

GENERAL HEADQUARTERS  
SUPREME COMMANDER FOR THE ALLIED POWERS

AG 004.05 (1 Oct 46) ESS/AC  
(SCAPIN - 1250)

AFO 500  
4 October 1946

MEMORANDUM FOR: IMPERIAL JAPANESE GOVERNMENT  
THROUGH : Central Liaison Office, Tokyo  
SUBJECT : Amendments to Memoranda Affecting Restricted Concerns

1. References are the following Memoranda for the Imperial Japanese Government from General Headquarters, Supreme Commander for the Allied Powers:

a. AG 319.1 (22 Oct 45) ESS/IE, 25 October 1945, (SCAPIN - 177),  
subject: "Reports to be Made by Certain Business Firms."

b. AG 004 (31 Oct 45) ESS, 31 October 1945, (SCAPIN - 215), sub-  
ject: "Sale or Transfer of Securities of Certain Business Firms."

c. AG 004 (8 Dec 45) ESS/AC, 8 December 1945, (SCAPIN - 403),  
subject: "Establishment of a Schedule of Restricted Concerns."

d. AG 300.8 (8 Dec 45) ESS/AC, 8 December 1945, (SCAPIN - 408),  
subject: "Regulations Affecting Restricted Concerns."

e. AG 319.1 (19 Jan 46) ESS/AC, 19 January 1946, (SCAPIN - 625),  
subject: "Reports to be Made by Certain Business Firms."

f. AG 150 (23 Feb 46) ESS/AC, 23 February 1946, (SCAPIN - 767),  
subject: "War Damage and Government Indemnity Claims of Companies on the  
Schedule of Restricted Concerns."

2. The following inclosures to Memorandum la, above, are corrected as  
set forth in Inclosures 1 and 2 of this Memorandum:

a. Inclosure 1 to reference Memorandum la, above, to be used in  
Reporting Commercial and Industrial Companies.

b. Inclosure 2 to reference Memorandum la, above, to be used in  
Reporting Banks or Other Financial Institutions.

3. Reference Memorandum ld, above, is amended by adding the follow-  
ing as paragraph 6 thereof:

"In all plans and applications involving the transfer of assets

*Rescinded by  
SCAPIN  
2157  
19 June 51*

*CS*

Basic: Memorandum for Imperial Japanese Government from GHQ, SCAP, file AG 300.8 ( 4 Oct 46 )ESS/AC (SCAPIN - 1250 ), subject: "Amendments to Memoranda Affecting Restricted Concerns," dated 4 October 1946.

of Restricted Concerns submitted to the Supreme Commander for the Allied Powers pursuant to paragraph 4 hereof, a statement will be included to the effect that the transaction is in compliance with the provision of all pertinent price control legislation."

4. Reference Memoranda la, b, c, d, e and f, above, are amended by adding as paragraphs 5, 4, 4, 7, 4 and 4 respectively thereof, the following:

"Direct communication is authorized between the interested Staff Sections of General Headquarters, Supreme Commander for the Allied Powers, and agencies of the Imperial Japanese Government concerned to implement all provisions of this Memorandum."

FOR THE SUPREME COMMANDER:

*John B. Cooley*  
John B. COOLEY,  
Colonel, AGD,  
Adjutant General.

2 Incls

1. Corrected copy of  
Incl 1 to SCAPIN-177
2. Corrected copy of  
Incl 2 to SCAPIN-177

*Rescinded by  
SCAPIN 2157  
19 June 51*

Corrected Copy of Inclosure No. 1 to Memorandum for Imperial Japanese Government, file AG 319.1 (22 Oct 45)ESS/IE, subject: "Reports to be Made by Certain Business Firms," dated 25 October 1945, to be Used in Reporting Certain Commercial and Industrial Companies.

1. Each of the reporting companies will submit a separate report for itself and for each of its subsidiaries on financial and other allied matters as more fully described in the following paragraphs.

2. For the purpose of this directive, a subsidiary is defined as any corporation, partnership, or association for the purpose of doing business in which the parent company is directly or indirectly the owner of or enjoys other beneficial interest in 10% or more of any one class of stock or indebtedness outstanding, or exercises control to the extent of 10% or more over voting, operations or policy.

3. a. All reports will be prepared in English in the form of the best accounting practice current in the United States.

b. Reports will be typewritten on white paper eight (8) by eleven (11) inches. If that size is not available, paper used will be approximately that size, but in any case all pages of any one report will be uniform.

c. Text will be single spaced, while double spacing will be used for financial statements, schedules, tabulations, lists, rosters, and other such matters.

d. Five copies of each report will be submitted.

e. In the upper right hand corner of each page, one-eighth (1/8) inch from the top of the page, will be typed the abbreviated name of the company and the number of the section of the report.

