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RG 117 2804



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**VOL. 2804**

**B-20-S**



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Prince Rupert Japanese Association



PHONE PACIFIC 6131

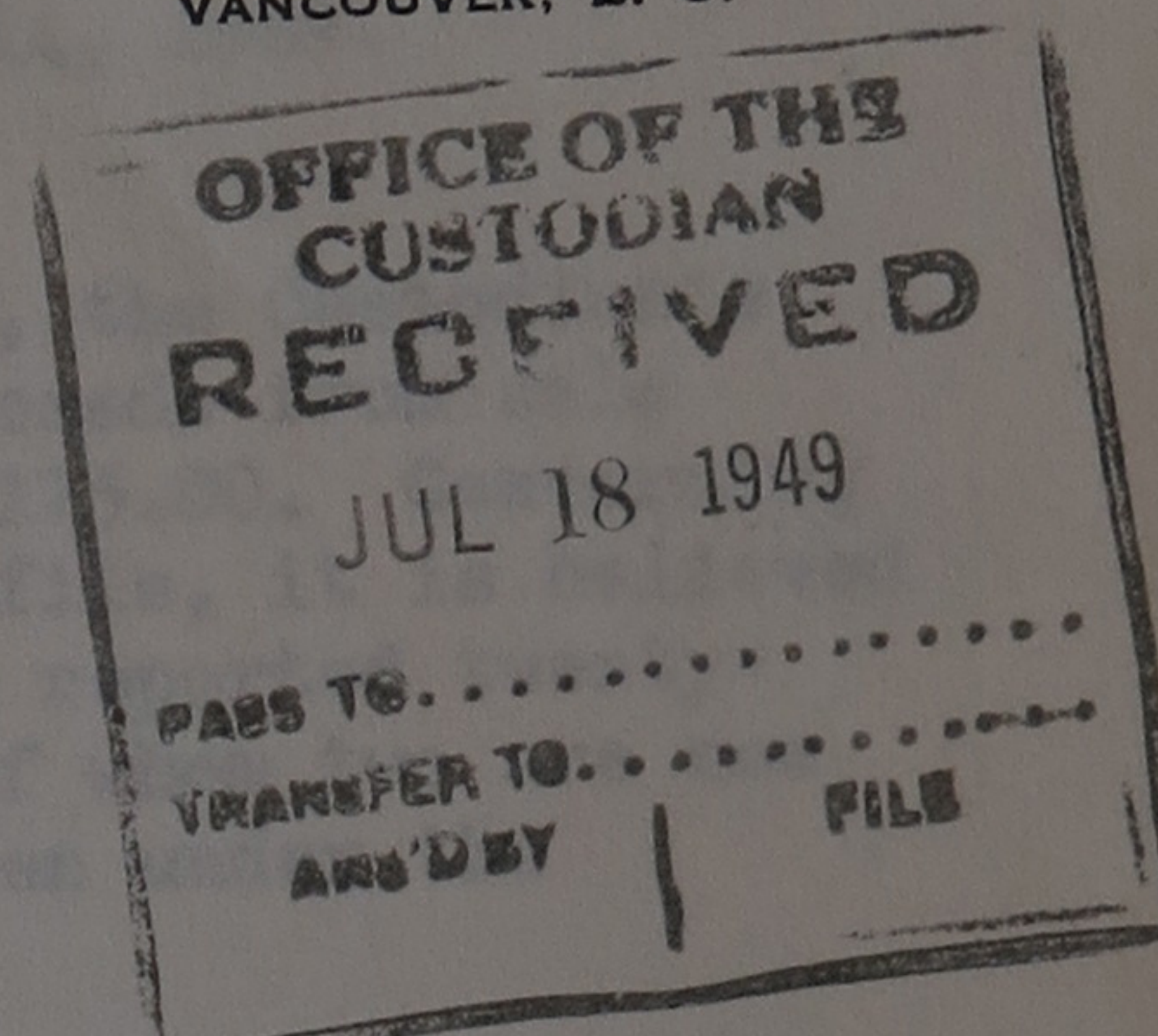
PLEASE REFER TO

FILE NO. 12894

CANADA  
DEPARTMENT OF THE SECRETARY OF STATE  
OFFICE OF THE CUSTODIAN  
JAPANESE EVACUATION SECTION

506 ROYAL BANK BLDG.  
HASTINGS AND GRANVILLE  
VANCOUVER, B. C.

July 14, 1949.



