

DECLASSIFIED

E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 760050



Leroy C. Hickey
812 Janesville St.
Whitewater
Wisconsin

TREASURY DEPARTMENT
OFFICE OF INTERNATIONAL FINANCE
WASHINGTON, D. C.



PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300
(FISC)

Mr. James C. Corliss
Division of Financial Affairs
Room 634, State Annex #7
Department of State
Washington 25, D. C.

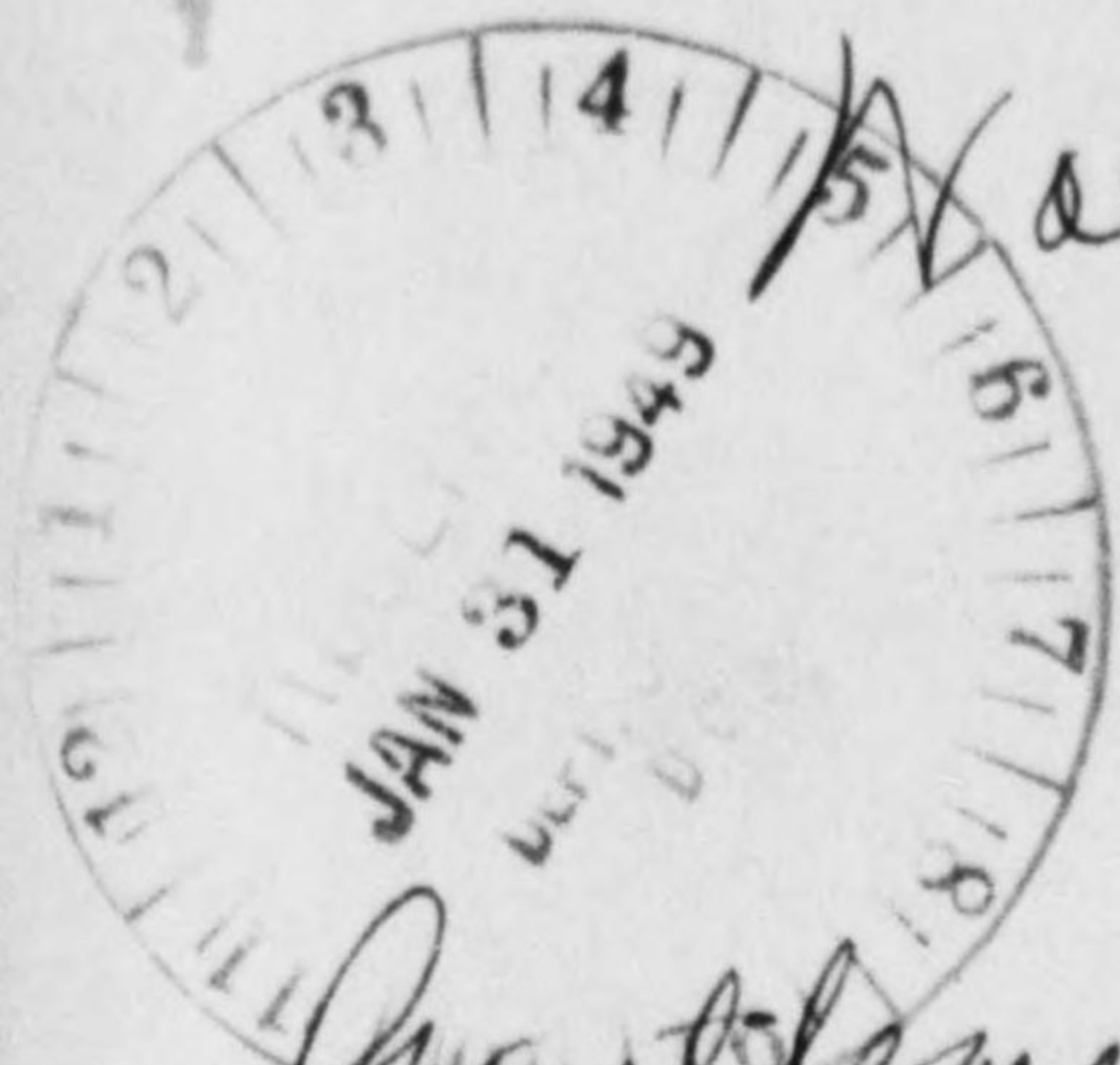
The State Department
Washington
D.C.

DIVISION OF FINANCIAL AFFAIRS

ACTION
is assigned 43504

✓ rec'd 4/21/49
FEB 2 - 1949
Letter dated 3-2-49
DEPARTMENT OF STATE

attention Secretary of State



Gentlemen - On Feb 20 - 1928 I invested \$902.⁰⁰
by buying a \$1000 Bond of the City of
Tokyo Japan. Due Oct 1st 1961. also
guaranteed by the Japanese Government

They are not paying interest now
are they paying into the sinking
fund as agreed.

Can you not make them
pay up on these bonds?

Thank you

E. J. Burdick
2360-N-53-St
Milwaukee
Wis.

894.51 BONDHOLDERS

CS/E

894.51 Bondholders

DJR - CLAIMS UNIT
vt
DL
mla

17961

Jan 28 - 1949

FILED
JUN 12 1951

1-2849

~~PTD~~

MAR 9 1949

In reply refer to
FN 894.51 Bondholders
/1-2849

My dear Mr. Burdick:

Reference is made to your letter of January 28, 1949, acknowledged by the Department on February 21, 1949, relative to a \$100,000 City of Tokyo bond due 1961 which you hold.

A definitive reply to your inquiry is not now possible, but the following may be helpful to your understanding of the Department's policy with respect to such obligations.

The Department considers that investment in foreign bonds is primarily a private transaction into which the purchaser enters after calculation of the risks involved. In the case of default on dollar bonds issued by or guaranteed by governmental entities, it is not the practice of the Department to negotiate directly for American holders, but it does endeavor to render such assistance as it properly can to such holders or their representatives. In this connection attention may be called to the Foreign Bondholders Protective Council, Incorporated, 90 Broad Street, New York, New York, which was organized several years ago to serve as a central representative body. Although it was established with the encouragement of the Department, the Council acts on its own responsibility. Some time ago, at the request of the Council, the Department transmitted to the United States Political Adviser to the Supreme Commander for the Allied Powers, at Tokyo a complete statement regarding the dollar bonds issued or guaranteed by Japanese governmental entities. This statement was sent for the information and use of the

Political

Mr. E. F. Burdick,
2360 N. 53d Street,
Milwaukee, Wisconsin.

894.51 BONDHOLDERS
/1-2849

894.51 Bondholders
CS/A / 1-2849
CS/10

DCR-OPD UNIT	
Ancl.	<i>MIT</i>
Rev.	<i>cc</i>
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Dist.	

- 2 -


Political Adviser and of the appropriate section of the Staff of the Supreme Commander, and for such action as might be considered appropriate in the protection of the American interest involved. The Department believes that the Council is mindful of the interests of American holders of such obligations and that it will, when occasion offers, take such steps as it considers to be to the advantage of the holders. You may wish to write to the Council in connection with the bond mentioned by you.


It will be appreciated that the Department is not in a position to state now what provisions, if any, affecting such obligations, may be contained in the Peace Treaty with Japan, or what provision for claims arising from the war may be made. As you doubtless know, there will be many claims and demands against Japan, and against Japanese municipalities and persons, of which such obligations as that to which you refer will probably constitute but a small part.

Nevertheless, the Department is always glad to make a record, for such consideration as may be found to be appropriate, of any information American holders of defaulted foreign dollar bonds may wish to send to it. This information should include, in addition to that contained in your letter of January 28, 1949, a statement regarding the manner and date of your acquisition of American citizenship. If citizenship was acquired by naturalization, there should be given the name and location of the Court granting it and the number of the relative certificate. If it should be found advisable for individual holders of such obligations to take further steps in the matter, the Department will endeavor to have due publicity given to the fact.

Sincerely yours,


For the Secretary of State:


James V. Corliss
Assistant Chief
Division of Financial Affairs


MAR 8 1949 P.M.

OPD:FN: ~~xxxx~~ ⁷²⁹ V. Jones: yw

3-3-49

S/S-CR


K. SARER
Chr. Deacon and Treas.
V. L. JONES
Sunday School Supt

+6059
DONALD WEEKS
Training Union Director
ROBERT RASHLEY
Clerk

FIRST BAPTIST CHURCH
REV. I. E. ENLOW, PASTOR
BELLE GLADE, FLA.
PHONE 190

DGR

February 26, 1949

State Department
Division of Foreign Affairs
Washington, D.C.

DIVISION OF PUBLIC LIAISON
MAR 3-1949
DEPARTMENT OF STATE

Division of Financial Affairs
MAY 5 1949

Dear Sirs,

I own an Oriental Development
Bond guaranteed by the Japanese Govern-
ment, registered at the outbreak of the
war with the Federal Reserve Bank
of Cleveland.

Please inform me of the
status and value of this thousand
dollar bond soon to fall due.

The Federal Reserve Bank
of New York, Foreign Funds Control Depart-
ment suggested I write you for
information. Funds that were deposited
in New York to take care of these bonds
were frozen at the outbreak of the

165036

war. Surely, our government will
make them good. Sincerely yours
I. E. Enlow

894.51 BONDHOLDERS / 2-28-49

894.51 Bond Holders / 2-28-49

RECEIVED
JUN 15 1949

QFB

JUN 3 1949

In reply refer to
FN

My dear Mr. Enlow:

Reference is made to your letter of February 26, 1949 seeking information concerning an Oriental Development Bond guaranteed by the Japanese Government which you hold. It is regretted that a reply to your letter has been so long delayed.

At present it is not possible to make any definitive statement in regard to the future of the bond which you own or, in fact, to any of the obligations of Japanese Corporations or the Japanese Government. The question of treatment of claims against Japan will ultimately be determined by Congress after recommendations are made by the War Claims Commission relative to categories of claims to be considered and to the disposition of Japanese assets which may remain after the payment of certain types of claims for which provisions have already been legislated. It is possible that holders of Japanese Government or Government-guaranteed securities may have to rely upon action by the Japanese Government after a peace settlement to restore value to their investment.

In general, the Department considers that investment in foreign bonds is primarily a private transaction into which the purchaser enters after calculation of the risks involved. In case of default on dollar bonds issued or guaranteed by governmental entities, as was the bond held by you, it is not the practice of the Department to negotiate directly for American holders, but it does endeavor to render to them or to their representatives such assistance as it properly can. In this connection attention may be called to the Foreign Bondholders Protective Council, Incorporated, 90 Broad Street, New York, New York, a non-profit organization created several years ago to serve as a central representative body. You may wish to write to the Council and ask that it keep you informed of any important developments affecting your bonds.

However,

The Reverend
I. E. Enlow,
First Baptist Church,
Belle Glade, Florida.

FIELD UNIT	
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Rev.	
Cat.	<i>WR</i>
Dist.	

894.51 BONDHOLDERS/2-2649

OS/H
894.51 Bond Holders
12-2649

- 2 -

However, the Department will be glad to make a record of your bondholding for such future use as may be found appropriate. Should future developments indicate that action by bondholders is necessary, the Department will endeavor to see that due publicity is given for their information.

With respect to funds for bond service which were deposited with the paying agent in New York and were blocked at the outbreak of the war, applications for licenses to unblock these funds will be considered by the Office of Alien Property, Department of Justice, 120 Broadway, New York, New York. You may wish to seek further information in this regard from the Office of Alien Property.

Sincerely yours,

For the Acting Secretary of State:

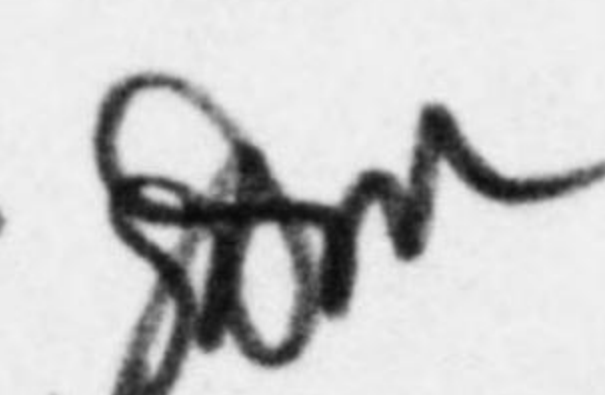


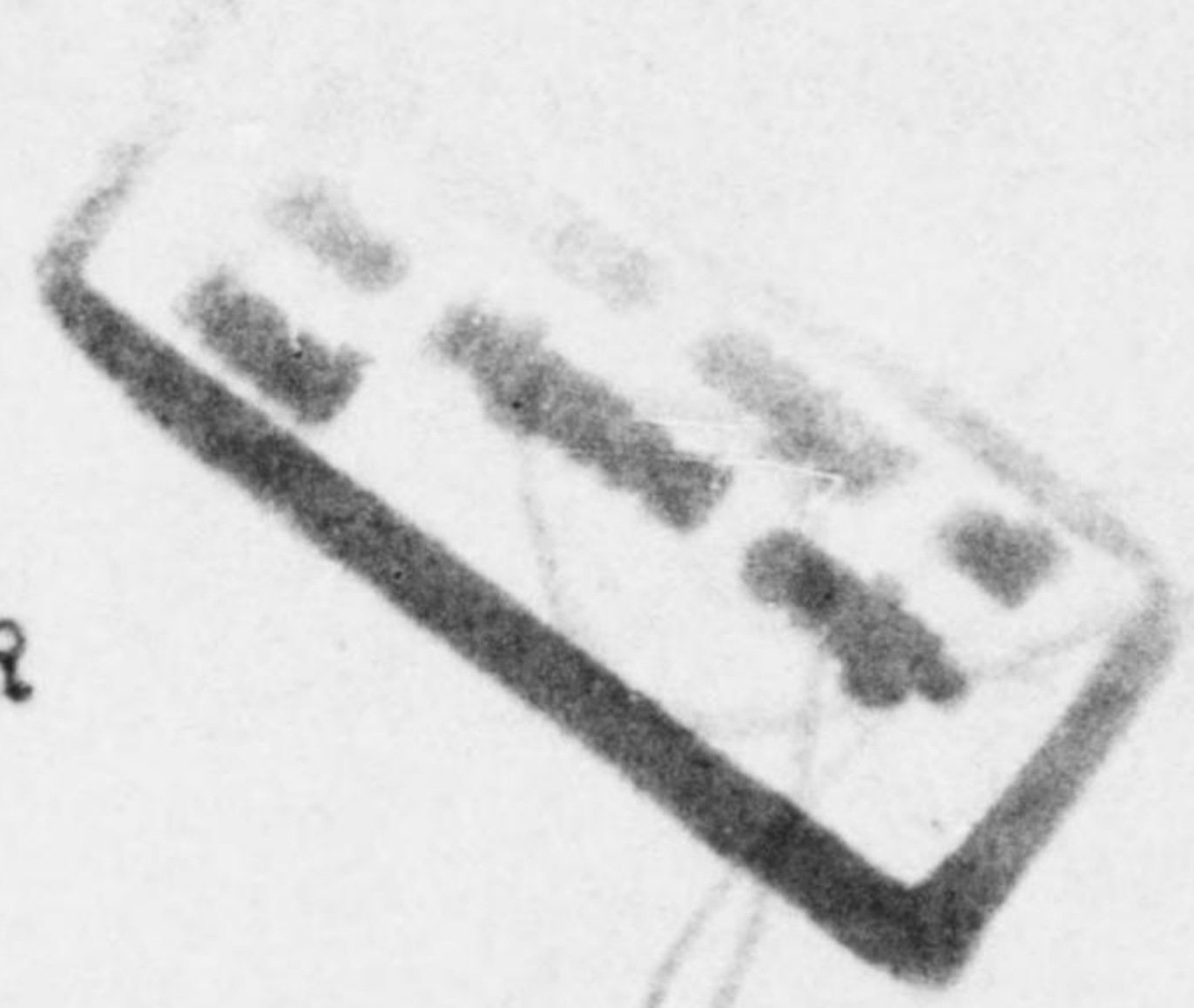
Gardner E. Palmer
Special Assistant
Division of Financial Affairs

CR
JUN 3 1949 P.M.

