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CHAPTER 1

AMERICANS
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CHAPTER 1

Counterintelligence In World War II

Introduction

President Franklin Roosevelt's confidential directive, issued on 26 June 1939, established lines of responsibility for domestic counterintelligence, but failed to clearly define areas of accountability for overseas counterintelligence operations. The pressing need for a decision in this field grew more evident in the early months of 1940. This resulted in consultations between the President, FBI Director J. Edgar Hoover, Director of Army Intelligence Sherman Miles, Director of Naval Intelligence Rear Admiral W.S. Anderson, and Assistant Secretary of State Adolf A. Berle.

Following these discussions, Berle issued a report, which expressed the President's wish that the FBI assume the responsibility for foreign intelligence matters in the Western Hemisphere, with the existing military and naval intelligence branches covering the rest of the world as the necessity arose. With this decision of authority, the three agencies worked out the details of an agreement, which, roughly, charged the Navy with the responsibility for intelligence coverage in the Pacific. The Army was entrusted with the coverage in Europe, Africa, and the Canal Zone. The FBI was given the responsibility for the Western Hemisphere, including Canada and Central and South America, except Panama.

The meetings in this formative period led to a proposal for the organization within the FBI of a Special Intelligence Service (SIS) for overseas operations. Agreement was reached that the SIS would act as a service agency, furnishing the State Department, the military, the FBI, and other governmental agencies with economic and political intelligence and also information on subversive activities detrimental to the security of the United States. It was also during this period that the President asked William Donovan to undertake several missions abroad. Donovan's work for the White House eventually led to the creation of the Office of Strategic Services (OSS) (see separate chapter on OSS in this volume).

With the creation of the Office of Coordinator of Information, the United States was technically provided with a central intelligence organization, coordinating and exchanging intelligence data with the older services. In practice, however, the well-intentioned plans did not prove adequate. The story of Pearl Harbor has often been told as an illustration of the shortcomings in the

intelligence system. Although Washington had ample information indicating that Japan would make an attack on Pearl Harbor, the utilization of this information may best be described as casual. (See the separate chapter on Magic, the decoding of the Japanese codes in this volume).

The end of World War II saw the new President, Harry S. Truman, abolish the OSS because he felt that there was no place for a wartime intelligence agency in a peacetime situation. Shortly thereafter he realized that he indeed needed a central intelligence organization to keep the president informed on world events. This ultimately led to the creation of the Central Intelligence Agency (CIA), the National Security Council (NSC) and the Air Force Office of Special Investigations (AFOSI).

In the midst of all this activity, the Army Security Agency, later renamed the National Security Agency (NSA), made a major breakthrough in decoding Soviet intelligence messages. This program became known as the VENONA project (see the separate chapter on VENONA in this volume). The VENONA decrypts and information supplied by two American operatives of Soviet intelligence, Elizabeth Bentley and Whittaker Chambers, opened American political and intelligence eyes to the massive Soviet effort to infiltrate the US Government. This massive espionage effort and Soviet domination of several governments in Eastern Europe led to the Cold War.

The Office of Naval Intelligence (ONI)¹

Storm on the Horizon

It is estimated that by 1940, there were no more than 1,000 people employed by organizations composing the US intelligence community. Of those, most were working as radio intercept operators, and, although national efforts were generally limited in scope and capability, a good deal of raw information was being collected nevertheless.

One particularly serious problem during this time resulted from the sad fact that there was no coordination between these agencies as each routinely worked totally independent of the others. There was no sharing of the intelligence product by agencies that established their own objectives and methods for collection, nor was there any effort to ensure essential coverage was afforded all matters bearing on US national security.

During this time, the president routinely received deficient information from several agencies, notably the Departments of State, Army, and Navy, because it was never produced by an integrated intelligence network that was capable of in-depth introspective analysis. It was precisely this disorganized system that failed to recognize the impending danger or protect our country from the devastating attack at Pearl Harbor.²

As had historically been the case, ONI suffered a rapid and continual rotation of naval officers through its ranks during the years immediately preceding the conflict as sea duty continued to remain more career-enhancing than service ashore. Management was not to be spared for between 1940 and 1945, there would be no fewer than seven different directors heading ONI. During 1940 and 1941, ONI relied heavily on 130 naval officers posted abroad as attaches or occupying certain other positions from which they could collect information. Unfortunately, this entire effort emphasized gathering obvious data about foreign ports, navies, and capabilities instead of the more sublime art of determining the intentions and plans of those particular nations. ONI not only failed

to collect the vital information that would signal turbulent times ahead for our nation, but it was also precluded from thoroughly analyzing the material it did develop.

That particular responsibility was solely conferred upon the more prestigious War Plans Division, which would invariably rate the worth of information solely on its potential use of fleet units if hostilities ever broke out.

If there was one bright spot among these woeful efforts prior to our declaration of war, it was assuredly in the field of military cryptanalysis. By 1939 and 1940, the Navy had made gains in breaking Japanese codes and ciphers although it was the Army's Signal Intelligence Service, which cracked that country's top diplomatic code enabling both services to decipher massive quantities of their communication. Assigned the code name "Magic," these collective message translations allowed the President, Army Chief of Staff George Marshall, and a small number of military officers access to high-quality information concerning Japanese military activities, diplomatic positions/policies, and, indirectly, certain items of information regarding their German ally.

This particular breakthrough served as a vital source of information throughout the war but was never exploited to maximum advantage because the final intelligence product was not shared with precisely those planners and policymakers at lower levels who could have used it to greater national advantage.

Perhaps the most serious shortfall was due to the fact this information was not analyzed in any depth or synthesized with material collected by independent sources and means. Undoubtedly there were countless hints of Japanese intentions, including their plan to attack Pearl Harbor, but the US intelligence effort proved itself incapable of separating meaningful clues from that which was irrelevant in the captured and deciphered traffic.

Contributing to Victory

Once the United States was finally forced into war, it was hard work and an indomitable spirit that could best explain how the Japanese Fleet Code was broken and the US Navy achieved a resounding victory at the crucial Battle of Midway fought on 4 June 1942.

Adm. Yamamoto devised a plan that employed a feigned attack against American forces guarding the Aleutian Island chain. It was his intention to drive American forces from the Pacific by drawing them northward toward the Aleutians while he captured the strategic island of Midway with a vastly overwhelming contingent.

