyo. Three (3) million yen of the price paid, was for the building, the balance of ¥300,000 was for the bank deposit account of Naigai Building Co. In spite of the 100% stock-ownership, Manchukuo did not acquire representation on the directorate and was permitted voice only at stockholders' meetings which did not include control of management. In essence, Naigai Building Co. managed the property independently of any control from the Manchukuo Regime; dividends from management of property were payable to stockholders but were never declared.

2. Property was acquired for purposes of housing agencies involved in allocating raw materials to be shipped to Manchuria for manufacture and ~~for~~ representatives in Japan of such manufacturers. Tenants consisted of Japanese agencies of "closed institutions", branches of Japanese companies incorporated abroad, Manchukuo Economic Affairs Agency and some agencies of the Manchukuo Embassy. (Complete list of tenants in the building as of middle of 1944 is to be brought in by 12 February 1949.) Acquisition of the property in 1942 became necessary as the Greater East Asia Ministry moved into the South Manchurian Rail. Building (Mantetsu) throwing out all these tenants. All tenants paid prevailing rent to the Naigai Bldg. Co. and used the space for offices.

3. In July 1945, the 100% stock ownership of Naigai Bldg was "gifted" to Hejin Kokusai Zenrin (International Goodwill Club). Inamoto alleges that he does not know who in the Manchukuo Embassy transferred the title of the stock of Naigai Bldg. Co. All he knows is that title was transferred as a gift/contribution. (He is to bring in on 12 Feb, a certain Mr. Katsura, former Counsellor of the Manchukuoan Embassy and now a purgee, who is supposed to be familiar with the transfer). The International

CONFERENCE MEMORANDUM - 2

Goodwill Club is still in existence today and is housed in To-To-Toi Bldg. in Tokyo, back of Sanshin Building; the gifted Naigai Bldg. Co. shares are in its safe-box. The International Goodwill Club is a society to improve international relations; former objective was to "improve" relations with the Asiatic countries.

4. Inamoto states he does not know the source of the funds with which Manchukuo bought the Naigai Bldg Co. He thinks Manchukuo withdrew the funds from the Tokyo offices of either the Central Bank of Manchukuo or Manchuko Industrial Bank. He believes that Katsura can supply some information on this question and that possibly ex-officials of the banks involved may be able to do likewise.


5. The building is now on Procurement Demand to Occupation Forces and Naigai Bldg. Co. receives a monthly rental of ¥160,000 from the Japanese Government.

6. The building was partially destroyed in earthquake of 1923 when it was known as the "Showa Building"; it was re-built in 1928 and became the Naigai Building. Including the basement building, it is six stories high; has 3,540 tsubo (125,963 square feet) of space and the current value is estimated to be about ¥120,000,000.

7. In July 1947, the Naigai Bldg. Co., with proceeds of rentals of subject building purchased from CILG a house located at 38, Oiwake-cho, Komagome, Bunkyo-cho, Tokyo. House is occupied by Inamoto as a residence.

8. Regarding rumors that Naigai Building Co. or the Club was negotiating to sell the building to a religious organization, representatives were informed that building is subject to provisions of SCAPIN 45 and Ordinance No. 83 and that no transfer of ownership of building or the shares would be countenanced.

mau


B. Curland

MEMORANDUM

The Chinese Mission in Japan has the honor to invite the attention of the General Headquarters, Supreme Commander for the Allied Powers, to the property known as Ko Toku Kaikan (), located at No. 18, 2-chome Chiyoda-ku, Tokyo.

The said Kaikan, as shown in the letter of certification issued by the ex-directors of Naigai Building K.K., was the property of "Manchukuo" which acquired the title of ownership through the sale of Naigai Building to the Government of "Manchukuo" at a price of ¥3,500,000.00 on November 25, 1943. In this connection, it is obvious that there was no Japanese shares or interests involved therein. The Chinese Mission has been given to understand that the said Kaikan was used as the clubhouse of the "Manchukuo" officials visiting Japan. The maintenance of this clubhouse was made possible through the collection of membership fees, donations and surplus profits. It is, therefore, evident that the Kaikan is a "Manchukuo"-owned and "Manchukuo"-organized institution.

The afore-mentioned facts concerning the organization and funds of Ko Toku Kaikan all point to the conclusion that the right of ownership of this property belongs to the defunct Government of "Manchukuo", which was the puppet organization sponsored by the Japanese Government on Chinese soil. This Mission deems it logical and proper that with the elimination of the puppet Government of "Manchukuo" following the restoration of Manchuria to China as an integral part of Chinese territory, all properties belonging to the former puppet Government, whether in China or abroad, should naturally revert to the title of the Chinese Government.