OFD:FN:GEPalmer:hmg 5-23-49



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1776

DCR

JUN 20 1949

CONFIDENTIAL

To the

American Consular Officer in Charge,
Taipei, Taiwan, China.

General 894.51 Bond Holders

The Acting Secretary of State encloses for the information of the Consulate, a copy of a letter dated March 4, 1949 received from the Foreign Bondholders Protective Council, Incorporated, 90 Broad Street, New York 4, New York, on the subject of dollar bonds issued by the Taiwan Electric Power Company.

It is not known to the Department if the Taiwan Electric Power Company has been vested by the Chinese Government as an enemy asset; if so, whether under Chinese law such vesting extends to gross assets of the company, its assets in Taiwan, or only the former Japanese interest therein; by whom the company is now owned; by whom and for whose benefit it is being operated.

It is requested that the Consulate ^{*General*} approach the appropriate authorities or officials of the company and obtain a statement of the status of the company with particular reference to the record of debt service by the company on the subject dollar bonds. Such a statement should show amounts paid in debt service in yen under Japanese law subsequent to the first default on the bonds, and what provisions, by reserves for debt service or otherwise, have been in effect since the termination of debt service payments to the Japanese Government. Information is also desired concerning the principal amount of bonds shown to be outstanding on the company's records, differentiating between those bonds known to have been repatriated to Japan and converted into yen obligations, and those held elsewhere as dollar obligations.

The Consulate ^{*General*} will note that the Council suggests a resumption of service on this debt on the grounds that Taiwan has an ample margin of trade balances. It is the Department's understanding that even if this be true, the accruing foreign exchange resources would be under the control of the Chinese authorities and that any surplus would be diverted to other needs of that Government. The Consulate's observations on this point would be appreciated, as well as any suggestions relevant to the contents of the enclosed letter.

Enclosure:

From Foreign Bondholders Protective Council, Inc.,
dated March 4, 1949.

JUN 17 1949

45. [unclear]

OFD:FM:GEPalmer:hmg 6-6-49

CONFIDENTIAL

OFD EP U/FAA S/S-CR

894.51 BONDHOLDERS/3-449

*894.51 Bond Holders
3-449*

[Handwritten signature]

1488

~~OFD~~

MAR 31 1949

In reply refer to
FN 894.51 Bondholders/
3-449

894.51 BONDHOLDERS/3-449

My dear Mr. Rogers:

Reference is made to your letter of March 4, 1949, regarding the reinstatement and meeting of the requirements of the outstanding dollar bonds of the Taiwan Electric Power Company.

The Department is giving careful consideration to the matter you have placed before it in your letter, and will communicate with you as soon as possible relative to it.

Sincerely yours,

For the Secretary of State:

FL

Frederick Livesey, Adviser
Office of
Financial and Development Policy

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Rev.	
Cor.	<i>CR</i>

The Honorable
James Grafton Rogers, President,
Foreign Bondholders Protective Council,
Incorporated,
90 Broad Street,
New York 4, New York.

GR
MAR 29 1949
MAR 31 1949

OFD:FN:JCCorliss:yw

3-25-49

JC

CS/H

*894.51 Bondholders
3-449*

S/S-CR

Cable Address
Bondholder

44578
Telephone
Whitehall 4-7455

Foreign Bondholders Protective Council, Inc.
Ninety Broad Street, New York 4

ACTION
is assigned to MAR 3



March 4, 1949
DIVISION OF FINANCIAL AFFAIRS
Ans. FN - Jacques
MAR 10 1949
you - 3-25-49
DEPARTMENT OF STATE

Dear Mr. Secretary:

The Foreign Bondholders Protective Council respectfully calls to your attention the interests of American holders of the bonds of the Taiwan Electric Power Company, located in the Island of Taiwan, or Formosa. The Company is now, as we understand it, under the de facto sovereignty of China, although Taiwan is separately administered. We have learned that the Economic Cooperation Administration is considering a substantial loan for the improvement of the electric plant held by this Company. We write to ask that, if, as we trust is the case, the other interests of the United States are consistent with such a step, this Company should be called upon to reinstate and meet the requirements of the remainder of its outstanding dollar bonds, after consideration between the Company and the Department of State, or the Economic Cooperation Administration, or this Council, as you think best, of the technical financial steps involved in payment of arrears and the resumption of service.

The Taiwan Electric Power Company, Ltd. (Taiwan Denryoku Kabushiki Kaisha) was a corporation organized under the laws of the Japanese Empire during the Japanese possession of the Island. It operates a large electric power plant, which supplies almost all the electricity distributed for power, fertilizer manufacture and light on the Island. In 1931, as appears from the records in our office, an issue of \$22,800,000 40-year Sinking Fund 5 1/2% Gold Bonds was issued in New York. The bonds were guaranteed by the Imperial Japanese Government, but the obligor is the Power Company. These bonds originally were widely distributed through J. P. Morgan & Co., the National City Company, Kuhn, Loeb & Co., and The First National Bank of N. Y., chiefly, if not wholly, to American investors. Regular service was maintained until the attack upon Pearl Harbor, at which time the Yokohama Specie Bank, as Fiscal Agent, reported as still outstanding \$19,573,000 principal amount. It would seem that after

The Secretary of State,
Washington,
D. C.

claims
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Reviewed *[initials]*

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894.51 BONDHOLDERS / 3-449

894.51 Bondholders

CSLA

13-449

this date and during the War, the Japanese Imperial Government took various extraordinary steps in regard to this indebtedness, in the course of which a considerable number of the bonds, which by that time had been repatriated to Japan, were taken over from Japanese nationals. At any rate, information which this Council sought and was given through the good offices of the Department of State after the occupation of Japan, reveals that according to the records in Tokyo there are now outstanding outside of Japan only \$3,745,000 principal amount of bonds. There is no means of ascertaining the individual owners of these bonds. Service has been suspended since the closing of the Yokohama Specie Bank, following the attack on Pearl Harbor, and even trading in them was suspended by order of the United States Government. It seems probable that the figure given us, if correct, covers chiefly bonds held by nationals or residents of the United States, but, in any case, all are publicly offered dollar bonds issued in the American market, and therefore a matter of concern to us under the international practice.

The circulars and documents connected with the original issue of these bonds indicate that the contribution of the bondholders about equalled the previous capital invested in the hydraulic system of this Company, so the Company may be considered as having been built to a substantial extent by American capital. The advance of new funds under consideration, which we understand is in the neighborhood of \$8,000,000, is an additional contribution of American capital to a plant which may already represent a present investment of something in the neighborhood of \$40,000,000. The plant itself seems amply capable of meeting the obligations of the outstanding dollar bonds, particularly as it would appear that the only other known indebtedness is to the Japanese Government or Japanese citizens, as near as we can learn. It would seem to us appropriate for our Government to protect the interests of the holders of the dollar bonds, to the extent that they are not in Japanese hands, and our assumption would be that the Company would have the approval of the authorities now governing the Island of Taiwan providing for the payment of arrears of service and the rehabilitation of current and future interest and retirement provisions. Taiwan has an ample plus margin in trade balances.

This letter follows some informal and oral communications to the economic officers of the Department and is intended simply to formalize our petition.

Respectfully submitted,

FOREIGN BONDHOLDERS PROTECTIVE
COUNCIL, Inc.

By

James Earl [unclear]
President.



Dept. of State U.S.A.
Washington 25, D.C.

44775

ACTION
is assigned to



Rte. 3 Box 15-1
Phoenix, Arizona

March 9, 1949.

DCR

DEPARTMENT OF FINANCIAL AFFAIRS

no action 3/17/49
MAR 16 1949

Re: FN 894-51 Bondholders

12-2348

894-51 BONDHOLDERS/3-949

Dear Sir:

Thank you for your letter of February 4 and for your kind suggestions. As to my citizenship, I was born at Los Angeles, California on February 21, 1915. The local register no. is 1304. I shall appreciate it very much if you will make a record of my holdings. Thanking you for your attention, I am

Sincerely yours,
Shigeto Ito

JUN 12 1951

INDEXED

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894-51 Bondholders
3-949

878 4483

E. C. GATHINGS
FIRST DIST., ARKANSAS

COMMITTEE ON
AGRICULTURE

Congress of the United States
House of Representatives
Washington

APR 12 1949

March 17, 1949

Mr. E. W. Doherty
Room 615
Division of Financial Affairs
Department of State Annex 7
Washington, D. C.

DIVISION OF FINANCIAL AFFAIRS
Reply dictated
MAR 18 1949
J. N. Strong
DEPARTMENT OF STATE

894.51 BONDHOLDERS/3-1749

Dear Mr. Doherty:

In line with our telephone conversation today, I am enclosing herewith a letter from the Honorable Leo J. Mundt, Attorney at Law, Helena, Arkansas regarding Japanese Imperial Government Bonds.

I would appreciate your advising me whether or not provisions will be made to care for these bonds or the American Creditors.

Thanking you and with kind regards, I am

Yours sincerely,

E. C. Gathings
E. C. Gathings

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APR 23 1949

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OS/H

894.51 Bondholders
1-3-1749

Re-written 4-1-49
S. Strong / mpp
Recalled 4-6-49

LEO J. MUNDT
Attorney At Law
Helena, Arkansas

March 15th. 1949

Honorable E. C. Gathings
Washington D. C.

Dear Took:-

I am the owner and holder of some Japanese Imperial Government Bonds issued before the war. Of course these bonds could not be traded in or sold during the war and the inhibition still applies. I have made repeated efforts to get some information as to the bonds. It seems to me that some one in the Government should be able to tell me whether or not provision will be made to care for these bonds or the American Creditors or whether, perhaps the Alien Property Custodian will have in his hands property subject to distribution to the American Creditors.

Would you call the Alien Property Custodian and ascertain what if anything is in prospect as to these bonds. I have written to him but without avail. Please let me know to whom I should write for information as to the question. Somebody in the Government should be able to give me some idea as to how to proceed.

With the best of luck to you and best wishes,

Sincerely your friend

Leo J. Mundt
Solomon Bldg.

C
O
P
Y

44839

1541

In reply refer to
FN

APR 12 1949

My dear Mr. Gathings:

The receipt is acknowledged of your letter dated March 17, 1949 together with its enclosure, a letter dated March 15, 1949 addressed to you by Mr. Leo J. Mundt, Helena, Arkansas, concerning his claim on the account of pre-war Japanese Imperial Government bonds.

It is the understanding of the Department that under Section 34 of the Trading with the Enemy Act, as amended, the Office of Alien Property is authorized to pay claims of American creditors of persons whose property has been vested by that Office to the extent permitted by the value of the vested property. This would include, of course, claims against the Imperial Japanese Government. However, the time for filing such claims expired on August 9, 1948. Unless Mr. Mundt placed the office of Alien Property on notice of his claim before that date, it appears that any claim he may have had under Section 34 of the Trading with the Enemy Act would now be barred.

In general the Department considers that investment in foreign bonds is primarily a private transaction into which the purchaser enters after calculation of the risks involved. In case of default on dollar bonds issued or guaranteed by governmental entities, it is not the practice of the Department to negotiate directly for American holders, but it does endeavor to render to them or to their representatives such assistance as it properly can. In this connection attention may be called to the Foreign Bondholders Protective Council, Incorporated, 90 Broad Street, New York, New York, a

non-profit

The Honorable
E. C. Gathings,
House of Representatives.

894.51 BONDHOLDERS/3-1749

894.51 Bondholders

CS/H

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non-profit organization created several years ago to serve as a central representative body. Mr. Mundt may wish to write to the Council and ask that it keep him informed of any important developments affecting his bonds.

With respect to claims against the Japanese Government filed with the Office of Alien Property, the Department is informed that the total of such claims is far in excess of the vested assets of Japan. Under these circumstances any real recovery from investment in Japanese Government bonds would be dependent upon conditions which might at some future time permit a resumption of debt service. No appraisal of the future of these securities can be made at this time, and no negotiations for resumption of debt service are feasible in the near future.

Sincerely yours,

For the Secretary of State:

Ernest A. Gross
Assistant Secretary

Enclosure:

Letter of March 15.

A true copy of the signed article

APR 12 1949
CH

S.S.
OFD:FN:GStrong/mjp
4-6-49

FN
OFF
E L/C
ca
Henry

EDWARD H. REES
4TH DISTRICT KANSAS

COMMITTEE: *[Handwritten initials]*
POST OFFICE AND CIVIL SERVICE

Congress of the United States
House of Representatives
Washington, D. C.

*Mr Bishop -
Rm 3257*

DIVISION OF
NORTHEAST ASIAN
to FN for action
MAR 31 1949
DEPARTMENT OF STATE

March 30, 1949

DOIR
DEPARTMENT OF STATE
45195

Dear Mr. Satterthwaite:

Mr. R. B. Carlisle, Baltimore Hotel, 304 North Main, Wichita, Kansas is the owner of \$9,000 in bonds of the City of Yokohama. He says they were issued in December 1926, and are due in 1961, and are guaranteed by the Japanese Government.