Owing to the fact ONI had deciphered the Japanese Fleet Code, US Naval commanders knew and effectively countered every Japanese move, dealing them a resounding defeat with the loss of four Imperial aircraft carriers and a forced withdrawal from the area.

The Second World War precipitated the expansion of ONI with manpower and resources made available as never before. On the home front, ONI was directed to conduct personnel security inquiries, sabotage, espionage, and countersubversion cases, examine Japanese activities in the United States, and investigate war fraud matters. Even with an end to conflict and the general demobilization of US military forces, the Department of the Army, Navy, and later the Air Force, maintained sizable intelligence components, which would quickly gain respected positions in the intelligence community as their respective roles developed in the postwar environment.

A New Kind of Conflict

The coming of the Cold War brought an unprecedented reliance on our nation's intelligence community to keep the country aware of threats and fully prepared to meet all manner of conflict. It was during these years that ONI developed as an intelligence organization fully capable of supporting the US Navy in the accomplishment of its tactical and strategic responsibilities.

With the founding of the Central Intelligence Agency in 1947, the Navy did not relinquish what it considered a right to an intelligence organization and stood firm in the belief it would continue to "...collect,

evaluate and disseminate that intelligence it considered important to its own need."³

At the center of today's Naval Intelligence community is the Office of Naval Intelligence which is within the Office of the Chief of Naval Operations. The Director of Naval Intelligence is an Assistant Chief of Naval Operations who reports directly to the Vice Chief of Naval Operations and is also indirectly responsible to the Secretary of the Navy. With the primary purpose of meeting the intelligence and counterintelligence needs of the US Navy, ONI frequently employs a variety of sources and methods to gather information regarding the intentions and capabilities of many foreign nations.

Routinely such information is shared by ONI with policymakers and contingency planners or within the military community to support the formulation of naval or interservice plans and operations. It detects and warns of threats to the security of our naval establishment and is responsible for coordinating all intelligence activities within the Department of the Navy. ONI continually makes meaningful contributions to the US intelligence community and is tasked with advising the Secretary of the Navy and Chief of Naval Operations on all matters relating to naval intelligence and the security of classified naval matters.⁴

During the postwar years three components were established to carry out ONI field work. The first of these, Naval District Intelligence Offices, under the management of ONI, employed personnel assigned to duties in the United States or certain outlying areas and concerned themselves primarily with work in the internal security fields. These offices, directly responsible to the Naval District commanders, were primarily staffed with civilian agents and augmented by Naval Intelligence officers who conducted security and major criminal investigations involving naval personnel and property.

This particular system of District Intelligence Offices was superseded by the United States Naval Investigative Service which was founded in 1966.

The second ONI field component consists of those intelligence personnel on the staffs of flag officers

who are assigned to duties in the United States or overseas. The fundamental responsibility of those assigned to staff intelligence duties is to support area, task force and fleet commanders by developing and furnishing operational or tactical intelligence needed to fulfill mission requirements. Intelligence officers working on such staffs not only support unit commanders, but also perform collection activities that further ONI objectives.

The last component consists of the contemporary naval attaché system employing personnel trained to collect intelligence for ONI while assigned to US missions, embassies, or other diplomatic posts around the world. Customarily, the naval attaches concern themselves with gathering information on foreign naval developments, capabilities, and trends.

These individuals are also responsible for compiling and continually updating data on foreign ports, beaches, and harbors since this information would be used in time of conflict to support all manner of naval air, surface, and subsurface operations.

A Continuing Need

With the advent and deployment of weapons that are literally capable of obliterating millions of people in a matter of minutes, ONI had no choice but to maintain a credible military deterrence. The modern day ONI is staffed by highly trained, capable, and devoted personnel who work hard to ensure their organization makes a meaningful contribution to the US intelligence community and national security interests. As potential adversaries continue to deploy technologically advanced weapons systems, the demand for increased quantities of quality intelligence will grow in the coming years. A sizable portion of this information will be gathered and developed by the Naval Intelligence community. Considering the potential consequences, the Department of the Navy and the United States of America have the need for a permanent, active, and professional naval intelligence organization more than ever before.

Colepaugh And Gimpel

In June 1940, the Special Agent in charge of the FBI's Boston Office was in his office reading a letter

from the supervising US Customs Agent. The letter indicated that information had come to the attention of the Customs officers that, on several occasions from 2 to 27 May 1940, William Curtis Colepaugh had visited the German tanker, *Pauline Friederich*, which was tied up at Battery Wharf in Boston.

The Customs official advised that Colepaugh claimed he was engaged as a painter aboard the vessel. He reportedly indicated his intention, while visiting on the German tanker, of going to Germany to study engineering. It was also reported that he expressed dissatisfaction with conditions in the United States and claimed that he desired to leave this country.

It occurred to the Customs official that because of Colepaugh's dissatisfaction with conditions in the United States, the FBI might wish to conduct inquiries concerning him. A case was opened on William Colepaugh and instructions were issued to make the necessary checks to determine whether or not Colepaugh was engaged in subversive activities.

FBI investigation reflected that Colepaugh had been a student at a university in Massachusetts where he studied naval architecture and engineering. The records of this school showed that Colepaugh entered the school in September 1938 and that he had previously attended a secondary school in Toms River, New Jersey. His home address was listed as Old Black Point, Niantic, Connecticut. He was born on 25 March 1918.

Colepaugh was forced to leave the university on 6 February 1941 because of scholastic difficulties. From one of his former roommates, the FBI learned that Colepaugh received considerable mail containing propaganda publications from the German Consul in Boston and from German news agencies in New York. He claimed that Colepaugh showed considerable interest in these publications.

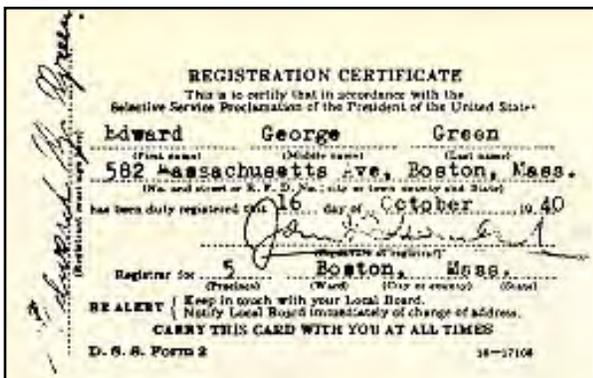
Colepaugh was a member of the US Naval Reserve. From Customs guards stationed at the wharf where the *Pauline Friederich* had been docked, the FBI learned that Colepaugh, on one occasion, claimed he was living aboard the vessel because he liked the crewmembers. On another occasion, he said he had permission from the chief officer to spend a few days

on the ship. He stated that he liked the people aboard the ship better than the people in the United States.