K. W. Wright, Esq.,  
Counsel to the Custodian,  
Office of the Custodian,  
Victoria Building,  
7 O'Connor Street,  
Ottawa, Ontario.

Dear Mr. Wright:

Re: The Custodian's interest in Distributive Shares of  
Enemy and Repatriated Japanese persons in Japanese  
Associations upon Voluntary Liquidation and Winding Up.

The Prince Rupert Japanese Association is selling its Prince Rupert assets through H. G. Helgerson, Ltd., with T. W. Brown of Messrs. Brown & Harvey, Barristers and Solicitors, acting for the Association to complete the sale of the Real Property and wind up its affairs.

This office, when vacating the Custodian's vesting, advised Mr. Brown that the Custodian would require to receive all distributive shares payable to Enemy and Repatriated Japanese members.

Mr. Brown has replied in part as follows: "It may be difficult for the Association to decide just how the moneys ought to be divided as the Association was not formed for the making of profits. Moreover, we have a letter from H. K. Yamanaka, whom you have listed as President, indicating that moneys at present held by the Association, together with the amount to be received from the sale of the property, is to be spent for welfare activities. This would indicate that no individual will receive any portion of the money. Please advise if this will be satisfactory to you."

We assume that the Declaration and By-Laws of the Association permit, or will be amended to permit, the use of the funds as suggested. It occurs to me that if this expenditure is authorized in accordance with the By-Laws, there is a question whether the Custodian could, even if he wishes to do so, claim his interest against the resolution of the majority of the members.

Before replying to Mr. Brown, we would be pleased to receive your advice.



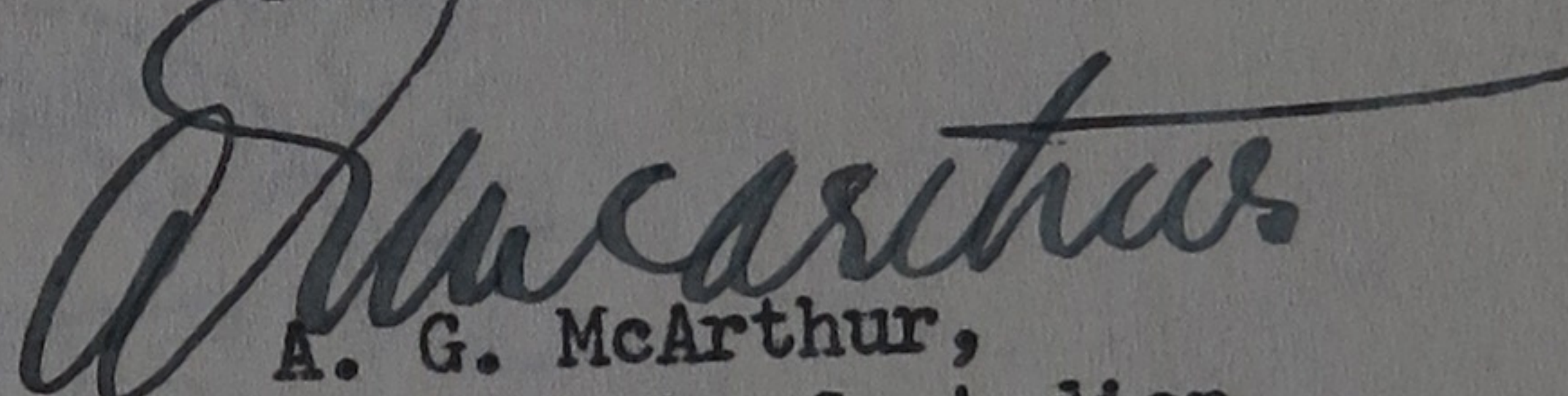
July 14, 1949.