He says he has just learned that these bonds should have been registered with the Alien Property Custodian, Department of Justice before August 9, 1948. He is also informed that some move is being made with regard to the payment of these bonds. He now wants to file a claim with the proper authorities.

It will be appreciated if you will let me know what action may be taken to protect Mr. Carlisle on his investment.

Thanking you, I remain

Sincerely,

[Handwritten signature]

FILED
JUN 12 1951

Mr. Joseph C. Satterthwaite, Director
Office of Near Eastern and African Affairs
Department of State
Washington 25, D. C.

OFFICE OF NEAR EASTERN AND AFRICAN AFFAIRS
DIRECTOR
MAR 30 1949
MR. SATTERTHWAITE
DEPARTMENT OF STATE

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Con: *[Handwritten]*
Dist: *[Handwritten]*

45195
4/15/49
894.51 BONDHOLDERS / 3-3049
894.51 Bond Holders
13-3049
CS/H

OFD

FE - Mr. Bishop, Room 3257
Mr. Bishop - Mr. Rees called Mr. Satterthwaite's office this morning about another matter, and I informed him that the attached letter was being referred to you since it is in your area.

APR 1 3 1949

1527

V. Neary, Sec to Mr. Satterthwaite

Reference is made to your letter of March 30, 1949 to Mr. Joseph C. Satterthwaite with respect to the City of Yokohama bonds owned by Mr. R. B. Carlisle, Baltimore Hotel, 304 North Main, Wichita, Kansas.

It is the understanding of the Department that under Section 34 of the Trading with the Enemy Act, as amended, the Office of Alien Property is authorized to pay claims of American creditors of persons whose property has been vested by that Office to the extent permitted by the value of the vested property. If the City of Yokohama bonds are in fact guaranteed by the Japanese Government, as stated by Mr. Carlisle, it appears he would have been entitled to file such a claim. However, the time for filing such claims expired on August 9, 1948. Unless Mr. Carlisle placed the office of Alien Property on notice of his claim before that date, it appears that any claim he may have had under Section 34 of the Trading with the Enemy Act would now be barred.

The Department is informed, however, that the total of claims filed against the Japanese Government is so far in excess of the assets of that Government vested by the Alien Property Custodian that only a nominal distribution could be expected. It is believed under these circumstances that even if Mr. Carlisle had filed a claim, any real recovery from his investment would be dependent upon future conditions which might some time permit a resumption of debt service.

Obviously,

The Honorable
Edward H. Rees,
House of Representatives.

894.51 BONDHOLDERS/3-3049

894.51 Bondholders

1-3-3049

CS/H

OFD UNIT	
Mr. Bishop	WR
Mr. Rees	
Mr. Satterthwaite	
Mr. Neary	
Mr. Bishop	
Mr. Rees	
Mr. Satterthwaite	
Mr. Neary	

OFD

APR 1 3 1949

1527

In reply refer to
FN

My dear Mr. Rees:

Reference is made to your letter of March 30, 1949 to Mr. Joseph C. Satterthwaite with respect to the City of Yokohama bonds owned by Mr. R. B. Carlisle, Baltimore Hotel, 304 North Main, Wichita, Kansas.

It is the understanding of the Department that under Section 34 of the Trading with the Enemy Act, as amended, the Office of Alien Property is authorized to pay claims of American creditors of persons whose property has been vested by that Office to the extent permitted by the value of the vested property. If the City of Yokohama bonds are in fact guaranteed by the Japanese Government, as stated by Mr. Carlisle, it appears he would have been entitled to file such a claim. However, the time for filing such claims expired on August 9, 1948. Unless Mr. Carlisle placed the office of Alien Property on notice of his claim before that date, it appears that any claim he may have had under Section 34 of the Trading with the Enemy Act would now be barred.

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Obviously,

The Honorable
Edward H. Rees,
House of Representatives.

OFFICE OF THE DIRECTOR OF THE UNIT	
Mr. [Signature]	
Mr. [Signature]	
Mr. [Signature]	
Mr. [Signature]	

CS/H

13-3049

894.51 BONDHOLDERS/3-3049

894.51 Bondholders

Obviously, no definitive appraisal of the future of these securities can be made at this time, and no negotiations for resumption of debt service are contemplated at least until after a treaty of peace is signed.

In general the Department considers that investment in foreign bonds is primarily a private transaction into which the purchaser enters after calculation of the risks involved. In case of default on dollar bonds issued or guaranteed by governmental entities, it is not the practice of the Department to negotiate directly for American holders, but it does endeavor to render to them or to their representatives such assistance as it properly can. In this connection attention may be called to the Foreign Bondholders Protective Council, Incorporated, 90 Broad Street, New York, New York, a non-profit organization created several years ago to serve as a central representative body. Mr. Carlisle may wish to write to the Council and ask that it keep him informed of any important developments affecting his bonds.

Sincerely yours,

For the Secretary of State:

Ernest A. Gross
Assistant Secretary

GR
APR 12 1949

OFD:FW:GEPalmer;Mag

[Handwritten initials]

4-5-49

OFD
np

[Large handwritten flourish]

EM
MK E HE

Hobson
S/S-ER

In reply refer to
FN 849.51 Bondholders/5-249

~~OFF~~

MAY 31 1949

My dear Mr. Pearson:

Reference is made to your letter of May 2, 1949 concerning \$2,000 Imperial Japanese Government 5½ percent bonds which you hold. You state that you understand you are required to file a statement concerning these securities with the Department.

While it is not necessary for you to file any statement, the Department will make a record of your holdings for such use as may be found appropriate. It is believed that the declaration to which you refer pertains to the fact that until August 8, 1948 the Office of Alien Property, Department of Justice, was accepting claims of the holders of foreign securities against the specific assets of the respective obligors which may have been vested by that agency. As the time for making such claims has expired no action is indicated by you. Of possible interest to you, the Department is informed by the Office of Alien Property that the total claims against the Japanese Government so far exceeds the funds of that Government which were vested in the United States, that recovery to claimants is considered to be negligible.

It is probable that you will have to rely upon the action of the Japanese Government after a peace settlement to restore value to your securities, although the Department is not in a position to state what provisions for Government bonded indebtedness may be involved in such a peace treaty.

In general, the Department considers that investment in foreign bonds is primarily a private transaction into which the purchaser enters after calculation of the risks involved. In case of default on dollar bonds issued or guaranteed by governmental entities, as were the bonds held by you, it is not the practice of the Department to negotiate directly for American holders, but it does endeavor

to render

Mr. Burt D. Pearson,
Virginia, Minnesota.

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894.51 BONDHOLDERS/5-249

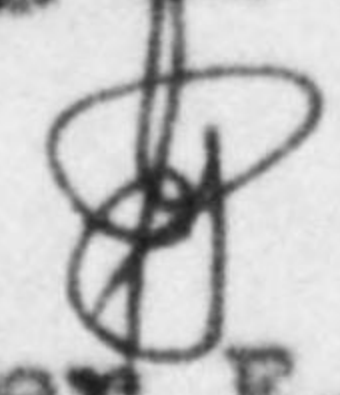
894.51 Bondholders
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CS/H

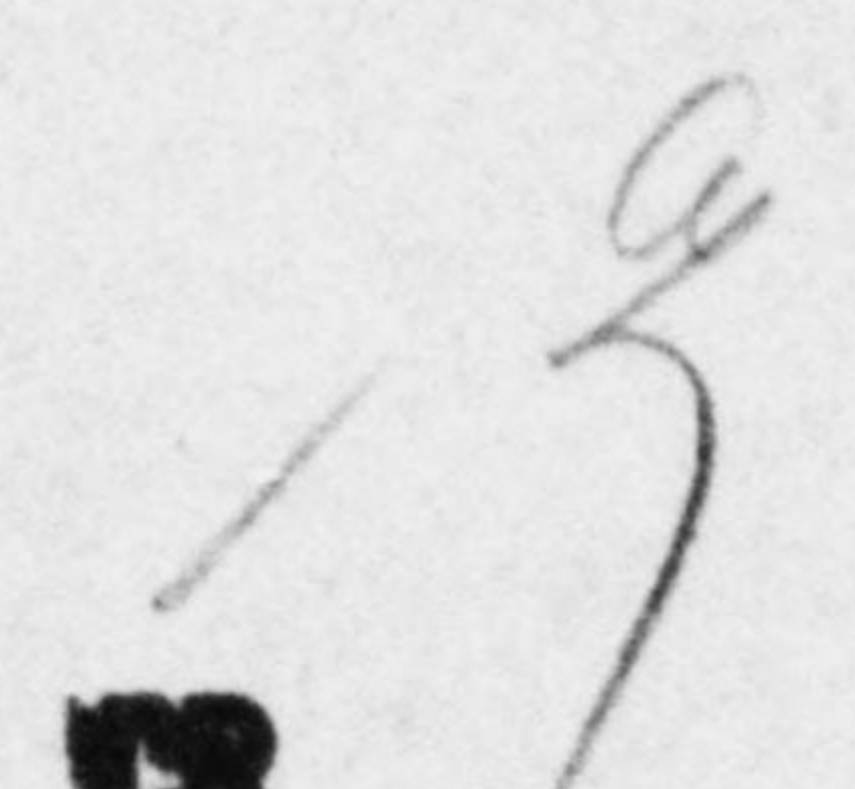
- 2 -


to render to them or to their representatives such assistance as it properly can. In this connection attention may be called to the Foreign Bondholders Protective Council, Incorporated, 90 Broad Street, New York, New York, a non-profit organization created several years ago to serve as a central representative body. You may wish to write to the Council and ask that it keep you informed of any important developments affecting your bonds.