The whereabouts of Colepaugh was unknown. One individual advised that he might be in South America as a crewman aboard a merchant vessel.

On 23 July 1942, the *Scania*, a Swedish vessel, arrived at Philadelphia from Buenos Aires. The crew list of that vessel indicated that William Colepaugh was a seaman on board the ship. Colepaugh was questioned by local naval officers, at which time he presented a Selective Service card indicating that he had registered under the provisions of the Selective Training and Service Act on 16 October 1940. During this interview, he admitted his failure to communicate with his local draft board and said that he had never received communications from that board. This information was immediately turned over to the FBI, and FBI agents interviewed Colepaugh.

The Philadelphia Office sent a teletype to the Boston Office, and a check was made of the records of the local draft board in Boston where Colepaugh had registered. It was found that he had failed to return a completed questionnaire to that draft board and had also failed to keep the draft board advised of his address. These were violations of a Federal law under the investigative jurisdiction of the FBI. Accordingly, FBI agents in Boston contacted the local US Attorney, and, on 25 July 1942, a complaint was filed against Colepaugh, charging him with violating the Selective Training and Service Act. A warrant was issued for his arrest.



Nazi Spy Erich Gimpel used this Abwehr forged draft card to backstop his alias name.

Colepaugh was returned to Boston and was further interviewed by the FBI. He claimed that his father was a native-born American but that his mother was born aboard the German ship, *The Havel*, while en route to the United States. He indicated that while he was a university student, he met the Capt. of the German tanker, *Pauline Friederich*. Through this meeting, he was invited to visit the ship and did so on several occasions. During these visits, he became acquainted with a man whom he knew to be a Nazi Party leader on board the vessel. This man was a guest at the Colepaugh home on two occasions.

Colepaugh said that he had purchased a radio set. Subsequently, he received a telephone call from the secretary to the German Consul at Boston who was interested in his radio set. He denied building the set but admitted selling it to the German official for \$60. He admitted that he had visited the German consulate on numerous occasions in early 1941. He said that from January to April 1940, he was employed at Lawley's shipyard in Boston as a laborer on board yachts.

On 7 May 1941, Colepaugh went to Canada and shipped out as a seaman on the *Reynolds*. The ship went to Scotland and returned to Boston in late July 1941. Colepaugh subsequently went to New York City, and on 5 September 1941 he obtained a job as a deck hand on board the *Anita*, which left New York City for Rio de Janeiro. He was at Buenos Aires in October 1941 and on 8 December 1941, secured a position as deck hand on the tanker, *William G. Warden*. He made a few trips on this ship in South American waters, and on 25 March 1942, he was again in Buenos Aires. On 5 April 1942, he secured work as a deck hand on board the *Scania*.

Colepaugh stated that he had written to the German Library of Information in New York City for publications, and he added that he had attended a birthday celebration in honor of Hitler at the German consulate in Boston. The secretary to the German Consul, according to Colepaugh, had discussed with him the possibility of his going to Germany to study at various marine-engineering schools.

The US Attorney in Boston advised that he would not authorize prosecution against Colepaugh if the

latter would enlist for military service. Colepaugh promised to do so. Colepaugh enlisted as an apprentice seaman in the US Naval Reserve on 2 October 1942. Since he became a member of the Armed Forces, under the jurisdiction of the Navy, the FBI's case on Colepaugh was closed administratively. Copies of FBI reports in this case were furnished to Navy officials for their assistance.

On 28 June 1943, the FBI was advised that Colepaugh had been discharged from the Navy "for the good of the service." Colepaugh was again back in civilian life, and again the FBI began to interest itself in his activities. On 26 March 1943, it was determined that Colepaugh was working for a watch manufacturing company in Massachusetts. On 7 July 1943, he was known to be working for a poultry farmer in Concord, Massachusetts.

A check with the local draft board indicated that Colepaugh had telephoned his draft board on 10 January 1944 that he was going to enter the Merchant Marine and would send a letter to his local draft board advising them of his exact employment. Five days later, the draft board received a letter from him postmarked New York. Enclosed with this letter was a note on the stationery of the Swedish American Steamship line certifying that Colepaugh was employed on board the *Gripsholm* as a messboy.

The FBI had been informed that the *Gripsholm* was carrying individuals who were to be repatriated to Germany. It was not known whether or not Colepaugh would return to the United States as a crewmember aboard the same ship. The FBI therefore placed stop notices with appropriate Government agencies in order that these agencies would advise the FBI in the event Colepaugh returned to the United States.

On 15, February 1944, the *Gripsholm* sailed. Within a few days of its arrival in Portugal, Colepaugh looked up the telephone number of the German Consulate at Lisbon. It was Sunday, and he was advised that the Consul was not in. At noon, the following day, Colepaugh went to the Consulate in person and told the doorman that he was from the *Gripsholm* and wanted to see the Consul. Colepaugh explained that he was a friend of the former German Consul at Boston.

Colepaugh was admitted to the consulate and met with the German Consul. This individual brought to his office a woman who acted as an interpreter. After the Consul spoke to her, she turned to Colepaugh and her first words were, "Have you come with the information?"

Colepaugh replied that he did not come with information but that he wanted to find out if he could go to Germany. He explained that he knew the former German Consul in Boston and that he had advised him that it would be all right for him to go to Germany.

Colepaugh told the Consul in Lisbon that he desired to join the German Army and explained that he had taken a trip aboard a British ship to Scotland in the spring of 1941 at the request of the German Consul in Boston to gather information regarding convoys.

At the conclusion of the conversation, the Consul told Colepaugh to return on Thursday, and in the meantime he would get in touch with Berlin.

At noon on Thursday, Colepaugh returned to the German Consulate in Lisbon. He was told that no reply had been received from Berlin, and he was requested to return the following day. At 4:00 P.M. on Friday, Colepaugh returned to the consulate. This time there was another man with the Consul whose identity was not made known. This man informed Colepaugh that it would be all right for him to go to Germany. He asked Colepaugh whether or not he had enough money to fly to Germany.