4. Each report submitted will be for the reporting company only. It will not be consolidated to include both the company and its subsidiaries and affiliates.

5. Reports will be compiled on the basis of the calendar year, excepting that if any company's books or records are kept on a fiscal year basis, the fiscal year corresponding most closely may be substituted. In all cases, however, the same basis will be used for all periods under review in any one report. Furthermore, the reports of parent companies and of their subsidiaries will be submitted on the same basis, unless the books of such companies are ordinarily kept on a different basis.

6. The report will be divided into sections, each section to correspond in numbering and in content with the following subparagraphs.

a. Section 1. DESCRIPTION OF COMPANY.

(1) Name and address of Reporting Company. Japanese name and the English translation will be given. If the Company has

Inclosure 1 to SCAPIN 1250

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an official registered English name, or if the Company changed its name within the past two years, all such names will be shown.

- (2) Name of Parent or Controlling Company.
- (3) Extent of ownership expressed in percentage held by Parent Company, and any other company or individual which owns more than 10% of Reporting Company stock.
- (4) Nature of business.
- (5) Number and location of plants.
- (6) Description of products.
- (7) Present monthly output, by major classes of product, and percent of entire industry of Japan.
- (8) Present capacity and percent of entire industry of Japan.
- (9) Maximum rated capacity, prewar or postwar whichever is greater, and percent of entire industry of Japan.

b. Section 2. EARNINGS.

A record of earnings for each of the years 1935 through 1945, both years inclusive. Such statement will show sales, cost of sales, charge for depreciation and depletion, income from investments, taxes paid, dividend paid and surplus earnings transferred to surplus.

c. Section 3. BALANCE SHEET.

A balance sheet as at the close of each of the years 1935 through 1945, both years inclusive. Such statements will show plant and property gross and net of reserves for depreciation and depletion, investments, patents and processes if carried separately, and itemization of current assets to show bank deposits, receivables, and inventories. The basis on which inventories are calculated will be noted. Capital liabilities will be shown in detail, current liabilities will be broken down as to type, such as bank loans payable accounts due, and so forth.

d. Section 4. CAPITALIZATION.

- (1) A tabulation as at the close of 1945 of the authorized, issued, and outstanding amounts of each class of capital stock, voting trust certificates, or other evidences of

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equity in assets or earnings; and of each class of bond, debenture, or other evidence of indebtedness excepting only those included in current liabilities.

- (2) A tabulation by years for the period 1935 to 1945, both years inclusive, of all changes in capitalization, the number of shares of face value of capital stock or indebtedness issued or retired, the proceeds of issue or cost of retirement, and the purpose of the sale or retirement.
- (3) A complete description of each class of security listed in subparagraphs (1) and (2) above, including the rights and privileges of each class of security, particularly the voting rights, participation in profits, and preferences as to assets and earnings.

e. Section 5. CONTROL.

- (1) A list of all holders of record at the close of 1945 who held 1,000 shares or ¥50,000. or more of any class of the company's securities. Such list will include the number of shares or the face amount held.
- (2) A list by years of all holders of 1% or more of any one class of stock or indebtedness in such cases as additions or subtractions from the holdings occurred during the course of the year, together with the extent of the change.
- (3) A list by years, to be compiled at the close of each year from 1935 to 1945, both years inclusive, of foreign nationals having any ownership of or interest in the capital stock or indebtedness of the company. Reference may be made to reports previously made on this subject, the copies of such reports attached.
- (4) Lists called for in subparagraphs (1), (2) and (3) may be prepared by company's registrar, transfer agent, or other fiscal agent acting in those capacities, but the reporting company will not thereby be relieved of responsibility for the accuracy of the lists.

f. Section 6. REAL ESTATE, PLANT & EQUIPMENT.

- (1) A schedule of all installations or groups of installations, each amounting to ¥200,000. or more in gross value before charges for depreciation and depletion and located as a

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geographical unit, such schedule to be prepared as of the the close of 1945.