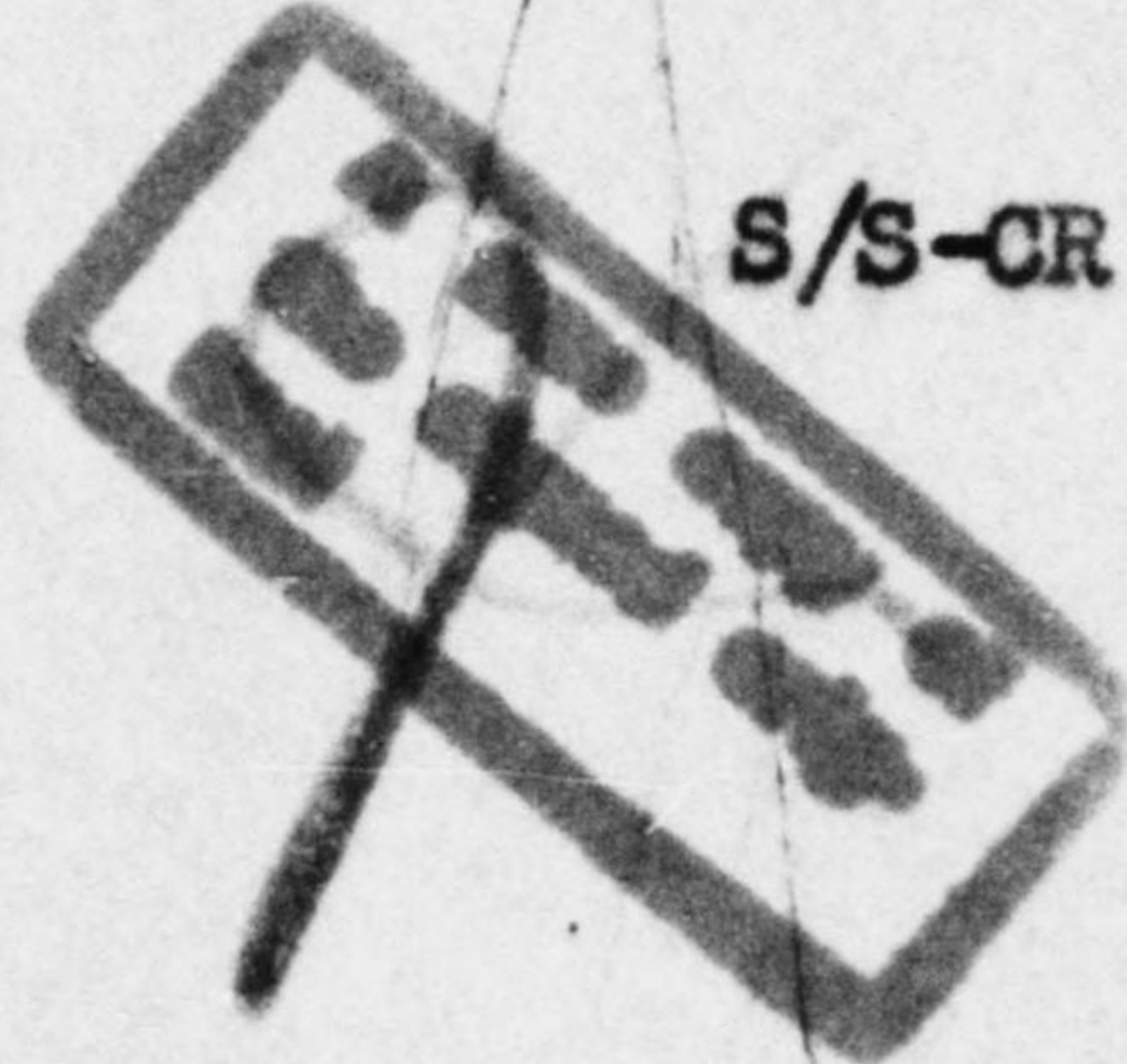
Sincerely yours,

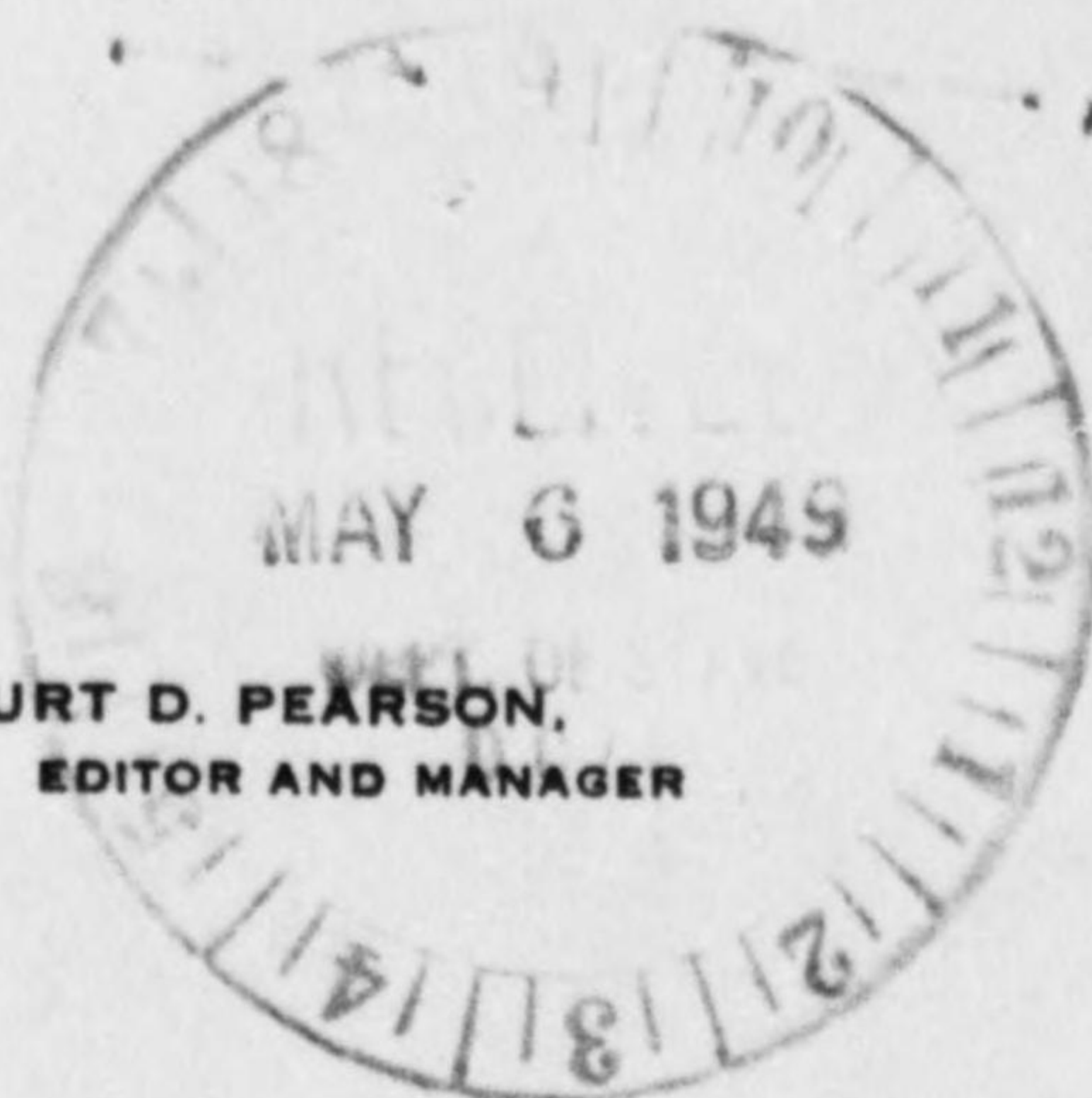
For the Acting Secretary of State:


Gardner E. Palmer
Special Assistant
Division of Financial Affairs


CR
MAY 27 1949 P.M.

OFD:FN:GEPalmer:hmg 5-26-49



S/S-CR



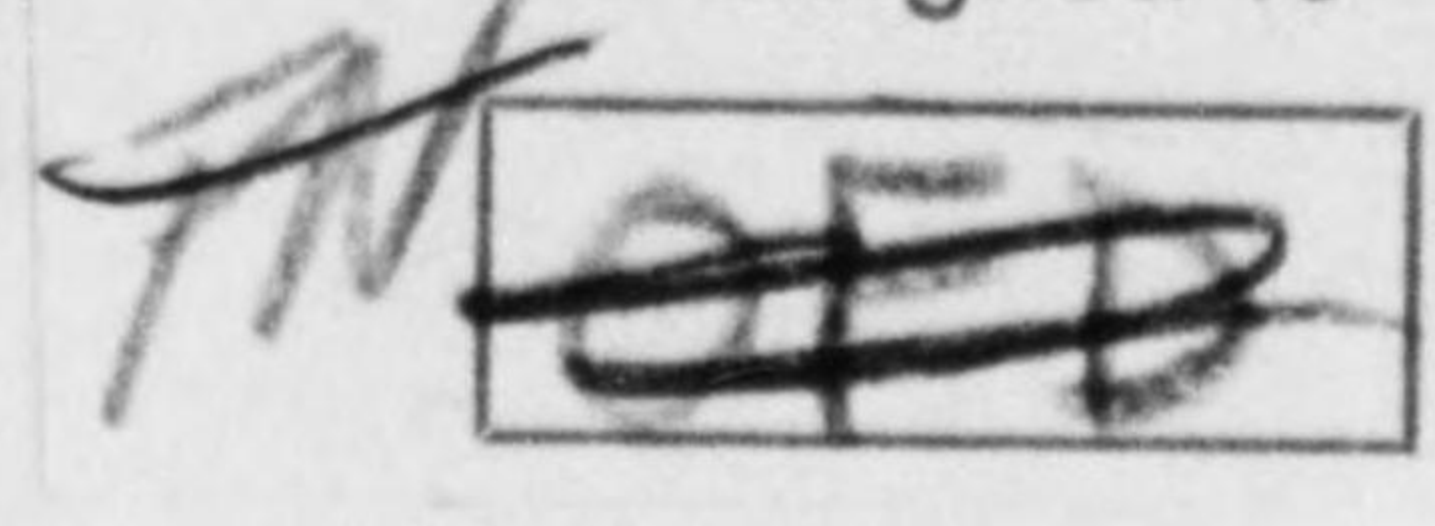
BURT D. PEARSON,
EDITOR AND MANAGER

MESABI DAILY NEWS

ESTABLISHED IN 1893
PUBLISHED DAILY EXCEPT SUNDAY

BY
THE ENTERPRISE PRINTING AND PUBLISHING COMPANY

ACTION
is assigned to



46159

VIRGINIA, MINN.,

DIVISION OF FINANCIAL AFFAIRS

Replied by FN: J. G. Palmer, Long
MAY 9 1949

DEPARTMENT OF STATE

May 2, 1949

DC/R

Division of Foreign Service Administration,
State Department,
Washington, D. C.

Dear Sirs:

I am the possessor of two bonds of the Imperial Japanese Government, \$2,000, issue of External Loan of 1930, 5½ per cent 35-year S/F Gold bonds due May 1, 1965. Trading in the United States has been suspended since December 11, 1941, and I am just in receipt of the information that some type of filing of this security is to be made with your department.

Can you supply me with detailed information.

Yours very truly,

Burt D. Pearson
BURT D. PEARSON,

Virginia, Minnesota.

894.51 BONDHOLDERS/5-249

2

894.51 Bondholders

CS/A

/5-249

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MAY 25 1951
FILED

JUL 27 1949

In reply refer to
FN 894.51 Bondholders/7-649

894.51 BONDHOLDERS/7-649

My dear Mr. Seamands:

Reference is made to your letter of July 6, 1949 with respect to a \$1000 Imperial Japanese Government Bond owned by Mrs. Seamands. You state that as a missionary she cannot afford to lose the sum of money represented by this bond and wish to be informed of the procedure necessary to achieve payment by the Japanese Government.

The Department regrets to inform you that there are no such procedures established and that at the present time the Japanese foreign exchange situation does not justify any transfers of yen into dollars for debt service. As you are probably aware the United States Government is expending substantial sums in Japan in connection with the occupation and rehabilitation of the Japanese economy.

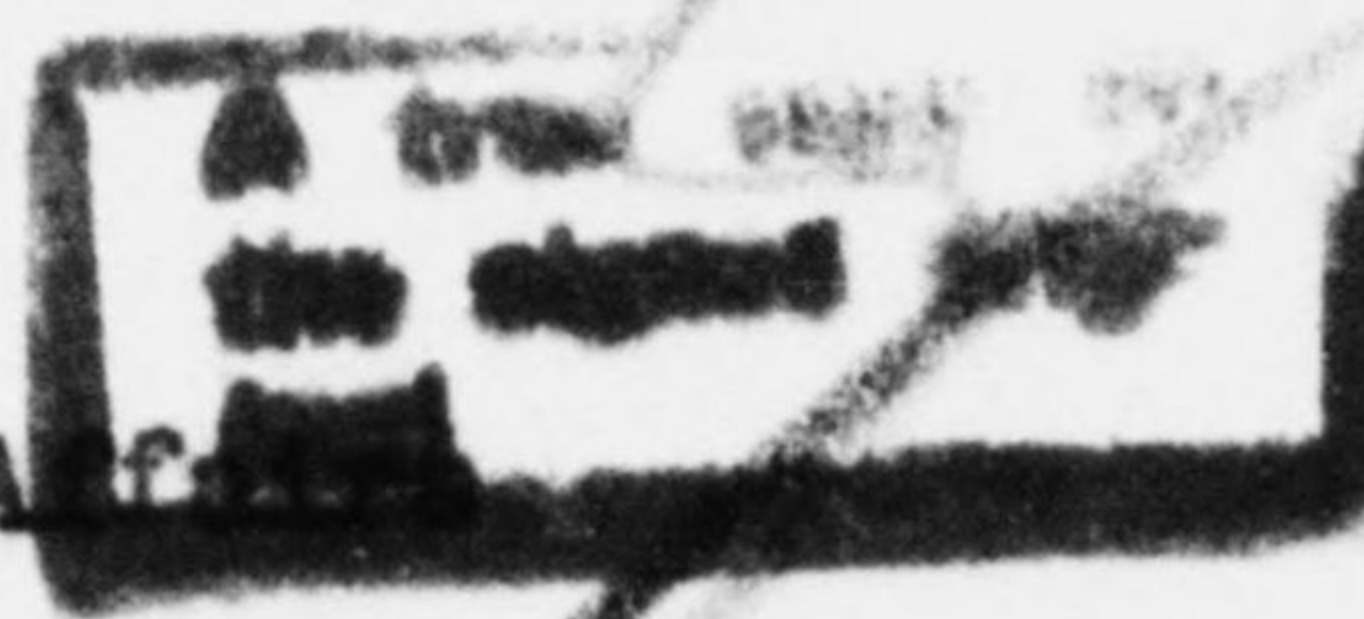
A War Claims Commission was established by the 80th Congress and is supposed to prepare a report for the Congress concerning the type of claims to be considered against the assets of ex-enemy countries held in the United States. The Department is not in a position to state whether this recommendation and the subsequent action by the Congress will result in such treatment for holders of Imperial Japanese Government Bonds.

It is presumed that such holders will have to rely upon the resumption of service on their securities at some future date by the Japanese Government to restore value thereto. In this regard you may wish to write to the Foreign Bondholders Protective Council, Inc., 90 Broad Street, New York, New York, a central representative body established some time ago to concern itself with the interests of holders of dollar bonds issued by governments and municipalities thereof.

Sincerely yours,

For the Secretary of State:

Gardner E. Palmer
Special Assistant
Division of Financial Affairs



Mr. E. A. Seamands,
The Methodist Church,
Gulbarga, Deccan, India.
OED:FN:GEPalmer:hmg

7-25-49

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CR
JUL 26 1949 P.M.

OS/H

894.51 Bondholders

7-649

JUL 27 1949

UNCLASSIFIED

To the

American Consular Officer in Charge,
Bombay, India.

The Secretary of State encloses a letter directed to
Mr. E. A. Seamands, Gulbarga, Deccan, India, concerning a \$1000
Japanese Government Bond held by Mrs. Seamands.

At the discretion of the Officer in Charge, this letter
may be transmitted to the addressee.

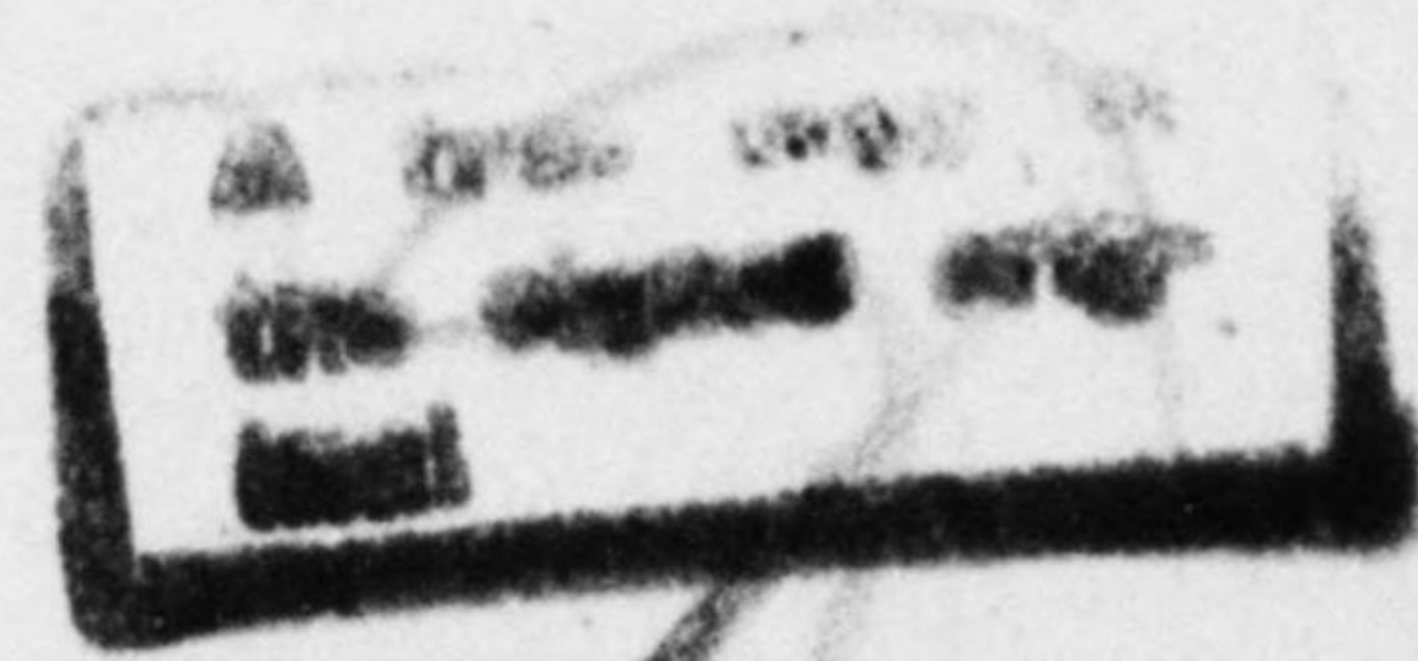
894.51 BONDHOLDERS/7-649

Enclosure:

To Mr. E. A. Seamands,

CS/J

[Handwritten initials]



894.51 Bondholders/7-649

UNCLASSIFIED
OFC:FN:GEPalmer:hmg

7-25-49

S/S-CR

JUL 26 1949

894.51 Bondholders
/7-649

ACTION
is assigned to
JED

RECEIVED
JUL 13 1949
DEPT. OF STATE
DCR

The Methodist Church
South India Conference
Gulbarga District

JUL 27 1949

E. A. SEAMANDS,
District Superintendent
and
Area-Secretary

P. O. ADDRESS:
GULBARGA, DECCAN, INDIA.

THE STATE DEPARTMENT,
Claim Against Japanese Govt.,
Washington, D.C.,
U.S.America.