The Mission therefore wishes to claim, on behalf of the Chinese Government, the title of the said property. It is requested that the claim be duly filed pending an approval by higher authority. General Headquarters' acknowledgment of said claim will be appreciated.

To: Diplomatic Section
GHQ, SCAP.

February 2, 1949.

*Original in FP
49 to APC - 21 Feb. 49*

SUMMARY

SUBJECT: Jurisdiction over the Naigai Building.

For several years the Chinese Mission has been trying to force Civil Property Custodian, SCAP, into making a determination that:

- a. The Nationalist Chinese Government is the successor government to the Manchukuoan Puppet Regime;
- b. That the Naigai Building should be turned over to the custody of the Chinese Mission as property of such successor government.

These attempts have been made through letters to Civil Property Custodian, personal pressure on individuals in CPC, and later on Colonel Gillette, Civil Property Custodian. A whisper campaign against certain members of CPC indicating that they might have accepted bribes from Japanese was also conducted. These attempts having failed, personal requests by Lt. Gen. Ho, Chief of the Chinese Mission, were made to Brigadier General Keyser, Deputy Chief of Staff, SCAP, and finally to General Hickey, Chief of Staff. Included in the final attempt was a successful effort on the part of Mr. Raymond Bushell to read the report of the CID, dated 23 Apr 52, in connection with the investigation of this matter. Mr. Bushell read this document before it was made available to the Office of the Chief of Staff.

During this entire period the position of the United States Government has been clear:

- a. That SCAP should not enter into any controversy regarding the designation of the successor governments to the various puppet regimes;
- b. That SCAP should not make any decisions having the force of law

with regard to ownership of property claimed by such successor government;
but

c. Such determination should be left to due process of law in the Japanese courts; and

d. That the determination regarding the successor governments and the property to be released to them should be made about the time of the peace treaty as a result of bilateral negotiations between the Japanese Government and the claimant governments.

The principal contention of the Chinese Mission has been that SCAPIN 45, 22 Sept 45, was violated by a deliberate attempt on the part of the officials of the Naigai Building Company, with the knowledge and consent of the Japanese Government, to prevent SCAP custody of the property by transferring the stock of the Naigai Building on 15-16 Aug 45, back-dating the transfer to 1 Jul 45. Various investigations ^{of this allegation} were made by CPC at the behest of repeated requests ^{and} demands on the part of the Chinese Mission ~~into this principle allegation~~. Since SCAPIN 45 was dated 22 Sept 45 and was not retroactive, any action preceding this date was of course no violation of SCAPIN 45. It was suspected, however, that there might have been some truth to the charge by the Chinese Mission regarding the back-dating of the transfer of stock. To protect SCAP therefore, and incidentally the interests of the Chinese Mission, it has been the consistent policy of CPC that the Japanese Government would be kept informed that the Naigai Building was definitely under consideration as property claimed by the Chinese Mission for the Chinese Nationalist Government.

There has been for some time a law suit in the Japanese courts over the legal ownership of the Naigai Building. CPC has been very careful to

keep out of the controversy and not to lend the weight of SCAP's authority to either one side or the other regarding the ownership of the building.

By the time the peace treaty was signed in September 1951 it was believed by CPC that SCAP's position with regard to the Naigai Building was firm, was understood by all concerned, and was in accordance with announced policies from Washington. Position Paper JAPQ D-2/9 which covered the policy regarding the claims of puppet regimes had been in the process of completion since June 51 and was approved in October by the Department of the Army and State Department. This policy confirmed previous statements with regard to this subject.

On 29 Nov 51, the Chinese Mission, having failed in its attempts to maneuver SCAP into making any statements of fact which would be in contradiction of announced policy, brought to General Keyser some additional information and a repetition of previous requests, together with specific charge of violation by Japanese nationals of SCAPIN 45. It was intimated at this time by General Ho that certain members of CPC might have received some consideration from Japanese nationals and at least they showed evidence of being very pro-Japanese. At this time Colonel Gillette made a very careful analysis of the entire problem and reviewed all statements of testimony submitted and went thoroughly into the question of policy regarding the puppet government matter.