When Colepaugh replied that he did not, this unknown person said he would place Colepaugh in the last exchange repatriation group leaving on the following Monday or Wednesday.

When this was agreed upon, the Consul called another individual into the room for the purpose of adding Colepaugh's name to the repatriation list under the alias "Gretchner." Colepaugh was advised to go to a certain hotel and await further word from the German Consulate.

Within a few days an individual whom Colepaugh had met at the Consulate called at the hotel and gave Colepaugh a slip of paper bearing the name "Carl

Curt Gretchner.” This was the name Colepaugh was to use while traveling on the repatriation train in Germany. At the train, Colepaugh was turned over to a Gestapo (German Secret Police of the Third Reich) representative.

Colepaugh, as “Gretchner,” traveled by train from Lisbon through to Biarritz. While waiting there for a train connection, he met a Dr. Miller, connected with the Schutzstaffel (SS). Miller wanted to know why Colepaugh desired to join the German Army. Colepaugh replied that he liked not only the setup of the German Army but also the way it was handled. Miller asked Colepaugh if he later wanted to return to the United States. Colepaugh replied that he did not. Miller left Colepaugh in care of an unknown individual and they traveled to Saarbrücken, arriving early in March 1944.

On 20 March 1944, Colepaugh left for Berlin, where Dr. Miller met him and then introduced him to a member of the SS. This man asked Colepaugh questions about the United States. He was interested in the election, rationing, and the attitude of the American people toward the war. He questioned Colepaugh very closely relative to the latter’s attitude toward the United States and asked why Colepaugh wanted to join the German Army. He also questioned him about his intentions after the war. Colepaugh replied that he had no interest in returning to the United States but intended to take up his shipbuilding trade in Germany after the war.

This man questioned Colepaugh about his attitude with reference to Hitler and the German Government. Colepaugh replied that the German Government and Hitler “look good to me.” He opined that the war moves were for the best interest of the German people.

Near the end of June 1944, Colepaugh was interviewed by a high official attached to the S.S. He told Colepaugh that he was going to be placed in the Security Service that handled the training of Nazi spies and saboteurs. Thereupon, Colepaugh was sent to a school operated by the Security Service at The Hague.

His courses included training in radio work and the use of firearms and explosives. He also received a

great deal of athletic training to build up his body and was taught to drive a motorcycle. He was taught how to handle explosives and was shown the most effective way to cause a train to be derailed. He was shown how to use thermite to the best advantage and was told that this substance would burn through steel and could be used to wreck a bridge or other steel structures.

Colepaugh was shown by practical problems how explosives would react. He was not only taught the basic principles of handling explosives but was also taught not to be afraid of them.

It was at this school that Colepaugh first met Erich Gimpel who had just returned from Spain where he had been acting as a German agent. Gimpel knew how to handle explosives and during the school course explained to Colepaugh their properties and the procedure to be used in handling them. Gimpel was an expert radio operator. He and Colepaugh were taught how to handle pistols, rifles, and submachine guns. They learned to fire these weapons with either hand.

While Colepaugh attended the school at The Hague, he was given the name Wilhelm Coller. He was furnished an identification card bearing his picture and that name. The rules of the school were explained to him, and the principal rule was that there was to be no talking to any person on the outside at any time regarding the activities of the school or its personnel. Colepaugh was left with the impression that a violation of this rule meant death.

Colepaugh soon learned that Gimpel was a person of importance in the Security Service in Germany. He had a private office at the Security Headquarters in Berlin and his own private secretary. He was treated with respect. Gimpel told Colepaugh that while he was acting as a German agent in Madrid in 1943-44, he was an instructor in a Fascist academy for young Spanish boys.

In August 1944, Colepaugh was sent to Berlin with Gimpel. They were given a photographic course in one of the branches of the Security Service. They learned to take pictures with a Leica camera and to develop and print these photographs. From there they

were sent to Dresden, Germany, where they studied microphotography and worked with micro-photography negatives on special sixteen-millimeter film and then developed and examined them to make sure they could read them through the appropriate microscope on the apparatus. After this course, Gimpel and Colepaugh returned to Berlin.

At the time Colepaugh went to Dresden for his microphotography training, he did not know what his assignment would be. While he was there, however, Colepaugh was advised in the presence of Gimpel that they were both being sent to the United States but they were not told what their specific assignments would be.

Two days before Colepaugh and Gimpel left Berlin for Kiel, they went to the home of a Military Officer. There, they met three members of the S.S. Colepaugh was told that these colonels were Doctors of Engineering. They advised that the mission of both men in the United States was to obtain information from periodicals, newspapers, the radio, and all available sources regarding shipbuilding, airplanes, and rockets; in short, any war information that would be of value to Germany. These officers wanted Colepaugh and Gimpel to stress information pertaining to the engineering field. The information gathered by them was to be sent primarily by a radio that Gimpel was instructed to build. In the event of an emergency, either were to use American prisoners of war interned in Germany as "mail drops," or they were to use designated intermediaries in Lisbon and Madrid. Letters sent to these mail drops were to be written in secret ink.

Gimpel was instructed to build, in addition to a radio for his own use, additional radios capable of receiving and sending short-wave messages for use of other German agents who probably would be sent to the United States in the future. Gimpel was to receive instructions from Berlin after they had established a radio contact with Berlin from the United States as to precisely how these radios should be built.

Gimpel was enthusiastic over his mission to the United States and advised Colepaugh that it was not necessary for the latter to learn telegraphy inasmuch as Gimpel would handle the sending and receiving of

messages and that Colepaugh could act as the "mouthpiece."

Gimpel told Colepaugh that after their radio had been set up in the United States, he would like to bring German saboteurs to America.

In sending information they would gather, they were instructed to use specific code wavelengths at specified times. They were also furnished with code signatures and other data to assist them in proper transmission. They were advised that their mission to the United States would last for two years. They would leave the United States either by submarine or some other means to be decided upon at a later date. In receiving instructions concerning their assignment, they were advised that Berlin would begin sending out messages in an attempt to contact them twenty days after they landed in the United States and that Berlin would continue to send out messages for a period of several months until contact was established.