July 6th, 1949
DIVISION OF FINANCIAL AFFAIRS
with copy transmitted
to Bombay
DEPARTMENT OF STATE
7-25-49

Dear Sirs:

A letter from Mr. R.M. Levy, of the Far East
Command HG in San Francisco states that any claims of
American Citizens against the Japanese Government should
be made to the State Department.

Mrs. Seamands is the holder of a \$1,000
Imperial Japanese Government Bond Loan 1930 No. 29320
with coupon due Nov. 1st, 1941. As a missionary with but
modest income she cannot afford to lose this sum outstanding
against the Japanese Government. We would thank you very
much if you would outline the procedure necessary for
the acquiaition of this sum in payment by the Japanese
Government.

The Bond is with her attorney in Pittsburgh,
but can be produced if and when necessary.

An early reply to this letter will be deeply
appreciated. I may add of course that we are American
Citizens and have been missionaries in India since 1919.

Yours sincerely,

E. A. Seamands

DCR - CLAIMS UNIT
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FILED
AUG 5 1949

894.51 BONDHOLDERS/7-649
CS/A 7-649
894.51 Bondholders

7-27-49

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UNCLASSIFIED

To the

American Consular Officer in Charge,
Bombay, India.

The Secretary of State encloses a letter directed to
Mr. E. A. Seamanis, Gulbarga, Deccan, India, concerning a \$1000
Japanese Government Bond held by Mrs. Seamanis.

At the discretion of the Officer in Charge, this letter
may be transmitted to the addressee.

Enclosure:

To Mr. E. A. Seamanis,

894.51 Bondholders/7-649

UNCLASSIFIED

OFD:FN:GEPalmer:hmg

7-25-49

S/S-CR



RAYMOND T. JACKSON
UNION COMMERCE BUILDING
CLEVELAND

ACTION
is assigned to

July 25, 1949. ⁶⁵

Department of State,
Washington, D. C.

DIVISION OF FINANCIAL ASSETS
JUL 28 1949
F N Strong
DEPARTMENT OF STATE
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full

Gentlemen:

One or two years ago I inquired with respect to the status of 6% Gold Bonds of The Tokyo Electric Company, which were marketed in this country in 1928. At that time you were unable to give any definite information and suggested that I again make inquiry at a later date. Pursuant to that suggestion, I am renewing my inquiry as to whether there is any possibility of resumption of interest service or of principal payments upon these bonds.

In view of what has seemed to be the general attitude of our Government on American investments in foreign companies for a number of years, I should not expect that anything had been done to protect the interests of American investors in this case. Beginning at least as early as the expropriation of American oil investments in Mexico, it has seemed that the efforts of our Government have been directed to assisting foreign governments or their nationals who desired to expropriate property or to default on payment of bonds owned by American investors rather than to assist or to protect American investors.

Although I am a lawyer, I make no pretense of being an expert in international law. However, I have done some reading in that field as a matter of general interest. Under the Hague Convention I have been quite unable to understand upon what basis the United States expropriated, or encouraged and supported other nations in expropriating, private property located in other countries even though owned by nationals of defeated enemy nations. I have understood from that Convention that our Government, as well as others, agreed to respect private property and that any justified recoupment from a defeated nation took the form of an indemnity to be paid by its Government and could not be satisfied by taking the private property of its citizens. However, the latter course seems to have been very widely followed with the tacit if not express approval of our Government.

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894.51 BONDHOLDERS/7-2549

CS/A
894.51 Bondholders
/7-2549

RAYMOND T. JACKSON
UNION COMMERCE BUILDING
CLEVELAND

Department of State
July 25, 1949

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Wine?
Another aspect of this policy relates to the seemingly adopted principle that our Government may compel, or at least will condone or support the action of allied governments in compelling, defeated nations to nationalize industries. Of course, our Government seems to have given strong support to the novel theory that international law is whatever the victors in any war may chose to make it by ex post facto declaration. Otherwise, I do not see how such a course can be supported under international law or how in any event it could be supported by our Government if our Government in fact favors the system of private enterprise.

In view of what seems to me to have been the policy of our Government in the aspects hereinbefore stated, I do not see how the Government could seriously expect any reasonably sane American citizen to make foreign investments pursuant to Point 4 of the policy announced by the President.

Very truly yours,

R. T. Jackson

Raymond T. Jackson

F.3g

AUG 29 1949

In reply refer to
FN 894.51 Bondholders/7-2549

My dear Mr. Jackson:

The receipt is acknowledged of your letter dated July 25, 1949 concerning the status of six percent Gold Bonds of the Tokyo Electric Company which were marketed in the United States some years ago. Unfortunately a search of the Department's Central Files does not reveal your earlier letter of one or two years ago, possibly because of an error in classification.

The United States Government has not surrendered any rights of its citizens with respect to gold or dollar bonds issued by Japanese entities. But at present there are no means by which Japan could compensate holders of such bonds either for interest due or principal, since the Japanese economy possesses no foreign exchange assets with which to honor capital transfers. All of Japan's foreign exchange is reserved for current transactions by orders of the Supreme Commander for the Allied Powers in order to provide payment for essential imports. You are undoubtedly aware that a very large portion of the foreign exchange is provided from appropriations of the United States Congress in order to carry on the objectives of the occupation of Japan.

It is hoped that at some future date the Japanese economy may have a surplus of foreign exchange which could be applied to liquidating pre-war capital indebtedness particularly of dollar or gold bonds. In the uncertain

state

Mr. Raymond T. Jackson,
Union Commerce Building,
Cleveland, Ohio.

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Encl.	<i>RH</i>
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Col.	<i>at</i>
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894.51 BONDHOLDERS / 7-2549

*894.51 Bondholders
CS/IC / 7-2549*

~~OFF~~

AUG 10 1949

In reply refer to
FN 894A.51 Bondholders/7-2849

894A.51 BONDHOLDERS/7-2849

My dear Senator Tydings:

Reference is made to your letter of July 28, 1949 concerning a claim by Mr. F. W. Lee of Owings Mills, Maryland, deriving from his ownership of eleven bonds of the Taiwan Electric Company, Island of Formosa. Mr. Lee has corresponded with the Department in connection with his bonds, but the Department did not construe this correspondence as a claim for reasons set forth in continuation.

The bonds which he owns are part of an issue dated July 1, 1931, underwritten by J. P. Morgan & Company and guaranteed by the Japanese Government. Whether securities in this category will be considered as valid claims against Japanese vested assets in this country, except as included in Public Law No. 671 of 1946 which provided that the Office of Alien Property could honor outstanding debt claims against specific assets of the debtors in its possession, is a question yet to be determined by Congress. As you are probably aware, the War Claims Commission established by the 80th Congress is to prepare a report making recommendations as to the type of claims which shall be considered valid against ex-enemy assets located in the United States, after which the Congress will enact legislation toward this end. Presumably, the receiving and processing of such claims will then be handled by the War Claims Commission.

The situation with respect to the particular bonds which Mr. Lee owns is complicated by the fact that the company's operations are in the Island of Formosa, which is now under the administration of the Chinese Government. The property is not in the possession of the United States Government, as Mr. Lee apparently believes. The Foreign Bondholders Protective Council, Inc., 90 Broad Street, New York, New York, which was organized

some years

The Honorable
Millard E. Tydings,
United States Senate.

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894a.51 Bondholders
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some years ago as a central representative body for the negotiation of settlements of foreign government and municipal debts, has concerned itself with the particular issue of which Mr. Lee holds bonds. At the request of the Council, the Department is endeavoring to obtain information concerning the status of the issue from the American Consulate General at Taipei, Taiwan (Island of Formosa). It is suggested that Mr. Lee may wish to write the Council so that he may be informed of any future developments.

In general, the Department considers that the holding of foreign securities, however acquired, is essentially a private transaction into which the holders thereof enter after a calculation of the risks involved. It is anticipated that such holders will avail themselves of the legal or other remedies inherent in their holdings to protect their interests therein. The Department does, however, endeavor to assist such holders to the extent that it properly can. In the case of publicly-floated dollar bonds issued or guaranteed by foreign governments or the political subdivisions thereof, it is generally considered that such assistance can best be rendered through cooperation with the Foreign Bondholders Protective Council, Inc., a non-profit corporation which was organized at the request of the Government.

Sincerely yours,

For the Secretary of State:

Ernest A. Cross
Assistant Secretary

W
AUG 10 1949

OFD:FN:GEPalmer:hmg
8/4/49

OFD

L/C

L/E

E

[Handwritten signatures and initials: JAB, L/E, E, Palmer]

MILLARD E. TYDINGS, MD., CHAIRMAN
 RICHARD B. RUSSELL, GA.
 HARRY FLOYD BYRD, VA.
 VIRGIL CHAPMAN, KY.
 LYNDON B. JOHNSON, TEX.
 ESTES KEFAUVER, TENN.
 LESTER C. HUNT, WYO.
 STYLES BRIDGES, N. H.
 CHAN GURNEY, S. DAK.
 LEVERETT SALTONSTALL, MASS.
 WAYNE MORSE, OREG.
 RAYMOND E. BALDWIN, CONN.
 WILLIAM F. KNOWLAND, CALIF.
 J. NELSON TRIBBY, CLERK

United States Senate
 COMMITTEE ON ARMED SERVICES

ACTION
 is assigned to

CFD FN

July 28, 1949

49075

Honorable Dean Atchison
 Secretary of State
 Washington, D. C.

894a.51 Bondholders / 8-2749

DC/R

RECEIVED
 JUL 30 1949
 DEPT. OF STATE
 D.C./R

Dear Mr. Secretary:

FN FN -
 8/24 DIVISION OF FINANCIAL AFFAIRS

Mr. F. W. Lee of Owings Mills, Maryland advises me that he filed a claim in 1945 or 1946 for eleven bonds of Tawain Electric Company, Island of Formosa. He states these bonds were issued by J. P. Morgan Company and bought in New York in 1935 or thereabout, and that dividends were paid thereon until December 1942.

Ans 1-8-1949
 DEPARTMENT OF STATE
W. J. ... Rm

894A.51 BONDHOLDERS / 7-2849

Mr. Lee adds that the company is active and since the property is in the possession of the Federal Government, he feels that he is entitled to receive the return of some of his investment.

I would appreciate it if you will be so kind as to let me have such information as is presently available and which I in turn may submit to Mr. Lee.

Thanking you and with best wishes, I am

Sincerely yours,

M. E. Tydings

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 DEPARTMENT OF STATE

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894a.51 Bondholders
 CSJEC / 7-2849

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OFF

SEP 28 1949

In reply refer to
FN 894.51 Bondholders/8-2549

My dear General Hume :

The receipt is acknowledged of your letter of August 25, 1949 with respect to \$1000 Imperial Japanese Government External Loan of 1924. As you requested, your letter will be made a matter of record for such future use as may be found appropriate.

Additionally, a copy of your letter has been forwarded to the Foreign Bondholders Protective Council, Inc., 80 Broad Street, New York, New York, which entity was established some years ago as a non-profit corporation to act as a central representative body in the negotiation of settlements pertaining to publicly-floated dollar bonds of foreign governments and political subdivisions thereof. The Council endeavors to keep holders of such foreign securities informed of developments which may require action by them.

Sincerely yours,

For the Secretary of State:

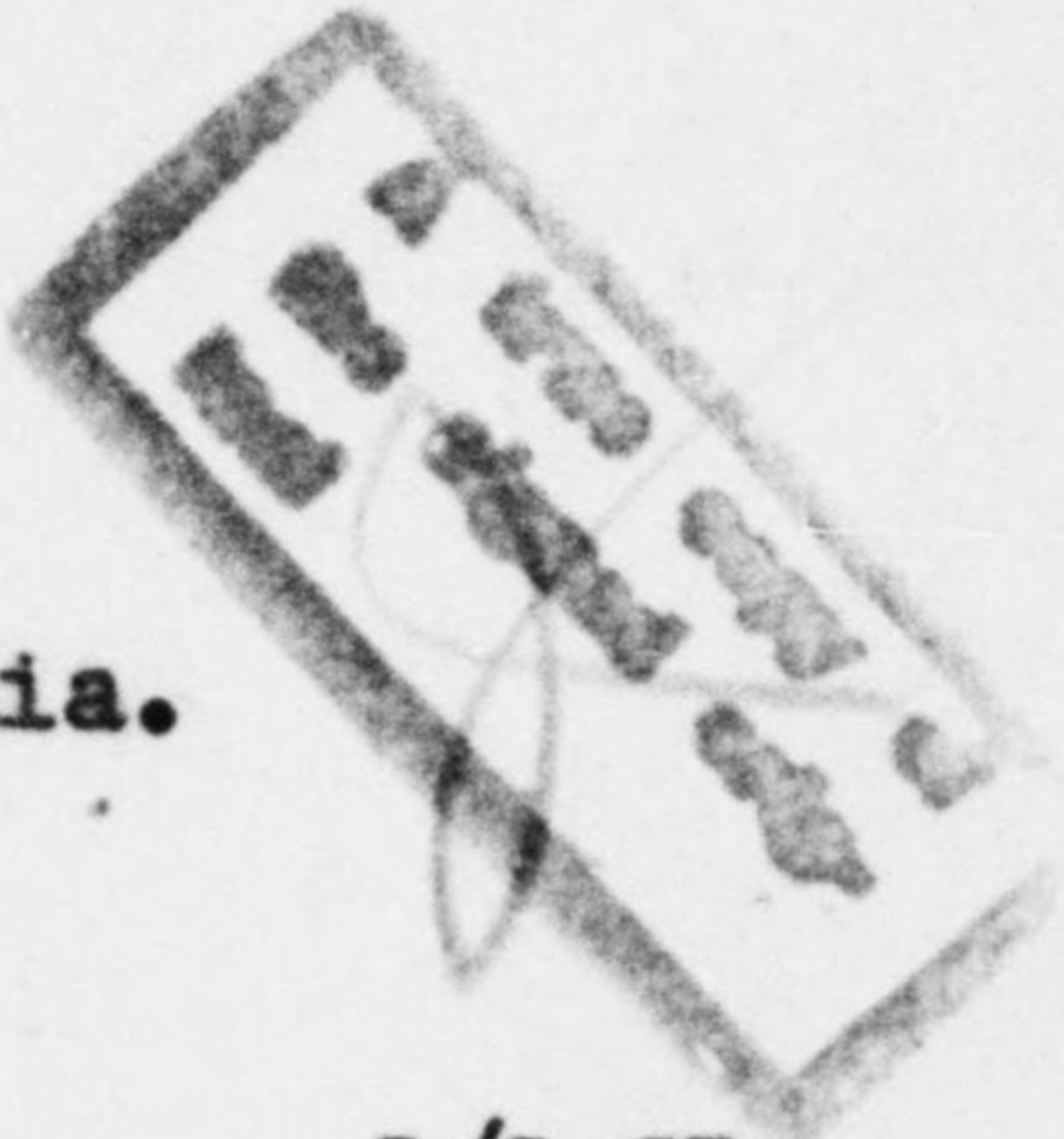
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Dist.	