~~Because~~ ^{Although} no new information was available ^{but} ~~and~~ because of General Ho's allegation it was deemed advisable to refer the matter to an official SCAP agency trained in criminal investigation procedure. The case was therefore turned over to the CID on 29 Dec 51 for investigation and report.

Meanwhile due to enforced strength reduction in CPC it was necessary to turn over the operational responsibility for many of CPC activities to the Japanese Government. On 10 Dec 51 by SCAPIN 2188 the operational responsibility

for the handling of puppet government claims was turned over to the Japanese Government effective 15 Dec 51. Under this SCAPIN the Japanese Government assumed custody pending final determination of legal ownership with SCAP retaining supervisory control until the effective date of the peace treaty. Monthly report was to be rendered to SCAP of any actions taken by the JG. Included in Annex A to this SCAPIN under the properties listed as being claimed for the successor government to the Manchukuo Regime there was specifically mentioned the Naigai Building. It was stated also that it was contemplated that the Japanese Government at such time as would be mutually agreeable should enter into separate negotiations with the claimant governments, if and when such governments were recognized by Japan as successor governments to the former puppet regimes. On 14 Mar 52 an interim report was made to the Diplomatic Section for transmittal to the Chinese Mission in which it was stated that no violation of SCAPIN 45 had been found. However, without the knowledge of Colonel Gillette, the CID continued the investigation and in the final report claimed a violation of SCAPIN 2070 by the registration of the title in the name of the Naigai Building Corporation in the Legal Affairs Bureau of the Japanese Government on 25 Feb 51. While a report of this violation was called to the attention of CPC by the Chinese Mission in their letter of Nov 51 it was felt by CPC that this was automatically covered by the SCAPIN of 10 Dec which definitely placed the Naigai Building in the custody of the Japanese Government. In addition on _____ the Japanese Government was requested verbally by Mr. Blake of CPC to stop paying the rental of the Naigai Building (Empire House) (which was on PD to the Occupation) to the Naigai Building Corporation.

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GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

Document No. JAPQ D-2/9 Re Japanese Property and Claims Questions

SUBJECT: Claims of Various Governments to Assets in Japan Arising
out of the Existence of Japanese Puppet Regimes

STATEMENT OF THE PROBLEM

1. Disposition of all property in Japan which was in the possession or control of certain designated Japanese Puppet Regimes or their diplomatic agencies or personnel and which is claimed by successor governments of these Puppet Regimes.

CONCLUSIONS

2. In view of the contradictory evidence and the uncertainty surrounding the origin of the funds used in the purchase of real property and the opening of yen bank accounts, it is concluded that a series of bilateral agreements should be negotiated, prior to the coming into force of the peace treaty, between Japan those countries which had Puppet Regimes (including the Mongolian Puppet Regime) during World War II. Such agreements should provide:

a. The manner of disposition of all real property in Japan owned directly by a Puppet Regime or in the name of an official representative of such Regime

b. The manner of disposition of yen deposits in Japan in the names of Puppet Regimes or any representative thereof

c. For the return of all other Puppet property in Japan (except that mentioned in a and b above) to the successor government, upon proof of ownership, regardless of whether it was actually brought into Japan by the Puppet Regime. (Note: This is a relaxation of the terms of Washington Radio W 81059 but it is considered to be a practical solution to the problem of disposing of the small remaining balance of Puppet personal property).

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RECOMMENDATIONS

3. It is recommended that the conclusions in paragraphs 2a, b and c be adopted.

FACTS BEARING ON THE PROBLEM

Historical Background

4. During World War II certain collaborationist governments of the Far East established, with the assistance of the Japanese Government, Puppet Regimes which actively engaged in furthering Japan's war effort. The chief puppet collaborators were the Regimes located in the Philippines, Burma, North China and Manchuria. These Puppet Regimes sent representatives to Japan during the war years who established official embassies or missions in Tokyo. Property in Japan owned by these Puppet groups at the end of the war consisted of real estate, bank accounts and personal effects of the staff members.

5. The first action taken by the Occupation Forces was to incarcerate the leaders of the Puppet Regimes in Japan. Custody of all property, both official and personal, was in the first instance effected by the Counter Intelligence Corps. Later in 1946 SCAP assumed responsibility for the custody and disposition of the various Puppet properties. By far the largest delegation was the Philippine group, consisting of the Laurel, Vargas and Osias families and other members of the Puppet staff. These people were soon repatriated to the Philippines but were permitted to take with them only a limited amount of personal effects. Left under custody in Tokyo were considerable quantities of clothing, curios, jewelry and other personal articles. The Burmese group was also repatriated and its members left personal effects in a somewhat lesser amount and value. Most of these items have since been returned to the Philippine Government and to the United Kingdom representing the Union of Burma. Except for real estate and bank accounts there remains for final disposition only a small amount of personal property of the Philippines and Burmese groups, for which affidavits of ownership have not yet been filed by the successor governments.