K. W. Wright, Esq.

From the standpoint of the amount involved, the Custodian's share would be small. The only assets appear to be proceeds from sale of Real and Personal property, together amounting to \$1125.00. Concerning the number of members, while a complete list is not on file, it is believed that the membership is not very large. The Association reported twenty-three directors to the Registrar of Companies in 1941 of whom two are now deceased, none are Enemies and one only returned to Japan under the repatriation scheme.

Having given your ruling in regard to this specific case, we also desire you to advise if a clear-cut policy can be outlined in regard to other Associations which may have greater assets and a larger percentage of enemy and repatriate members. We have already, as a matter of routine, informed the solicitors acting for these associations, that the Custodian retains his control over the interests of these members and where any actual distribution is eventually made, we presume it will be necessary for us to receive any distribution due to an enemy or a repatriate. In addition to this however, we wish to receive instructions which will cover situations somewhat similar to the Prince Rupert Japanese Association where it is anticipated no actual distribution to individual shareholders will be made.

Yours very truly,



A. G. McArthur,  
Office of the Custodian.

AGM/AC



Victoria Building,  
7 O'Connor Street,  
Ottawa, Ontario.

July 18th, 1949.

Mrs. A. G. McArthur, ~~Esq.~~,  
Office of the Custodian,  
Japanese Evacuation Setion,  
506 Royal Bank Building,  
Vancouver, B.C.

Dear Mrs McArthur,-

Re: The Custodian's interest in  
Distributive Shares of Enemy and  
Repatriated Japanese persons in  
Japanese Associations upon Voluntary  
Liquidation and Winding Up.

I have for acknowledgment your  
communication of the 14th instant.

I note that the Prince Rupert  
Japanese Association propose to expend the funds for  
welfare work which I assume will be local. The  
amount involved is apparently small and if such  
expenditure is authorized by special By-Law the  
Custodian will not object to their using the money  
for purposes aforesaid.

I do not feel that it is desirable  
at the moment to outline a general policy or attempt  
to cover cases where Japanese resident in Japan may  
be entitled to substantial interests in Canadian  
associations. Each case should be dealt with on its  
merits pending the signing of a Peace Treaty with  
Japan, which will define the eventual disposition  
of assets of this nature. Information reaching us  
from Japan indicates that we may expect little in  
the way of reparations apart from Japanese External  
Assets now under control.

I may tell you that all countries  
are not of one mind on the problem of future treat-  
ment of such assets. The enclosed copy of a con-  
fidential memorandum from the United States Department  
of State expresses the views of the United States  
Government.

This office is being kept informed  
and in due time I hope to be in a position to advise  
you concerning decisions reached by F.E.C.

Please return the enclosed memorandum.

Yours very truly,

K. W. Wright,  
Counsel to the Custodian.

KWW/G  
Encl.



PHONE PACIFIC 6131

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FILE NO. 12894

CANADA  
DEPARTMENT OF THE SECRETARY OF STATE  
OFFICE OF THE CUSTODIAN  
JAPANESE EVACUATION SECTION

506 ROYAL BANK BLDG.  
HASTINGS AND GRANVILLE  
VANCOUVER, B. C.

September 2, 1949.

OFFICE OF THE  
CUSTODIAN  
RECEIVED

SEP 6 1949

PASS TO.....  
TRANSFER TO.....  
AND BY FILE

K. W. Wright, Esq.,  
Counsel to the Custodian,  
Office of the Custodian,  
Victoria Building,  
7 O'Connor Street,  
Ottawa, Ontario.

Dear Mr. Wright:

Re: The Custodian's interest in Distributive Shares  
of Enemy and Repatriated Japanese persons in  
Japanese Associations upon Voluntary Liquidation  
and Winding Up

and

The Prince Rupert Japanese Association

Please find enclosed a copy of a letter dated  
August 5, 1949, from Messrs. Brown & Harvey, Barristers, Prince Rupert.  
The facts of this case are contained in our letter to you dated  
July 14 last. As pointed out in our letter, the Custodian interest  
is not definitely known but appears to relate to one repatriated  
Japanese only, the money value being very little.

We would like to reply to Messrs. Brown & Harvey  
as soon as possible and will appreciate being instructed whether we  
may confirm that the Custodian has no objection to the use of the Society  
funds as proposed.