Gardner E. Palmer
Special Assistant
Division of Financial Affairs

Major General Edgar Erskine Hume,
General Headquarters,
Far East Command,
APO 500, c/o Postmaster,
San Francisco, California.

SEP 28 1949
CR



OFF:FN:GEPalmer:hmg

9-22-49

S/S-CR

894.51 BONDHOLDERS/8-2549 CS/M

894.51 Bondholders/8-2549

~~DEF~~

SEP 28 1949

In reply refer to
FN

Foreign Bondholders Protective Council, Inc.,
90 Broad Street,
New York, New York.

Sirs:

There is transmitted herewith a copy of
a letter from Major General Edgar Erskine Hume,
General Headquarters, Far East Command, APO 500,
C/O Postmaster, San Francisco, California, which
is self-explanatory. A copy of the Department's
reply thereto is attached.

Very truly yours,

For the Secretary of State:

GP
Gardner E. Palmer
Special Assistant
Division of Financial Affairs

Enclosures:

- ✓ 1. From General Hume,
dated August 25, 1949.
- ✓ 2. To General Hume,

CR
SEP 28 1949 PM

REC'D UNIT

Anal. *mg*
Rev. *GP*
Col. *GP*
Dist.

9-22-49

S/S-CR

OFD:FN:GEPalmer:hmg 9-22-49

894.51 BONDHOLDERS/8-2549

894.51 Bondholders

8-25-49

~~DEF~~

SEP 28 1949

In reply refer to
FN

Foreign Bondholders Protective Council, Inc.,
90 Broad Street,
New York, New York.

Sirs:

There is transmitted herewith a copy of
a letter from Major General Edgar Erskine Hume,
General Headquarters, Far East Command, APO 500,
C/O Postmaster, San Francisco, California, which
is self-explanatory. A copy of the Department's
reply thereto is attached.

Very truly yours,

For the Secretary of State:

GEP
Gardner E. Palmer
Special Assistant
Division of Financial Affairs

Enclosures:

- 1. From General Hume,
dated August 25, 1949.
- 2. To General Hume, *OFD UNIT*

CR
SEP 28 1949 PM

Andl.
Res.
Col.
Dist.

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OFD:FN:GEPalmer:hmg 9-22-49

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894.51 BONDHOLDERS/8-2549

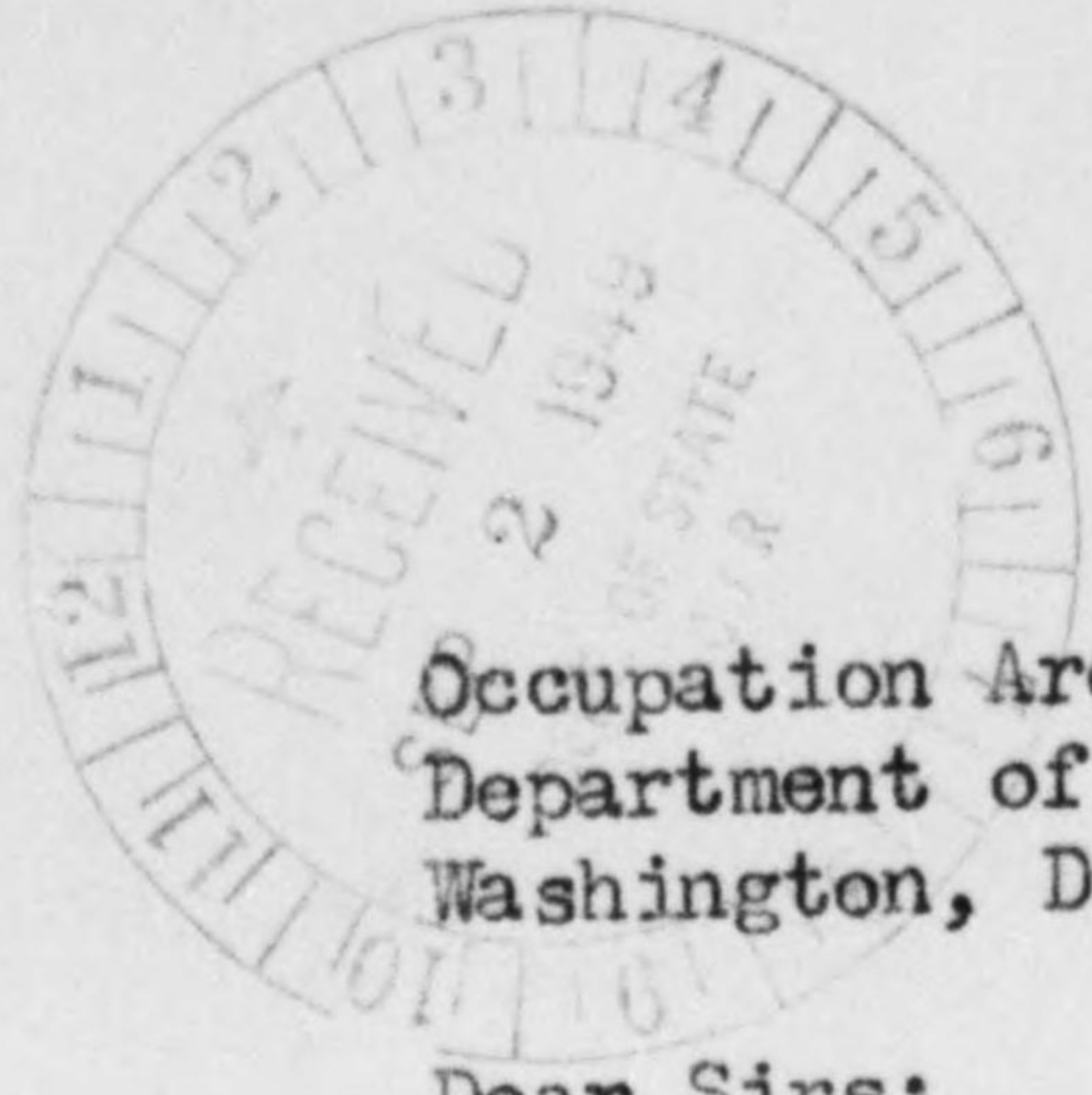
894.51 Bondholders

8-25-49

ACTION
is assigned to
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GENERAL HEADQUARTERS
FAR EAST COMMAND
APO 500
Medical Section

49776



Occupation Areas Division
Department of State
Washington, D. C.

Ans 9-22-49
SEP 6 1949
DEPARTMENT OF STATE
25 August 1949
Bond. NY
FN. McPalmer

Dear Sirs:

Having discussed the matter with the Civil Property Custodian, Office of the Supreme Commander for the Allied Powers, Tokyo, I send you the following information for record:

I hold a Japanese Government bond purchased at par at the time of its issue in 1924, the full data concerning which are:

Imperial Japanese Government External Loan, 1924.
\$1,000 gold bond. 6½%. Number M-95902. Due February 1954. Coupons for August, 1941, and all subsequent thereto are attached.

While I am informed that nothing can be done for the present, I request that this letter be made of record, also that the bond has been presented by me to my grandson, Edgar Erskine Hume, III, aged 2, whose present address is care of his father, First Lieutenant Edgar Erskine Hume, Jr., 105 East Fourth Street, Frankfort, Kentucky.

Acknowledgment of receipt of this letter would be appreciated.

Sincerely yours

[Signature]
EDGAR ERSKINE HUME
Major General

FILED
JUN 12 1951

DCR - CLAIMS UNIT
[Handwritten initials: eal, ymm]

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894.51 BONDHOLDERS/8-2549

CS/IC 8-2549

894.51 Bondholders

DC/R



DEPARTMENT OF STATE

Memorandum of Conversation

DATE: NOV. 10, 1949

SUBJECT: Japanese Dollar Bonds.

PARTICIPANTS: Mr. Robert West, Deputy Under Secretary of the Department of the Army
 Mr. Donald C. Cook, SEC Commissioner
 Dr. Edward Welch, Chief of SCAP'S Economic Deconcentration Program.
 Mr. Walter Louchheim, SEC Foreign Securities Adviser.
 Major Cullen, Civil Affairs Division, Department of the Army.
 NA - Mr. Noel Hemmendinger) Department of State
 OFD - Mr. Gardner Palmer)

COPIES TO:

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894.51

894.51 BONDHOLDERS / 11-1049
DC/R Central Files

BACKGROUND: The Securities and Exchange Commission has been under pressure to permit the trading of Japanese Dollar Bonds which has been precluded since December 8, 1941, by the delisting of the securities by the Stock Exchanges and by the SEC'S request, without basis of law, to unlisted security dealers to refrain from making a public market in enemy securities. As a preliminary step to lifting this ban a communication was sent to SCAP on June 15, 1949. The reply of July 3, 1949, developed that no steps had been taken to modify Japanese Law No. 60 of 1943, which unilaterally discharged mortgage liens securing corporate dollar bonds under terms of the trust indentures. As the SEC and the Department felt that the reinstatement of these mortgage liens, if practicable, would be desirable, and the SEC felt that a resolution of this problem is a necessary prerequisite to permitting the trading in these securities, a draft telegram pointing the problem and asking SCAP'S views was forwarded to the Army for transmission. Inasmuch as all corporate bonds are guaranteed by the Government this action was also informally cleared with the Foreign Bondholders' Protective Council. Mr. Voorhees, Under Secretary of the Department of the Army, had some reservations in sending this message, particularly as Mr. West, his Deputy, was planning to go to Japan, where he thought he could discuss the matter personally. The subject meeting was called at the request of the SEC, made to the Department of Army.

Mr. West stated that the proposed action raised in his mind the problem

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CS/P
894.51 Bond -
Reference / 11-1049

of how you unscrambled eggs, inasmuch as he understood that it might be difficult to place the bondholders in the position they occupied prior to Law No. 60. Mr. Cook explained that the SEC was under increasing pressure to permit trading of Japanese securities in view of the fact its ban on trading took the form of only a request to unlisted security dealers without legal power to enforce them. In answer to Mr. West's question, he stated that he anticipated that some dealers, recognizing the tenuousness of the ban, would start trading and that others would follow. Such action would work an injustice against stock exchanges which could be controlled by law, and would be undesirable without the public having available information on which to pass judgment of the value of the securities. It was pointed out that no foreign exchange would probably be available for servicing these securities for some time and developed that this in itself would be no reason to preclude trading, as such announcement as the SEC might make permitting the resumption of trading could include a disclaimer to the effect that such resumption would not mean any early resumption of debt service in foreign currencies.

Dr. Welch verified that a substantial portion of the original obligors had been merged into an electric power combine in 1938, for which the Japanese government undertook to guarantee all of the dollar bonds; that Law No. 60, 1943, provided for the mandatory conversion of all such dollar bonds in the hands of Japanese nationals into yen obligations; that at the same time the underlying mortgage liens were cancelled, placing both the yen bonds and the dollar bonds in the category of debentures guaranteed by the Japanese government. He further stated that SCAP has plans for breaking up the combine formed in 1938 by dispersal into smaller operating units, which program would obviously be most difficult if the original mortgage liens were to be reinstated. He also stated that some thought had been given to the issuance of new yen obligations by the Japanese government in exchange for presently outstanding dollar bonds. At this point, Mr. Palmer indicated that such treatment of dollar bonds would be contrary to government policy and that the Foreign Bondholders Protective Council would most certainly consider such a plan completely unacceptable. He further stated that while the mortgage liens in themselves might be of questionable value, that if possible they should be reinstated as a matter of principal on the theory that this government cannot without protest permit the unilateral abrogation of property rights of American citizens by foreign governments, especially in this case, when such action was taken by an enemy during the war.

Mr. Cook queried Dr. Welch as to the definitiveness of the deconcentration program and what information SCAP might make available, including some statement with respect to the ultimate if not immediate revision of Law 60 with respect to mortgage liens, this on the theory that such liens might be reinstated on some equitable basis after decentralization. He again stressed the urgency of removing the ban against trading in these securities and indicated that the SEC would wish to proceed even though Law 60 could not now be modified. Mr. Palmer suggested that in addition to fiscal information

from

from the Japanese government and perhaps balance of payments information some statement from SCAP with respect to the ultimate modification of Law 60 and to the deconcentration program would be desirable; also that some arrangement should be made for determining the actual number of valid dollar bonds outstanding and for the destruction of repatriated dollar bonds for which yen obligations were issued; that the problem of designating new Trustees as successors to liquidated Japanese trustees should be considered.

Mr. West agreed to discuss this matter in Japan and to take with him a memorandum to be prepared by the SEC covering the principle points which needed resolution as a prerequisite to trading and information which SCAP would be requested to supply.

ORD: EEPalmer:mhn
11-16-49

ACTION
is assigned to

~~STP~~

10370



OFFICE OF
FINANCIAL & DEVELOPMENT POLICY

DEC 12 1949
DEPARTMENT OF STATE

Tokyo, Japan
November 30, 1949

Department of State,
Washington, D. C.

DCR

Subject: CLAIM AGAINST THE JAPANESE GOVERNMENT

Gentlemen:

Please advise in what form a claim should be filed to recover an investment in four (4) Japanese Gold Bearer Bonds and whether or not such claims should be filed with the State Department.