6. SCAP received the Puppet policy directive from Washington in 1948. This was contained in Radio W 81059, 5 May 1948, which defined Japanese Puppet Regimes as:

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- a. Manchukuo
- b. Wang Ching-Wei's Nanking Regime
- c. Laurel Regime of Philippines
- d. Ba Maw's Regime of Independent Burma.

The radio also named China as the successor government to Manchukuo and Nanking, the Republic of the Philippines as successor to the Laurel Regime, and the Union of Burma as the successor to Ba Maw's Regime.

Clarification of SCAP Policy Re Puppet Regime Property

7. Radio W 81059, stipulated that property which could be identified as having been brought to Japan by these Puppet Regimes or by persons connected therewith should be turned over to the successor government; and that all other property, except property which was found to be subject to restitution (under the Looted Property Program which is the subject of Position Paper No. JAPQ D-2/14) should be considered as "Japanese property." This policy radio also stated that real property directly owned by Puppet Regimes and used by them for diplomatic and consular purposes could be utilized by successor governments when not required by SCAP for purposes of the Occupation. Under this authority early in the Occupation the Philippine Mission in Japan was authorized the use of the Philippine Puppet Embassy residence in Tokyo. Requests of the Chinese and Burmese for the use of their Puppet embassies were disapproved as the cost of rehabilitation of these properties did not warrant their use. Further, the Chinese, and Philippine Missions have requested title to their Puppet properties but these requests were refused by SCAP on the grounds that Radio W 81059 specifically stated that transfer of title should not at this time be contemplated but should be postponed for consideration in connection with peace settlement provisions.

DISCUSSION

International Conditions (1951) Require Reconsideration of Puppet Policy.

8. Political changes in the international situation which have developed during the past five years would appear to require reconsideration of the policy decision regarding Puppet Government property in

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Japan. Examples of problems created by the changed political picture follow:

a. Philippines. Since former President Laurel has regained his position of dignity and respect in the Philippines, the Philippine Mission in Japan has objected to the fact that the Laurel Regime continues to be classified by SCAP as a Japanese Puppet Regime, and there have been repeated petitions for the release of the "Philippine Embassy" in Tokyo to the Republic of the Philippines as property which was paid for from Filipino tax-payers money and therefore rightfully belongs to the Government of the Republic of the Philippines. (All available records indicate however that payment for the property came from yen funds advanced by the Japanese Government.)

b. China. The situation in China today raises other complications which were not anticipated when the initial policy on Puppet Governments was established. Although the United States recognizes the Nationalist Government, presently established in Formosa, as the successor to the Nanking and Manchukuoan Regimes, other members of the Far Eastern Commission recognize the Chinese Communist Government. In recommending disposition of claims to Chinese Puppet property in Japan, however, SCAP assumes that the recipient of any returned properties will be the Nationalist Government.

9. The following allegations also have been made:

a. Korea. Representatives of the Republic of Korea have repeatedly referred to Prince Ri as a Japanese puppet and have filed claims to his property in Japan. (See Position Paper No. JAPQ D-2/7). None of the property of Koreans or of the Governor-General of Korea in Japan has ever been considered in the "Japanese Puppet" category and there would seem to be no justification for doing so now. However, the Republic of Korea claims must be resolved.

b. Mongolia. The existence of any property in Japan belonging to the Autonomous Government of Mongolia was unknown to SCAP until recently when Mongolian students sought the approval of SCAP to sell 500 tsubo (approximately one-half acre) of land located in Tokyo to a prospective

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American buyer. The buildings, excepting a garage, were destroyed during the war. It is believed that this property should therefore be treated as Mongolian Puppet property, even though it was not included in the original policy directive.

10. The claims of successor governments which come within the provision of the policy radio have been limited primarily to the requests:

- a. for title to the embassies, other staff residences or offices of the Puppet Regimes located in Tokyo
- b. for the yen funds deposited to the credit of puppet regimes, and their representatives in Japan
- c. for the personal effects of former staff members.