While dealing with the matter of disposition of  
society funds, we would be pleased if you can find it convenient  
to consider the final paragraph of our letter of July 14 and give us  
a general ruling for our future guidance.

Yours very truly,

*A. G. McArthur*

A. G. McArthur,  
Office of the Custodian.

ACM/AC  
Enc. copy

See par 3  
16/7/49



COPY

BROWN & HARVEY  
Barristers & Solicitors

P.O. Box 658

Besner Building,  
Prince Rupert, B. C.

August 5, 1949.

Department of the Secretary of State,  
Office of the Custodian,  
Japanese Evacuation Section,  
506 Royal Bank Building,  
Vancouver, B. C.

Dear Sirs:

Re: Prince Rupert Japanese Association.  
Your File 12894.

Referring to your favour of the 13th ultimo we wish to say that this Society was organized for benevolent, recreational, charitable etc. purposes and in our opinion the association is authorized to use the balance of its funds for welfare activities. The society was definitely not organized for profit or gain. It is not proposed to divide any of the remaining funds amongst the original members.

In these circumstances we take it that you have no further concern in the matter and we should be glad to have your confirmation of this.

Yours faithfully,

BROWN & HARVEY

By "J.T.H."

JTH/JC



Victoria Bldg., 7 O'Connor St.,  
Ottawa, Ontario  
September 9th, 1949

Mrs. A. G. McArthur,  
Office of the Custodian,  
506 Royal Bank Building,  
Vancouver, B. C.

Re: The Prince Rupert Japanese Association  
Your File No. 12894

Dear Mrs. McArthur:

We have for acknowledgment your communication of the 2nd instant, with enclosures, and wish to advise that in view of the representations made by Messrs. Brown and Harvey that the above Society was organized for charitable purposes, the Custodian will have no objection to the use of the balance of its funds for welfare activities.

With reference to the final paragraph of your letter of July 14th last, this question was dealt with in the third paragraph of our letter addressed to you under date of July 18, 1949.

Yours very truly,

K. W. WRIGHT  
CHIEF COUNSEL

KWW/JF

54658



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FILE NO. 12894

CANADA  
DEPARTMENT OF THE SECRETARY OF STATE  
OFFICE OF THE CUSTODIAN  
JAPANESE EVACUATION SECTION

506 ROYAL BANK BLDG.  
HASTINGS AND GRANVILLE  
VANCOUVER, B. C.

September 14, 1949.

K. W. Wright, Esq.,  
Chief Counsel,  
Office of the Custodian,  
Victoria Building,  
7 O'Connor Street,  
Ottawa, Ontario.

OFFICE OF THE  
CUSTODIAN  
RECEIVED  
SEP 16 1949

PASS TO.....  
TRANSFER TO.....  
AM'D BY FILE

Dear Mr. Wright:

Re: THE PRINCE RUPERT JAPANESE ASSOCIATION

We acknowledge with thanks your letter of September 9, advising that the Custodian will have no objection to the Prince Rupert Japanese Association expending its funds for welfare activities. This decision will be passed on to Messrs. Brown & Harvey.

With reference to the general ruling requested, we regret that the paragraph relating to this contained in your letter of July 18 was overlooked. The confidential memorandum enclosed in that letter is returned herewith as requested.

Yours very truly,

*A. G. McArthur*

A. G. McArthur,  
Office of the Custodian.

ACM/AC

Enc. Memorandum

view of the United States, as announced by General McCoy



CONFIDENTIAL

MEMORANDUM

on May 12, that the Supreme Commander should, in accordance with the authority and ability conferred by this

Reference is made to the aide-memoire left at the Department of State by a representative of the British Embassy on May 23 requesting clarification of this Government's views on certain aspects of the Japanese reparations and level of industry problems. Reply to the questions raised in the

aide-memoire is made as follows:

"(a) Is it intended that there shall be no upper limit on productive capacity in any Japanese industry and that it shall be entirely within SCAP's discretion to decide which of the 'primary war facilities' can be utilized 'in Japan's peaceful economy for recovery purposes'?"

It is the view of the United States that with the lapse on October 1, 1949, of the limits established by FEC decision, there should in general be no upper limit on productive capacity in Japanese industry, with the exception of the armament and aircraft manufacturing industries, which should be prohibited.