T

228276

Very truly yours,

DCR - CLAIMS UNIT	
Anal	<i>real</i>
Rev	<i>D L</i>
Cat.	
Dist.	<i>RP</i>

nl
Mrs. Mary Michelin
MRS. MARY MICHELIN,
CPC-GHQ-SCAP
APO 500 c/o P.M.
San Francisco, Calif.

JUN 12 1951

FILED

894.51 BONDHOLDERS/11-3049

CS/J

Inventory: (not enclosed)

- 1 City of Tokio, External Loan of 1927, Gold Bond, due 1 Oct 61.
- 1 Ujigawa Denki Kabushiki Kaisha (Ujigawa Electric Power Co.)
First Mortgage Gold Bond, due 15 Mar 45.
- 2 Tokyo Dento Kabushiki Kaisha (Tokyo Electric Light Co.) First
Mortgage Gold Bond, due 15 Jun 53.

*894.51 Bondholders
11-3049*

DPm 3255

Mr. Surpen

Political Affairs Bureau;

University, Economics;

; wants to consider a

~~participation in~~ formation and execution, UN General Assembly work.

Mr. Takeuchi Harumi, Chief of Second Section of Research Bureau; educated Amherst and Harvard; wants to study research methods.

Mr. Tsuchiya Jun, Liaison and Coordination Officer with GHQ; age - about 48; educated in University of Maine; career diplomat, European posts; wants to study UN organization.

Mr. Nara Yasuhiko, Press Section of Public Relation Division of Political Affairs Bureau; wants to study handling of public affairs, press relations and cultural exchange, especially UNESCO.

Mr. Ono Katsumi, Director of Political Affairs Bureau;
Age - 44; educated Kinto Imperial University, Economics;
described as cautious, unimaginative; wants to consider a
political formation and execution, UN General Assembly work.

Mr. Takeuchi Harumi, Chief of Second Section of Research
Bureau; educated Amherst and Harvard; wants to study re-
search methods.

Mr. Tsuchiya Jun, Liaison and Coordination Officer with
GHQ; age - about 48; educated in University of Maine; career
diplomat, European posts; wants to study UN organization.

Mr. Nara Yasuhiko, Press Section of Public Relation Division
of Political Affairs Bureau; wants to study handling of
public affairs, press relations and cultural exchange,
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Age - 44; educated Kyoto Imperial University, Economics;
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of Political Affairs Bureau; wants to study handling of
public affairs, press relations and cultural exchange,
especially UNESCO.

The Council was formed some years ago by invitation of the United States Government as a private, non-profit, corporation to act as a central representative body for the negotiation of debt settlements covering publicly-fleated dollar bonds issued or guaranteed by foreign governments or their political sub-divisions.

Sincerely yours,

For the Secretary of State:

Gardner E. Palmer, Adviser,
Office of Financial and
Development Policy.

OFD:GEPalmer:mhn
12-15-49

L/C *CAF*

~~VIA~~ FE/NA

Uot

A true copy of
the signed original

DEC 21 1949
DEC 2 1949

OFD

DEC 23 1949

DEC 23 1949

In reply refer to
894.51 Bondholders

894.51 BONDHOLDERS / 11-3049

My dear Mrs. Michelin:

The receipt is acknowledged of your letter of November 30, 1949 concerning a possible claim against the Japanese Government derived from the holding of dollar bonds issued by the City of Tokyo and by two Japanese Public Utility Companies.

You are informed that the securities which you describe are now guaranteed by the Japanese Government, but that no general claims procedure has been established for the benefit of the holders of such securities. Until August 9, 1948 the Office of Alien Property accepted claims represented by debt obligations against such assets of the individual obligors as may have been under control by that office. However, the total of such claims against the Japanese Government so far exceeded the assets of that government under control that any distribution to claiming bondholders would have been relatively negligible. Whether or not such debt obligations will participate in the residue of the assets of Japanese nationals vested by the Office of Alien Property which remains after payment of off-setting debt claims against those nationals is yet to be determined by Congress. A War Claims Commission established by the 80th Congress is supposed to prepare a report making recommendations for consideration in future legislation.

It is believed probable that recovery by bondholders will depend principally upon the restoration of value to their holdings by such action as the Japanese Government may take in the future toward settling its external debt. In this connection it might be well for you to inform the Foreign Bondholders Protective Council, Inc., 90 Broad Street, New York 4, New York, of your holdings.

Mrs. Mary Michelin,
CPC-GHQ-SCAP,
APO 500 c/o P. M.,
San Francisco, California.

BCR OFD UNIT
Anal. *FLH*
ESM

894.51 Bondholders
11-3049
CS/H

~~OFD~~

UNCLASSIFIED

DEC 27 1949

No. 288

To the

Acting United States Political Adviser for Japan,
Tokyo.

The Secretary of State encloses a copy of a letter received from Mrs. Mary Michelin, GPC-GHQ-SCAP, APO 500, c/o P. M., San Francisco, California, together with the Department's reply thereto.

In the discretion of the Mission the enclosed reply may be transmitted to the addressee.

894.51 BONDHOLDERS / 11-3049

Enclosures:

- 1. Copy of Letter dated November 30, 1949 from Mrs. Mary Michelin.
- 2. Letter dated to Mrs. Mary Michelin from the Department.

A true copy of the signed original

DEC 29 1949 P.M.

OCR-OFD UNIT

Andl.

OKD GEPalmer:mhn
12-21-49

UNCLASSIFIED

(See attached Blue for Clearances)

CS/H

894.51 Bondholders
11-3049

ACTION

is assigned to

DPD

DR. A. L. LEWIN,
3703 PENN AVENUE,
PITTSBURG, PA.

Dec. 4, 1949

Honorable Dean Acheson
Secretary of State
Washington, D. C.
Honorable Sir.

Reply drafted
12-15-49
J.C. Patmell

In August 1946 I wrote a letter to General McArthur, Tokyo, Japan in regard to two bonds loaned of the Tokyo General Electric Company.

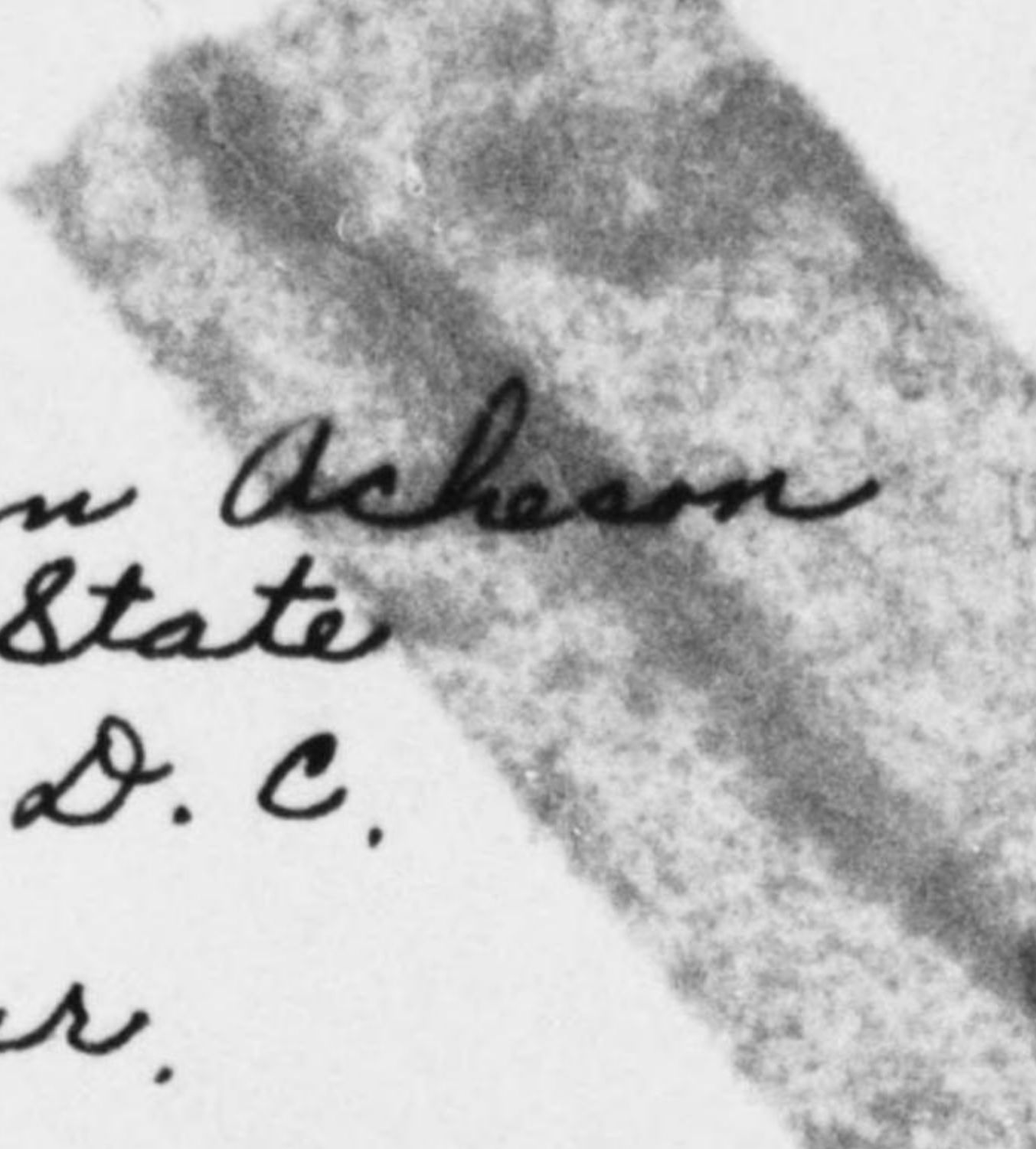
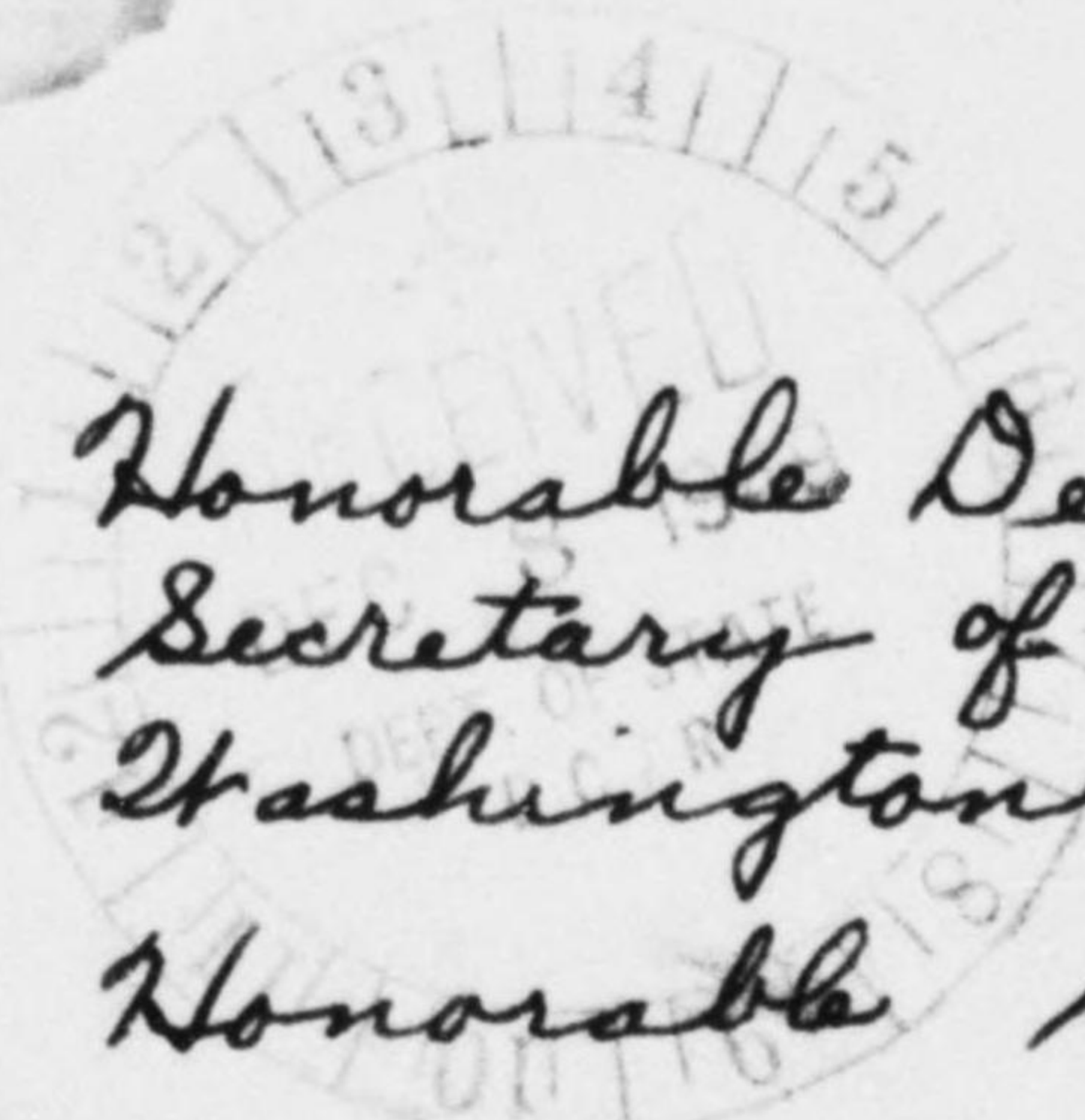
Reply dated January 11, 1947 stated that normal business transactions cannot be carried on until policy of foreign exchange and trade transactions are established.

Will you kindly inform me of the status of these bonds or what I can do about them.

Very respectfully,
Yours,

A. L. Lewin

710



RECORDED
INDEXED
DEC 12 1949

DECLASSIFIED

E.O. 11652, Sec 3(E) and 5(D) or (E) NND# 760050

DR. A. L. LEWIN.
3703 PENN AVENUE.
PITTSBURG, PA.



Honorable Dean Acheson
Secretary of State
Washington
D. C.

DECLASSIFIED

E.O. 11652, Sec 3(E) and 5(D) or (E) NND

760050

DR. A. L. LEWIN.
3703 PENN AVENUE.
PITTSBURG, PA.