- (2) A brief description of each of the foregoing properties. Detailed and itemized descriptions of plant and equipment are not desired.
- (3) The location of each installation, with particular references to location outside of the home islands of Japan.
- (4) A list of products and capabilities for each installation with particular reference to items described in paragraphs 4 and 5, Directive Number 3, dated 22 September 1945. Reference may be made to inventory submitted in accordance with paragraph 6 of aforementioned directive, and a copy of same attached.
- (5) Note of damage to plant or equipment due to bombing, fire, or other causes incidental to the recent war in such cases as the value of plant or property, or the capacity to produce has been affected to the extent of 10% or more.
- (6) A list by years for each year from 1935 to 1945, both years inclusive, of all additions to installations or groups of installations described in subparagraph 6e (1) above, or deductions therefrom, in such cases as the addition or subtraction for the year amounted to ¥100,000, or greater. Decreases in plant and property due to changes for depreciation and depletion as shown in Earnings, are specifically excluded.

g. Section 7. INVESTMENTS.

- (1) A list at the close of each year, 1935 through 1945, both years inclusive, showing the amounts held of all stocks, voting trust certificates, equities in ownership, or other evidences of participation in earnings or profits; and of all bonds, debentures, notes, and other evidences of indebtedness excluding only those which are included among Receivable in Current Assets.
- (2) A complete description of each investment listed, including voting rights, profit participation, and the percentage of the investment to the total outstanding securities of that class by the issuing company.
- (3) The cost, book value, and date of acquisition of the

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investment to the holding company.

- (4) Notation on each investment of any agreement between holding company and issuing company for management, or any sales or cartel agreements, or any other arrangements or agreements other than purchases and sales in the normal course of current business. Copies of any such agreements will be attached.
- (5) A list for each year, for the years 1935 through 1945, both years inclusive, of all investments purchased or otherwise acquired, the cost thereof, and the reason for purchase. A similar list for each of the same years of all securities or other investments sold or otherwise disposed of, showing the proceeds thereof, and the reason for sale.

h. Section 8. CURRENT ASSETS.

- (1) A schedule as at the close of each year 1935 through 1945 of all bank deposits, together with the bank of deposit and the rate of interest paid, in every case where the deposit amounts to 3% or more of the company's cash funds and deposits at the year end.
- (2) A schedule as at the close of each year 1935 through 1945 of all accounts receivable, together with a description thereof, including the rate of interest, due date, and date item was incurred, in every case where the receivables amounts to 3% or more of the reporting company's receivables at the year end.

i. Section 9. CURRENT LIABILITIES.

- (1) A schedule as at the close of each year 1935 through 1945 of all accounts, bills, or notes payable, and all other evidences of indebtedness other than those included among capital liabilities, together with a description thereof, the interest rate paid, the date due, and the date incurred, this schedule to include all payables in every case where the amount of same totals 3% or more of the reporting company's payables at the year end.

j. Section 10. SALES.

- (1) A list by years of customers and the total sales made to such customers for the year where such sales were 3% or

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greater of the reporting company's total sales for the same year, this list to cover the years 1935 through 1944.

- (2) Notation on the foregoing list of persons listed in Investments, Section 7, or in Management Agreements, Section 13.

k. Section 11. COST OF SALES.

- (1) A list for each of the years 1935 through 1945 of vendors and the total purchases made from such vendors in such cases as those purchases were 3% or more of the reporting company's purchases of material for the same year.
- (2) Notation on the foregoing list of persons listed in Investments, Section 7, or in Management Agreements, Section 13.

1. Section 12. CURRENT FINANCIAL CONDITION.

Balance Sheet and Profit and Loss Statements as of the most recent date but not earlier than sixty days prior to date of this memorandum. Balance Sheet should show group totals for: Fixed Assets, Investments, Inventories, Current Assets, Other Assets, Current Liabilities, Long Term Liabilities, Capital Stock, Reserves Comprising Net Worth of Company. The component items should be listed under the above headings and should be further supported by itemized schedules in sufficient detail to explain the nature of each balance sheet item.

- (1) Inventories should show separately raw materials, finished goods, and goods-in-process.
- (2) If present values of land, buildings, raw materials, or other items have increased or decreased materially from the book values shown on the balance sheet, an explanatory statement should be included.
- (3) The itemized schedule of investments will show each item of which the reporting company owns more than 10% of the stock. When the book value of any such investments is a relatively substantial amount (usually over ¥1,000,000.), a balance sheet must be submitted of that company, together with information referred to in paragraph (4), (5) and (6) below.
- (4) All foreign assets included in the balance sheet should be



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listed in a separate itemized schedule including land, buildings, equipment and securities.