Just before they left for Kiel and while they were still in Berlin, they were furnished with film bearing the names and addresses of about twenty American prisoners of war in Germany. These names were to be used by both men in the event they wished to correspond with Berlin. They were told that they were to write an innocuous message or letter but that the actual data they desired to transmit should be placed on the letter in secret ink. They were reminded that the Security Service in Berlin would examine all letters going to the American prisoners of war.

They received microphotographs with instructions for building the radio and also for receiving and transmitting messages when they reached the United States. Colepaugh was to use the code name "Walter," and Gimpel was to use the codename "Edgar" in transmitting messages to Berlin. In reply, Berlin was to use the codename "David." They were also given a microphotography apparatus, which was to be used to make microphotographs. They were also given one bottle of what appeared to be regular blue-black ink. In reality this was secret ink to be used for transmitting secret messages. At the same time, they were given a supply of developing power to develop any secret messages sent to them while they were in the United States.

Gimpel obtained from one of his friends in Berlin two .32 caliber automatic pistols and the necessary clips and cartridges for these pistols.

The code for sending messages on the radio to Germany, which was given to them was based on the words "Lucky Strike cigarettes, It's Toasted." They were also furnished wristwatches and two small compasses. They were given two kits of concentrated food that had been taken from captured American pilots.

Gimpel received a blue onion-skin paper packet containing about one-hundred small diamonds, which were to be used to provide funds in the event the money given to them was found to be worthless or dangerous to use.

The day before they left for Berlin for Kiel they signed various identification papers, which were later turned over to them in Kiel. The papers made out for Colepaugh carried the name William C. Caldwell. These papers consisted of a birth certificate showing Colepaugh was born in New Haven, Connecticut; a Selected Service registration card showing him to be registered at Local Board 18, Boston; a Selective Service classification card from the same draft board; a certificate of discharge from the United States Naval Reserve; a motor vehicle operator's license for the State of Massachusetts; and several duplicate papers, completely signed and filled out except that the names and addresses were omitted to permit Colepaugh and Gimpel to assume other names if such was found necessary.

About 22 September 1944, Gimpel and Colepaugh went to Kiel where they spent two days waiting aboard the Hamburg-American liner *Milwaukee*. Subsequently, they went aboard German U-boat Number 1230, which left the harbor immediately but laid off Kiel for about two days while waiting for a German convoy going up the coast of Denmark. They proceeded with this convoy to Horton, Norway, where the U-boat was given tests for about six days. Then they went to Kristianson, Norway, where they remained for two days taking on food and fuel.

Colepaugh and Gimpel had received \$60,000 for their expenses. This sum had been determined when

Colepaugh had pointed out that the cost of living in the United States had taken a sharp turn upward. He estimated that it would be necessary to have \$15,000 a year for the living expenses of one man. Based on this estimate, the \$60,000 represented expenses for two men for two years.

On 6 October 1944, the U-boat left Kristianson and proceeded out into the broad Atlantic, bound for the United States. The U-boat commander was cautious. At the first sign of a suspicious sound, he would submerge the U-boat and wait.

On 10 November 1944, the U-boat approached the Grand Banks of Newfoundland. At that point the U-boat crew took radio bearings on Boston; and Portland and Bangor, Maine, and later they established a position off Mount Desert Rock, Maine. They laid off that point until about 4:00 P.M. on the afternoon of 29 November 1944.

During the day the U-boat rested on the ocean bottom. During the night it charged its batteries by using its diesel engines. Through listening devices the crew of the U-boat was able to hear fishing boats on the surface nearby, and on one day they listened to a fishing board which was anchored above them. It was during this period that word was received by radio from Berlin that a U-boat had been sunk in Frenchman's Bay, and the Capt. was instructed to land Colepaugh and Gimpel somewhere else.

Colepaugh, Gimpel, and the captain discussed landing places in Rhode Island, New Hampshire, and Maine. In the end, the captain disobeyed his orders and on the night of 29 November 1944, the U-boat completely submerged, started for Frenchman's Bay.

About one-half mile off Crab Tree Point, the Capt. ordered the U-boat to be raised until the conning tower was just above the water. In this fashion the U-boat proceeded to a point just about 300 yards from the shore at Crab Tree Point, which is just across the peninsula from Hancock Point.

During the trip across the Atlantic, Colepaugh and Gimpel wore regulation German naval uniforms but about half an hour before the U-boat came to its shore position, they removed their uniforms. The U-boat

turned to face the south, and the crew made ready a rubber boat with oars. Attached to this boat was a light line to be used to pull the rubber boat back to the U-boat after Colepaugh and Gimpel had rowed ashore.

When the rubber boat was launched, the line broke, and it was necessary for two crewmembers to row Colepaugh and Gimpel to shore. At the landing point, there was a narrow beach of approximately six feet and then a bank. In the stillness of that cold November night on the Maine coast, Nazi agents Colepaugh and Gimpel stepped onto the shores of the United States. The German sailors also stepped ashore in order that they could return to Germany and brag that they had set foot in the United States. When the sailors departed they saluted, "Heil Hitler."

With their equipment, Colepaugh and Gimpel climbed the bank and walked through the woods adjacent to the shoreline until they reached a dirt road. They did not bring any explosives ashore and did not bury anything on the beach. They left their microphotography apparatus on the U-boat because it was heavy and they were in a weakened condition from their long stay aboard the U-boat.

The Nazi agents walked up the dirt road in a northerly direction until they came to the end of the road, at which point there was a house. Then they took a path in an easterly direction and followed it until they came to a macadam road. At that point the handle of the airplane luggage carried by Colepaugh broke and he had to fix it. They started again in a northerly direction.

The snow, which had been falling lightly during the early hours of the evening, was now falling rather heavily. They finally reached US Route 1 and turned left to walk in a westerly direction. It was about 12:30 A.M. when an automobile passed them. The car stopped, whereupon Colepaugh ran up to it and told the driver that he and his friend needed a ride to Ellsworth. Colepaugh was told that the car was a taxi, and after he talked with the driver, the latter agreed to take both men to Bangor for six dollars.

Arriving at Bangor about 1:30 A.M. 30 November 1944, the taxicab driver took them to a small restaurant

to change a ten dollar bill to pay the driver. After doing so, both men walked to the railroad station and boarded a 2:00 A.M. train to Portland, arriving there at 6:00 A.M.