11. The Chinese Government has also claimed as Puppet property much property that can only be properly designated for claim under the Looted Property Program, it has also claimed for properties which, from available records, appear to be Japanese privately owned properties. No claims have been filed for Nanking Puppet Government real property nor for the property of the Autonomous Government of Mongolia which the Japanese Government considers Puppet property.

12. A review of the types of property claimed by the Chinese shows much confusion in interpretation regarding categories of properties which might be legitimately claimed by China as a "successor government." Besides the confusion in the minds of the Chinese between what is meant by "looted" property and what is meant by "Puppet" property, there is the further confusion over property which is being liquidated in Japan which belongs to branches of corporations having their head offices in Manchuria, Formosa or in other sections of the former Chinese Republic. (Position Paper JAPQ D-2/8 describes these latter claims specifically.) SCAP has followed the procedure of advising China and any other claimant nations who file claims of this special nature, which are neither considered to be Puppet nor looted property claims, to postpone further treatment of such matters until after the Peace Settlement when each government may negotiate directly with the Japanese Government in an effort to make settlement of the claim satisfactory to both parties.

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13. There is much conflicting evidence as to the actual source of the funds used to pay for the various Puppet embassy properties, and to open Puppet embassy and staff yen bank accounts. Japanese Government reports to SCAP indicate that a considerable portion of the funds for establishment of these embassies was advanced by the Japanese Government. It is known also that the yen funds made available by the Japanese were derived in part, at least, from taxes levied by the occupation forces during the period of Japanese aggression in Asia. On the other hand, statements made by successor governments allege that these Puppet Regimes also used funds of their own in the administration of their governments' Puppet embassies in Japan. (It should be noted here that this paper is only concerned with property and yen deposits arising out of the establishment and administration of Puppet embassies in Japan and that this problem of diplomatic funds should not be confused with that of yen accounts arising out of commercial and other wartime transactions between Japan and its Puppets. This latter problem is treated in the Position Paper on Question JAPQ D-2/12.)

14. Due to the lack of complete information regarding the transactions between Japan and Puppet governments involved, as well as the conflicting evidence referred to above, and taking into consideration the desirability of practical solutions, the conclusions in paragraph 2 above are based on a realistic approach to the problem.

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Mr. Rizzo, 26-6238

Reply to Chinese Mission Note
Dated 22 April 1952

Govt Sec

Diplomatic Section

25 April 1952

Col. Gillette

3. The following is information on which to base a reply to the note of 22 April from the Chinese Mission:

The existence of controversial claims to ownership of properties formerly belonging to so-called "Puppet Governments" has been recognized repeatedly by the SCAP since the termination of hostilities by surrender of Japan in 1945. By a series of SCAPINs, beginning with SCAPIN 45, 22 September 1945, and culminating in SCAPIN 2188, 10 December 1951, the Japanese Government has been apprised of such claims; and, by the last-mentioned SCAPIN, the Japanese Government was advised to enter into negotiations with claimant governments, if and when such governments should be recognized by Japan as successors to the former puppet regimes. Instructions issued by the SCAP to the Japanese Government, regarding the interim custody and control of such properties and with respect to enforcement of prohibitions against transactions therein, companion to, or incorporated in, the mentioned SCAPINs, have been addressed to the administration of these properties by the Japanese Government and in no sense have been determinative of the contentions of claiming governments.

Accordingly, notwithstanding that latest investigations have disclosed violations of administrative instructions which were in effect at the time of violation but which had been rescinded at the time of investigation, respecting custody and control of the Naigai Building, the consequence of such violations is neither a resolution of the issue of ownership of the building nor a basis upon which the SCAP could decide that issue. Moreover, the imminence of the effective date of the Peace Treaty with Japan, which was executed at San Francisco on 8 September 1951 and which terminates the authority and powers of the SCAP, precludes opportunity for consideration by the SCAP adequate to enable determination, upon their merits, of claims to legal ownership of the property in question. Since the coming into effect of the Treaty will also terminate the SCAP's authority to administer or to direct the administration of the property, no further action can be taken than to bring to the attention of the Japanese Government the facts disclosed by recent investigation. This is being done by memorandum to the Japanese Government, a copy of which is inclosed.