- (5) War damage claims received and receivable whether included on balance sheet or not will be itemized in a separate schedule showing:
  - (a) Book values and claimed values.
  - (b) Amounts received since 1 July 1945 and corresponding book values.
  - (c) Disposition on the balance sheet of any difference between amounts received and book values.
  - (d) Identify these items on the balance sheet, if included to any extent.
- (6) Government indemnity claims in any other form resulting from war contracts will be presented to show:
  - (a) Total payments received since 1 July 1945.
  - (b) Total claims filed and those not yet filed which have not been paid.
  - (c) Identify these items on the balance sheet if included to any extent.
- (7) Ambiguous items on the balance sheet, which combine assets and losses, or liabilities and income must be avoided, or supplemented by explanatory notes and statements.

m. Section 13. MANAGEMENT FEES.

A schedule for each of the years 1935 through 1945 of all fees or other compensation paid or received for the management of this or other properties, for research and development, for manufacture and sale under license of any nature, for the granting of financial assistance, for agreements to provide loans or capital -- in short, fees of any nature whatsoever, excluding only wages and salaries, and fees for legal work, auditing, or accounting made in the ordinary course of business.

n. Section 14. PUBLIC STATEMENTS.

- (1) A copy of all reports made to shareholders during the years 1935 to date, whether or not formal annual reports, includ-

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ing balance sheets, statements of earnings, addresses by the president, chairman of the board, or other official of the company, or other matters published for the information of stockholders.

- (2) A copy of the articles of incorporation together with any amendments thereto.

7. If reporting company cannot comply with any of the terms of this directive or the attached annex, a report of non-compliance will be submitted together with the reasons therefor. Reference will be made in such report to the corresponding paragraph in this letter of instructions.

8. These reports will be completed within 45 days from the date of the directive, and each section of the report will be submitted separately as completed.

Corrected Copy of Inclosure No. 2 to Memorandum For Imperial Japanese Government, file AG 319.1 (22 Oct 45)ESS-IE, "Reports to be Made by Certain Business Firms," dated 25 October 1945, to be Used in Reporting Management Personnel of Certain Commercial and Industrial Companies.

1. Supply the following information for each person who participated in the control or management of any of the concerns listed in this Memorandum at any time since 1 January 1944 to the extent of holding the position of president, managing director, director, executive partner, partner, business advisor, auditor, factory manager or superintendent, or having a direct or indirect beneficial ownership of 1% or more of any class of stock of the company, or if in any other way they performed executive or policy making responsibilities.

a. Name and business and residential addresses.

b. All positions held, and period in which held, in enterprises listed on the Schedule of Restricted Concerns. (Inclosure to Letter, AG 004 (8 Dec 45)ESS/AC, dated 8 December 1945, and subsequent additions thereto).

c. All positions held in other business enterprises.

d. All positions held in national policy companies (Kokusaku Kaisha) and special companies (Tokushu Kaisha).

e. All stocks, bonds, debentures, credits, negotiable instruments or other forms of financial interest in any business enterprise. The amount of such interest held on 1 January 1945 and 1 November 1945, together with other details will be shown in tabulated form, as follows:

<u>Name of Company</u>	<u>Type of Holdings and Number of Shares of Stock</u>	<u>Par Value of Holdings</u>	<u>As of 1 Jan 45</u>	<u>As of 1 Nov 45</u>
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f. All official positions held in the Japanese Government or commissions held in the Japanese Army and Navy since 1 January 1935. (Specify exact position or rank held and the period during which position or rank was held).

g. All memberships and positions held in secret societies or control associations. (State name of society or control association and period during which membership or position was held).

h. All positions held in any of the following organizations or their predecessors since 1 January 1935 and the period during which each position was held, using the following form:

<u>Organization</u>	<u>Specify Whether Member or Official and Nature of Position</u>	<u>From</u>	<u>To</u>
Japan Economic Federation (Nippon Keizai Renmeikai)	Inclosure 2 to SCLEFIN 1250		

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<u>Organization</u>	<u>Specify Whether Member or Official and Nature of Position</u>	<u>From</u>	<u>To</u>
Central Council of Merchants and Manufacturers Guilds (Shoko Kumiai Chuokai)			
Japan Chamber of Commerce and Industry (Zankoku Shoko Keizaikai Kyogikai)			
Major Industries Council (Juyo Sangyo Kyogikai)			
Federation of Bankers Association (Zenkoku Ginko Kyokai Rangokai)			

2. Submit a complete statement of all interconnections between the reporting concern, its subsidiaries or affiliated concerns, and any other concern. Such statement will include but not be limited to the following:

- a. Long term or continuing purchase and sales contracts.
- b. Agreements for the interchange of patent licenses or patent rights.
- c. Agreements for the use of trade marks.
- d. Contracts or agreements for the management or direction of any enterprise.
- e. Contracts or agreements for the financing of any enterprise.