They caught a train for Boston shortly after 7:00 A.M. and arrived there about 10:00 A.M. They registered at a hotel shortly after noon. They spent the night in Boston and left the hotel early the next morning, taking a train to New York City. They arrived at Grand Central Station at 1:30 P.M. on 1 December 1944. They checked their luggage at the station and went to Pennsylvania Station where they checked a briefcase in one of the lockers. That afternoon they registered at a hotel as William C. Caldwell and Edward George Green. They remained at this hotel from 1 to 9 December 1944.

The primary concern for both Nazi agents after coming to New York was to locate an appropriate apartment or house from which the radio could be operated. They made numerous telephone calls to real estate agencies and answered classified ads in the newspapers in an effort to locate such a place. Gimpel usually accompanied Colepaugh in searching for apartments. Gimpel rejected several places, which would have otherwise been satisfactory, because of steel construction in the buildings making them unsuitable for sending and receiving radio messages.

Finally, on 8 December 1944, they were successful in renting an apartment on Beekman Place in New York City for \$150 a month. They paid two months rent in advance. Colepaugh took the bags to the apartment while Gimpel waited on the street. Gimpel said he did not want to go into the apartment at first because he did not want it to appear that two men were renting the apartment.

They left the apartment promptly each morning and did not return until late at night to give the impression that they were businessmen going to work every day. Gimpel was with Colepaugh a great deal of the time, and it appeared that Gimpel was reluctant to let Colepaugh get out of his sight. On several occasions Colepaugh did go out in the evening for a good time but Gimpel refused to drink in bars. On 13 December 1944 the two men took the briefcase, which had been

checked into the Pennsylvania Station locker, to the apartment.

On 21 December 1944 Gimpel and Colepaugh were at Rockefeller Center where Gimpel had purchased some clothing and was having alterations made on a suit. At about 5:30 in the evening, Colepaugh advised Gimpel that he did not desire to go into the store with Gimpel and would wait outside and listen to the Christmas carols sung where people were ice-skating.

While Gimpel went into the store, Colepaugh walked through the crowd, caught a taxi, and proceeded to the apartment on Beekman Place. He told the cab driver to wait. He went upstairs and took the bags, one of which contained the briefcase, and started to return to the taxi. On his way out, the sister of the man from whom the apartment had been subleased met him.

He told her he was going to visit his relatives in Connecticut for Christmas. Colepaugh got into the taxi and told the driver to take him to Grand Central Station. At the terminal he checked the bag containing the briefcase. He also checked his luggage in the baggage checkroom, placing the claim checks for the two bags in his wallet. He took the Lexington Avenue subway to 59th Street and registered at a hotel.

While they were living at Beekman Place, Gimpel had suggested on one occasion that they should separate. Colepaugh had not agreed to the plan, however, but on the night of 21 December, he actually separated himself from Gimpel.

During this time the FBI was also active. On 3 December 1944, the Boston Field Division received information that a British freighter, the *Cornwallis*, sailing from the British West Indies to St. John, New Brunswick, was torpedoed and sunk at about 6:00 A.M. on that date somewhere between Mount Desert Island and Mount Desert Rock off Bar Harbor, Maine. The ship sank in less than ten minutes as a result of an explosion in the starboard bow, and it was subsequently determined that the sinking actually occurred about eight miles northwest of Mount Desert Rock, Maine.

The FBI felt that the sinking of this ship was significant. It meant that an enemy U-boat was close

to the coast of Maine, and the FBI could not discount the possibility that this U-boat also might have landed enemy agents.

The Boston FBI Office immediately dispatched agents to Rockland, Maine, and South West Harbor, Maine. The agents were assigned to a coastal patrol that at first was concentrated in the area of Frenchman's Bay. The FBI was able to determine from the US Navy that this area might be a logical place for enemy agents to land, inasmuch as the coastal waters around the area were deep enough for a U-boat to come close to the shore.

A deputy sheriff was interviewed who advised that his 18-year-old son had observed two strange individuals in the vicinity of Frenchman's Bay on the night of 29 November 1944. He related that the boy noticed the two men walking away from the beach area with their heads down against the snowstorm that was raging that night. The boy became suspicious of these men because they did not appear to be dressed like local residents. The boy told his father who proceeded to the area the next morning, in an attempt to discover traces of the two men. The snowstorm had evidently wiped out all traces.

The agents interviewed the deputy sheriff's son who told them that about 11:30 P.M. near Hancock Point he observed two unknown individuals. He said that they were walking as he met them in his automobile and that he noticed their tracks continued down the road for about a hundred yards and stopped at a point where a path from the beach meets the road. The boy said that both of these men wore light-colored clothing and no hats. It was his impression that the taller of the two was carrying a small bundle or suitcase under his arm.

FBI agents continued their inquiry in the area of Hancock Point and learned that a neighbor of the deputy sheriff had apparently seen the same two men. She advised that about 11:50 P.M., she observed two men walking away from the ocean and toward US Highway Number 1. She saw these two men about one mile from the point where the deputy sheriff's son saw them.

Agents closely examined the beach and all cottages and trails were closely scrutinized for any evidence that a landing had been made. No evidence was found during this search. All residents of Hancock Point, which embraces an area about five miles long and three miles wide, were interviewed by FBI agents without obtaining any information of value.

Additional investigation reflected that no passengers had boarded the only bus operating along US Highway Number 1 between Machias and Bangor on the night in question. Ticket agents of the Maine Central Railroad as well as representatives of trucking lines operating long-distance trucks passing through the area were interviewed. A check was made to determine whether any long-distance telephone calls had been made from the exchange covering Hancock Point.

No information of value was obtained. All available coastal residents, coastal sources of information, law enforcement officers, fishermen, and members of the Armed Forces, were interviewed by FBI agents. No information was developed as to the identity of the two men. The investigation continued.

In the meantime, Colepaugh knew that Richard Fairfax (Comment: fictitious name to protect the identity of the person), a former schoolmate, lived in Richmond Hill, New York. He knew the location of the Fairfax residence since he had visited Fairfax several years ago while they were students. He considered Fairfax an old friend.

At about noon on 23 December 1944, Colepaugh went to Fairfax's home in Richmond Hill where he talked with Fairfax's mother. She told Colepaugh that her son was working at a shoe store in Jamaica. About 2:30, Colepaugh met Richard Fairfax for lunch, at which time Colepaugh talked over old times. Colepaugh made arrangements to see Fairfax at his home about 11:00 P.M. Fairfax's mother had left for a visit in Philadelphia and was not to return for several days.