PITTSBURGH, PA.
DEC 5
4:30 PM

UNITED STATES POSTAGE
3 CENTS

Honorable Dean Acheson
Secretary of State
Washington
D. C.

894.51 BONDHOLDERS / 12-449

CS/J
894.51 Bon

228115

BON - GENERAL	
Name	<i>al</i>
Rev	<i>SL</i>
Cat.	<i>R</i>
Dist.	

DE

In reply refer to
OFD 894.51 Bondholders

DEC 21 1949

My dear Dr. Lewin:

The receipt is acknowledged of your letter of December 4, 1949 in which you inquire concerning the status of two bonds of the Tokyo General Electric Company. These bonds when originally issued were obligations only of the corporate debtor but on April 1, 1939 the Japanese Government undertook to guarantee them in connection with a merger of several electric companies into the Japan Electric Generation and Transmission Company, Ltd., organized on that date. As dollar bonds guaranteed by the Japanese Government they would fall within the competence of the Foreign Bondholders Protective Council, Inc., 90 Broad Street, New York 4, New York. The Council was organized some years ago to act as a central representative body to negotiate bond settlements or refunding agreements covering publicly floated dollar bonds issued or guaranteed by foreign governments or their political subdivisions. You may wish to write to the Council so that you may be kept informed of developments which may affect your holdings.

In general the Department considers that the holding of foreign securities is essentially a private transaction into which the holders thereof enter after a calculation of the risks involved, and it is anticipated that such holders will rely on the legal or other remedies inherent in their holdings to protect their interests therein. The Department does, however, endeavor to render such assistance as it appropriately can to bondholders or their representatives, in which connection the suggestion was made that you inform the Foreign Bondholders Protective Council, Inc. of your holdings.

Sincerely yours,

For the Secretary of State:

[Signature]
Gardner E. Palmer, Adviser,
Office of Financial and
Development Policy.

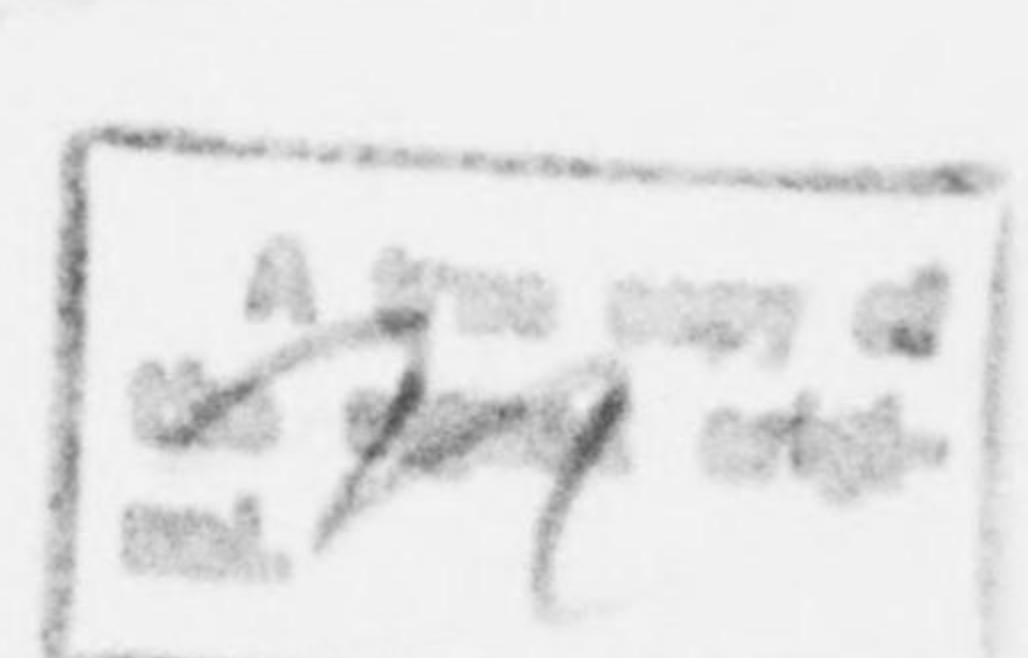
A. L. Lewin, M. D.,
3703 Penn Avenue,
Pittsburg, Pennsylvania.

DEC 20 1949 P.M.

[Signature]
OFFICE of Palmer:mhn

12-15-49

L/C



NEA - FE/NA

WAT

894.51 BONDHOLDERS / 12-449

CS / J
894.51 Bondholders

12-4-49

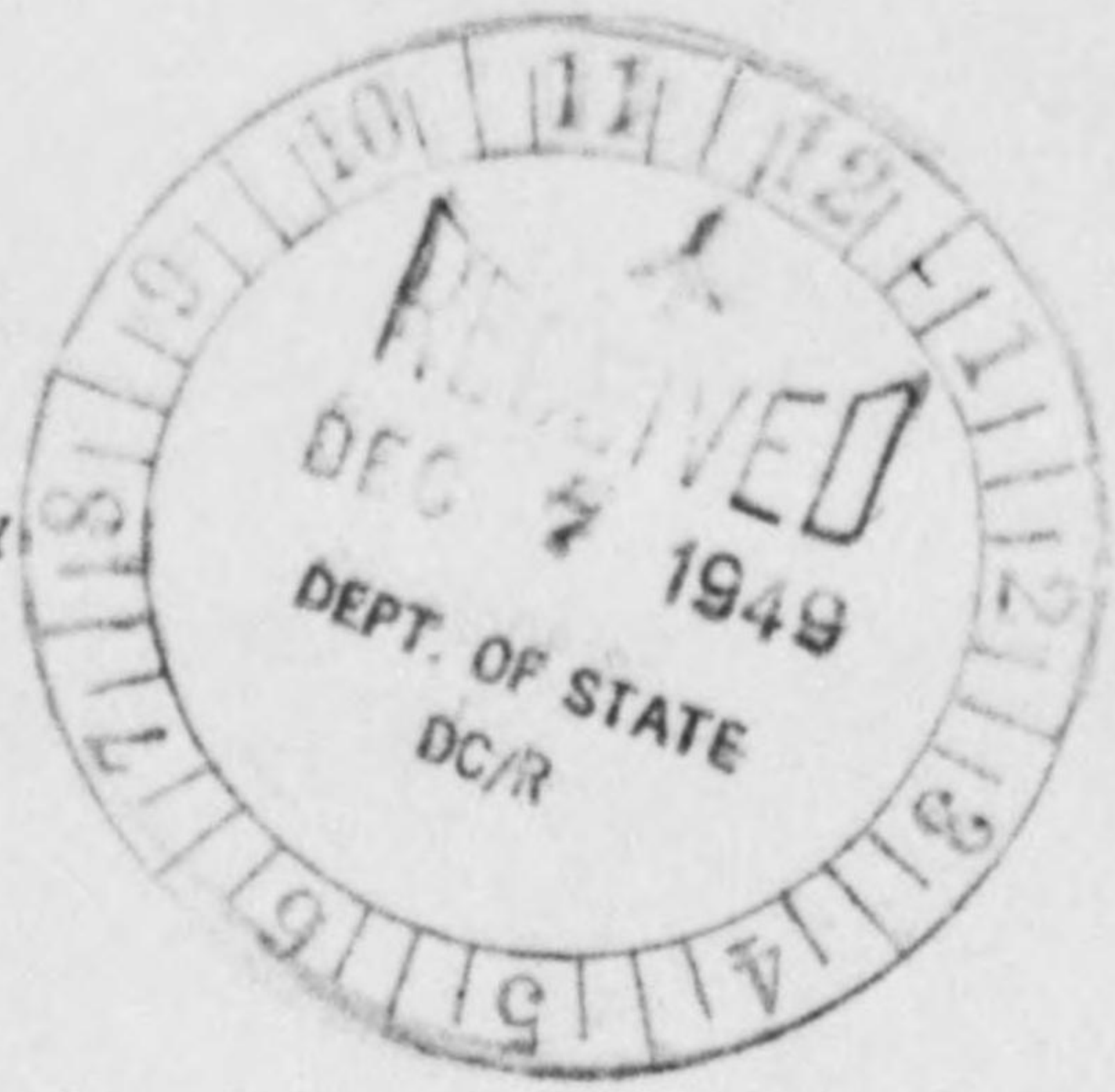
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ACTION
is assigned to

~~OFD~~

FE
JAN - 4 1950

CONSULTATION BY
APPOINTMENT



John Windrum Strahan
Counsellor at Law

79 HALSEY STREET
NEWARK 2, N. J.

TELEPHONE MARKET 2-4746

Dec. 6th, 1949

OFFICE OF
FINANCIAL & DEVELOPMENT POLICY

Reply drafted
DEC 9 1949
17-5-49 J.C. Palmer
DEPARTMENT OF STATE
mm

DC/R

Department of State
Washington D.C.

Dear Sirs;

In 1924 I bought a \$1,000.00 bond of the Imperial Japanese Government 6 $\frac{1}{2}$ %. On the outbreak of the war this bond became worthless. Has anything been done for the American holders of these bonds or is anything contemplated. It seems wrong that the Japanese should escape this debt so easily. We certainly expect our own citizens to pay their debts, why not our defeated enemies? I will appreciate your advice on this matter.

Very truly yours,

John W. Strahan
NC

227748

894.51 BONDHOLDERS/12-649 CS/M 894.51 Bondholders /12-649

DCR - CLAIMS UNIT
Anal. *LA*
Rev. *[Signature]*
Cor.
Dist.

FILED
MAY 25 1951

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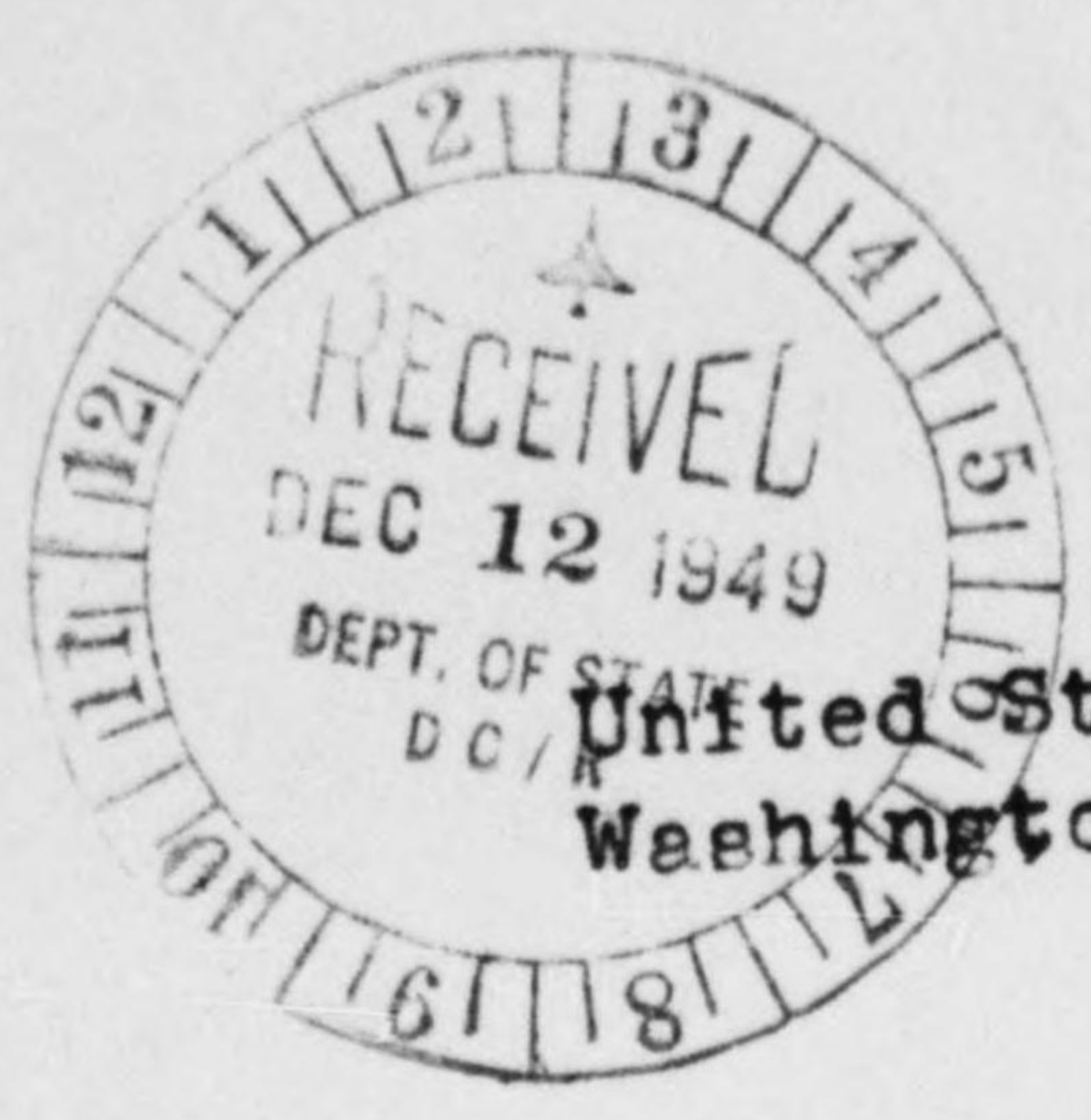
ACTION is assigned to [initials]

OFFICE OF FINANCIAL & DEVELOPMENT POLICY
Reply drafted
DEC 13 1949
12 DEPARTMENT OF STATE
G.E. Palmer
mn

EMELYN L. MAC KENZIE
COUNSELOR AT LAW
130th STREET AND THIRD AVENUE
NEW YORK 35, N.Y.
LEHIGH 4-0501

male or female?

December 7, 1949.



United States Department of State,
Washington, D. C.

Attention: War Claims Division.

RE: Estate of Rosebud Levenson, Decd.

Dear Sirs:

I represent the Estate of Rosebud Levenson, who died a resident of Bronx County, New York, on July 24, 1949.

Mrs. Levenson, at the time of her death, owned one bond, No. 16506, issued by Oriental Development Company, Ltd., in the sum of \$1,000.00, due 1953, with interest at 6%. The interest coupons from March, 1942 are annexed to the bond.

I shall appreciate any information you may give me with reference to this bond and its value on July 24, 1949.

Is it possible to make any claim on this bond against the Japanese assets as the bond was guaranteed principal and interest by the Japanese Imperial Government?

Very truly yours,

Emelyn L. MacKenzie

ELM/EMP

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RECEIVED JUN 22 1951

894.51 BONDHOLDERS/12-749 CS/J

894.51 Bondholders
12-749