Paragraph 10 of the FEC decision on Reduction of Japanese Industrial War Potential confers on the Supreme Commander sole power and responsibility to except temporarily from reparations removal, after explanation to the Allied Council for Japan, all facilities, including "primary war facilities", designated as available for reparations which are required for purposes of the occupation, which purposes of course prominently include economic recovery. It is the view of the United States, as announced by General McCoy



- 2 -

on May 12, that the Supreme Commander should, in accordance with the authority and responsibility conferred by this paragraph, require the dismantlement, dispersion or other action for the full and immediate utilization of such facilities in Japan's peaceful economy. All facilities functionally limited to use for war purposes were of course some time ago destroyed.

"(b) In particular, is it intended that Japan shall be permitted to retain all her present ship-building capacity and that no restrictions shall be imposed in respect of number, size, speed or other characteristics of vessels to be built?" These questions are now under consideration by this Government. The views of the British Government in the matter would be welcome.

"(c) Is it contended that the manufacture of civil aircraft, which is prohibited in various Far Eastern Commission policy decisions, could contribute to Japan's recovery and is it intended that it shall be permitted?" It is the United States Government's view that the manufacture of civil aircraft in Japan under the occupation would not contribute to Japanese recovery and should be prohibited.

"(d) Is it intended that in order to assist her recovery Japan should be permitted to manufacture for export any items (e.g. military and para-military equipment) whose utilisation by the Japanese is to remain prohibited?"

It is the view of this Government that Japan should be forbidden to manufacture military equipment either for domestic use or for export.

.....



"(e) Is it proposed that during the occupation SCAP should exercise general supervision of all Japanese industry in order to ensure that none is devoted to non-peaceful purposes?"

The United States considers supervision to this end to be one of the Supreme Commander's principal responsibilities.

"(f) Is it now the view of the United States Government, as is implied in certain passages of the Aide Memoire, that Japanese external assets situated in countries who are members of the Far Eastern Commission should be regarded as at the full and final disposal of these countries? If so, is it contemplated that there shall be some early formal step confirming this decision, thus removing this question from possible later discussion at a peace conference? And are there any proposals regarding Japanese assets now under Allied control in neutral countries and in Siam?"

The United States Government, for its part, has regarded Japanese assets within U.S. territories as at its full and final disposal and has taken steps to apply the proceeds of liquidation of these assets to payment of war claims of American nationals against Japan.

No formal step with regard to Japanese external assets in Allied countries is now contemplated by the U.S.

United States proposals for the liquidation and disposal of Japanese assets now under Allied control in neutral countries were submitted to the FEC on February 10, 1948, in FEC-295, "Treatment of Japanese Assets in Neutral Countries". The United States is currently considering the



position which it should adopt with respect to SC-295/6, which provides merely for the liquidation of the assets, leaving the matter of their disposal for future decision by the FEC. The views of the British Government on this matter, too, would be welcome.

United States policy with respect to Japanese assets in Thailand is now being reviewed in light of a note received on May 27 from the Thai Embassy dealing with this subject. It is understood that a similar note was delivered to the British Government.

With regard to the Embassy's final question of whether it is intended that material already allocated under the Advance Transfers Program is to be delivered, it will be recalled that the final sentence of Interim Directive Serial No.104, filed with the Far Eastern Commission on May 19, provides that "Items already processed under that Directive (Serial No.75) will, however, be made available for removal in accordance with the terms of that Directive." Decision as to what items of equipment have been processed under the Advance Transfers Directive and should, therefore, be delivered will be made by the Supreme Commander as an administrative matter in light of the procedures which he has established for the implementation of the Advance Transfers program.



54658

Victoria Building,  
7 O'Connor Street,  
Ottawa, Ontario.

September 19th, 1949.

Mrs. A. G. McArthur,  
Office of the Custodian,  
506 Royal Bank Building,  
Vancouver, B.C.

Dear Mrs. McArthur,-

Re: The Prince Rupert Japanese  
Association.  
Your File 12894

We have for acknowledgment  
your communication of the 14th instant, with  
enclosures, for which please accept our thanks.

Yours very truly,

K. W. Wright,  
Chief Counsel.

KWW/G