Colepaugh and Fairfax decided they would go out that night. Fairfax said that he wanted to shave first. While he was in the bathroom shaving, he and Colepaugh entered into a conversation about the war.

Colepaugh said to Fairfax, "Richard, remember you said that I could never get into any real trouble? Well, I am in a lot of trouble now."

Fairfax asked, "What sort of trouble, Bill?"

After a pause, Colepaugh said, "I just came back from Germany."

Fairfax said, "You mean you were in Germany"? Colepaugh replied in the affirmative and then told the entire story.

Fairfax thought Colepaugh was joking and asked him if he was sincere about the whole situation. Colepaugh replied that he was. Upon further questioning, Colepaugh indicated that his mission to the United States was to get information. Fairfax asked him how he intended to get this information back to Germany, and Colepaugh replied that it would be sent by wireless. Fairfax asked Colepaugh where this information would be sent from and Colepaugh said that it might be sent from anywhere.

Fairfax asked if he had a radio, and Colepaugh said no but indicated that Green was an engineer and could build a radio set. He pointed out that Green could make all of the parts of the radio and was even proficient enough to make a radio tube. Fairfax asked Colepaugh where Green was at that time. Colepaugh replied, "I don't know. I ditched him." Colepaugh told him Green's true name was Erich Gimpel.

After discussing more details of the bizarre story, Colepaugh asked Fairfax how to get in touch with proper authorities and subsequently Fairfax called the New York office of the FBI. Fairfax advised the agent who took the call that he had in his possession important information, which he could not discuss over the telephone and wanted an FBI agent to call at his home. A Special Agent was instructed to proceed to Fairfax's home.

On the evening on 26 December, the Special Agent introduced himself to Fairfax. Proceeding into the living room, Fairfax turned to the agent and said, "I want you to meet Mr. Colepaugh. He has a story to tell, and I'll let him tell it himself."

Colepaugh said that his name was William Curtis Colepaugh and that he had lived in Niantic, Connecticut. He appeared to be very nervous as he related to the agent that he and another man under the name of Edward George Green had been landed on the coast of Maine by a German U-boat. He said that they both were in the U.S. for the purpose of obtaining military, political and economic information to be subsequently transmitted to Germany by radio and letter. Colepaugh related in detail the events of his past life, his contact with crew members of the *Pauline Friedrich*, the fact that he had shipped to Scotland on a freighter for the purpose of obtaining information concerning convoys for the former German Consul in Boston.

In detail, Colepaugh explained his trip on the *Gripsholm*, his contact with the German officials in Lisbon, his entry into Germany, his course in the school at The Hague and his meeting with Gimpel, who was in the U.S. under the name of Green. He described his trip on the U-boat, the landing on the Maine coast, the subsequent trip to Boston and the final trip to New York City. Colepaugh told the agent that since their arrival in the U.S. they had not engaged in any espionage activities.

He said they had purchased some parts for a radio at various retail radio shops in New York City. Colepaugh advised that Gimpel was not satisfied with the setup at Beekman Place and told Colepaugh to watch the newspapers for an opportunity to rent a place on the outskirts of the city, which would be suitable for radio activities.

Colepaugh said that he had put off looking for a place on the outskirts of the city when he had made up his mind to get away from Gimpel. He claimed that after he left Gimpel at Radio City on 21 December, he took from the apartment the two bags belonging to Gimpel and that these bags contained between forty to sixty thousand dollars in American money. At this point, Colepaugh turned over to the Special Agent two baggage checks issued by a parcel room at Grand Central Station for these bags. The baggage checks indicated that they were stamped at 6:28 P.M. on 21 December.

Colepaugh said that Gimpel liked to drink but was careful not to drink too much. The agent, in seeking a description of Gimpel, asked Colepaugh if Gimpel had any peculiarities. Colepaugh said that Gimpel did not carry a wallet but kept bills of large denominations in a roll in his trouser pocket and had the habit of stuffing dollar bills into the breast pocket of his suit coat. He said that Gimpel carried a Latvian coin, dated 1942, that was considered by Gimpel to be a good luck token.

He said that Gimpel liked to eat steaks and quite often frequented the better steak houses in New York City. Colepaugh said that Gimpel also liked to frequent Spanish restaurants where he could meet and talk to people in Spanish. He said that while he was with Gimpel in New York the latter had made a number of trips to a newspaper stand located at the foot of the subway stairs at Times Square, where he bought Peruvian newspapers.

In describing Gimpel, Colepaugh said that among other things he wore a silver Inca Indian ring with a square gold top and an Inca design. Gimpel wore this ring on the little finger of one hand.

Colepaugh was asked if he knew where Gimpel might be and he claimed that outside of the apartment at Beekman Place, he did not know of any other locality where Gimpel would go. He said, however, that Gimpel did not like the cold climate and that he possibly might go to the South. He said that Gimpel had mentioned to him at one time that he had passed through New Orleans.

Concerning the possibility that Gimpel might return to the old Times Building on 42nd Street and 7th Avenue to purchase Peruvian newspapers, Colepaugh said that during one of their last few days together he and Gimpel had attended a short-subject movie based on a "Crime Does Not Pay" type of film. He said the police apprehended the criminals in this particular story when they approached a newsstand to purchase a hometown paper. Colepaugh was not able to state whether this had made any particular impression on Gimpel, and he did not know whether Gimpel would continue to purchase Peruvian newspapers at the old Times Building.

Colepaugh related that with reference to radio material, they had purchased two millimeters, a magnifying glass, a 1944 edition of a radio amateur book, one ohm-test meter, and a small screwdriver.

At the Beekman Place apartment, agents contacted the sister of the person who sublet the top floor apartment to Colepaugh and Gimpel. She confirmed Colepaugh's story of his leaving the apartment with the two suitcases. She said that an hour after Colepaugh had departed, the door buzzer rang, and she went to answer the door. It was Green (Gimpel). He went up to his apartment and a few moments later came down to her apartment. He asked her if his friend was gone, and she replied that he had left to visit his family in Connecticut. He returned to his apartment and about ten minutes later asked her if he could have a key. She gave him a key, and he told her that he would return it to her later. He thereupon left the house.

About 1:30 P.M. the next day, Green returned the key to her and, as he was leaving the house, she noticed he was carrying two cardboard boxes. He indicated at that time he was on his way to join Caldwell.