1 Incl.
cy Memorandum to Japanese Government,
Ministry of Finance

----- F. R. -----

25 April 1952

Col. Gillette

MEMORANDUM TO: Ministry of Finance, Japanese Government

SUBJECT: Nagai Building

1. References are:

- a. AG 130(22 Sep 45)ESS, SCAPIN 45, 22 September 1945, subject: Control of Financial Transactions;
- b. AG 010(1 Jan 50)ESS/FTC, SCAPIN 2070, 1 January 1950, subject: Foreign Exchange and Foreign Trade Control;
- c. AG 386(31 Oct 51)CPC/OD, SCAPIN 2178, 31 October 1951, subject: Property in Japan Belonging to Nationals of the United Nations;
- d. AG 091.1(10 Dec 51)CPC/OD, SCAPIN 2188, 10 December 1951, subject: Puppet Government Property in Japan.

2. On 31 August 1949 the Ministry of Finance of the Japanese Government was advised that the NAIGAI Building was subject to the provisions of reference 1, a above by reason of the Manchukuo interests and the Chinese Nationalist Government's claim of title thereto (Incl 1).

3. Upon the rescission of reference 1, a above, and until rescission of reference 1, b above by reference 1, c, Para. 3, g of reference 1, b prohibited transactions relative to non-Japanese property within the jurisdiction of the Civil Property Custodian without the approval of Supreme Commander for the Allied Powers. The NAIGAI Building was within the purview of Para 3, g, reference 1, b.

4. It is brought to your attention that a transfer of the legal title to the subject property from the KOTOKU KAIKAN LTD to the NAIGAI BUILDING CO. LTD was registered on 25 February 1951 at the Tokyo Legal Affairs Bureau in apparent violation of reference 1, b.

FRANK RIZZO
Chief, Government Section

1 Incl.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Civil Property Custodian

095 (30 July 49)CPC/FP

31 August 1949

MEMORANDUM TO: Ministry of Finance, Japanese Government

SUBJECT: Ko-toku Kaikan, Naigai Building

1. Reference is made to SCAPIN 45 dated 22 September 1945, subject, "Control of Financial Transactions," - - - - -
2. The Naigai Building is subject to the provisions of the reference memorandum by reason of the Manchukuo interests and Chinese Government's claim for title thereto.
3. No transactions pertaining to the said property may be effected without the prior authorization of General Headquarters, Supreme Commander for the Allied Powers, Civil Property Custodian. The enforcement of the Japanese Government's Ordinance No. 88 with regard to the subject building is the responsibility of the Japanese Government.

(signed)

Incl. 1

The Chinese Mission in Japan presents its compliments to the Diplomatic Section of General Headquarters, Supreme Commander for the Allied Powers, and has the honor to refer to the latter's note dated March 25, 1952, declaring that the investigation concerning the Naigai Building revealed that there was no violation of SCAPIN 45, dated September 22, 1945.

The Mission must assume that the note of March 25, 1952, was based on interim, inaccurate or misunderstood reports of the agency conducting the investigation. The investigation which was initiated by CINCPAC, GHQ, FEC, on 19 February, 1952, has been embodied in a written report by the 23rd Military Police, Criminal Investigation Division, dated 19 April, 1952, file number 23-2117-M7/18. The Criminal Investigation Report was approved by Lt. Col. Byron Petersen.

The conclusions based on the investigation and contained in the report are as follows:

a. That Mr. Katsura, in collusion with Mr. Hayashi and Mr. Tozita, did, at Tokyo, Japan, on 15 and 16 August, 1945, transfer, without compensation, the entire shares of stock of the Kotoku Kaikan Co., Ltd., from the Manchukuo Government to the Manshukai, back-dating the transaction to 1 July, 1945, with intent to prevent seizure of said building by the Allied Forces.

b. That Mr. Hayashi did, at Tokyo, Japan, on 26 February, 1951, register with the Tokyo Legal Affairs Bureau, a change in title to the Naigai Building from the Kotoku Kaikan Co., Ltd., previously owned by the Manchukuo Government to the Naigai Building Co., Ltd., then owned by the Kokusai Zenrin Club.

c. That Mr. Tsukijima and other members of the Kokusai Zenrin Club did, at Tokyo, Japan, during the month of February, 1952, negotiate with the American International Underwriters, Transpacific, Inc. concerning the sale of the Naigai Building to that organization, and did obtain full approval of the membership of the Kokusai Zenrin Club to consummate said negotiations.

d. That the Japanese Government did, at Tokyo, Japan, on 26 February, 1951, permit the registration of a change of title to the Naigai Building, and did fail to assume custody of said building as directed by the Supreme Commander for the Allied Powers.

e. That