Agents also interviewed the manager of the clothing store, who was able to produce a sales ticket, which was filed alphabetically under the name of Edward Green. The sales ticket indicated that one suit and one overcoat were sold to an Edward Green of a certain hotel on West 23rd Street.

Surveillance was placed on the newsstand at Times Square to see if Gimpel showed. All railroad and bus stations and airline terminals were examined in an effort to locate the bags known to be in the possession of Gimpel.

Colepaugh had turned over to a Special Agent two baggage checks for bags he had taken from the Beekman Place apartment and deposited at Grand Central Station. FBI agents went to the baggage claim area and interviewed the employees.

One of the employees stated that shortly after midnight on 22 December, an individual by the name of Green came to the south window of the parcel room.

He stated that he had two bags that were checked but that he had lost the duplicate coupons. Green was admitted to the inside of the parcel room and told to search among the racks until he located his bags. Green finally located the two bags, which he claimed were his. The employee took Green and the two bags to another checker and asked him to take care of the matter because there was a large crowd waiting in front of the parcel room.

This checker related that one of the bags was a large tan leather case of the "two-suiter" type with two locks and that the other bag was a suitcase of gray airline cloth. He claimed that Green produced a key to the tan leather bag and opened it. When it was opened, it was found to contain dirty clothes and a Leica camera. Gimpel gave the checker two receipts for the bags and left the parcel room with them.

FBI agents had been conducting a continuous daily surveillance at a Times Square newsstand located halfway down the subway entrance stairway at the corner of 42nd Street and 7th Avenue. The newsstand consisted of a three-room store. The first room was open to the public and contained newspapers and magazines from foreign sources, together with some American publications. The second and third rooms of the stand were small in size and were used for storage and office purposes.

At 8:55 P.M. on Saturday, 30 December 1944, while Special Agents were watching this stand, they saw an individual enter the store. One of the agents, noting the resemblance of this person to Gimpel, called the other agent's attention to the customer. This individual was wearing a blue double-breasted overcoat, a brown hat, and a gray suit. His overcoat and suit answered the general description of the clothing reportedly worn by Gimpel. The agents were not able to see that he wore a ring with an Inca design.

The man did not ask for, nor did he go near, the South American newspapers, which were on display at the stand. Instead, he perused the newspapers and magazines published in English and generally moved around the area where these periodicals were on display. The agents were able to observe that he finally selected a copy of a pocket edition of the book entitled, *Russia*. After making his selection, this

individual went to one of the clerks at the newsstand, who was beside the cash register, and paid for his purchase. At this particular time he was generally facing one of the Special Agents, and his back was toward the other agent who moved closer in order that he might overhear the voice of this individual. In paying for his purchase, the man spoke a few words in English with an apparent European accent.

One of the Special Agents noticed that in paying for his purchase, the individual took a bill from the inside of his coat and apparently from the breast pocket of his suit coat. The Special Agent remembered that this was a mannerism that Colepaugh said was peculiar to Gimpel. The agents exchanged nods. One agent preceded this individual from the store to the subway stairs, and the other agent followed.

On the stairway, immediately outside the store entrance, the first Special Agent turned to Gimpel and identified himself as well as the other agent as Federal officers. Both agents displayed their badges and requested the man's name.

He hesitated, saying, "What's this all about?" He was told by one of the agents that they were agents of the FBI, that it was a routine investigation, and that they desired to know his name, whereupon the unknown individual replied, "Green."

He was asked his full name and home address, and, in reply, this individual said that his full name was Edward Green and that his address was Massachusetts.

The agents then escorted him into the rear storage room of the newsstand and away from the presence of other persons. The agents knew that this person, who said that his name was Edward Green, was in reality Erich Gimpel. One of the Special Agents asked Gimpel whether he possessed any identification papers. A group of papers were produced from inside the suit-coat pocket. A Selective Service registration and a Selected Service classification card made out to Edward George Green, 582 Massachusetts Avenue, Boston, were among the identification papers, which also included a US Naval Reserve discharge made out in the same name and address.

He was searched and approximately \$10,000 was removed from his person, as well as 99 small diamonds wrapped in tissue paper.

Gimpel advised that his bags and the briefcase containing the money were located in his room at his hotel. He gave permission to have his room searched and accompanied the agents to the hotel for that purpose. The search of Gimpel's room revealed currency totaling \$44,100 as well as blank Selective Service registration and classification certificates. The agents also found blank certificates of discharge from the Navy, as well as blank birth certificates. Leica camera film, two Colt automatics, and a package containing two small bottles filled with a writing fluid were found. Gimpel identified articles and claimed that the two small bottles of writing fluid were secret writing ink to be used specifically for the purpose of writing secret messages.

Gimpel was taken to the New York FBI office where he was interviewed. He said he was born on 25 March 1910, at Merseberg, Germany. He claimed that he was in South America from 1935 to 1942, working for Telefunken, a German radio corporation with headquarters in Berlin. He said that he worked mostly in Lima, Peru. It was in Peru that he was interned by the police in June 1942 and was subsequently brought to Camp Kennedy, Texas, and was later taken to Jersey City, New Jersey, where he was repatriated to Germany on the *Drottningholm*. He arrived in Germany on 1 August 1942.

After returning to Germany, Gimpel said he was employed by the German Foreign Office as a courier between Berlin and Madrid. He was also employed in Hamburg and Berlin designing shortwave radio transmitters. He said he could not go into the German Army because under the agreement between the US Government and the German Government he would not be allowed to enter military service in Germany. He spent one year in Hamburg, until it was bombed out in August 1943. There he helped produce radio and electrical equipment for various German Government agencies. He continued his employment as a courier between Berlin and Madrid until February 1944 and was subsequently engaged to check newspapers for technical information. He continued

on this job until July 1944 when he was asked if he desired to work in foreign countries.

Agreeing to do this, he was sent to The Hague, where he first met Colepaugh. He became friendly with Colepaugh in order to practice English. He said that Colepaugh was enthusiastic in his praise of Germany, and Gimpel thereupon decided that Colepaugh would be a good companion for a foreign trip. When Gimpel agreed to come to the United States, he requested that Colepaugh be allowed to accompany him.

He said that in the spring of 1944 he had to sign the following documents:

"I obligate myself to exert my entire strength on behalf of Germany; otherwise I am aware that I can expect the sharpest reprisals."

While at The Hague in July 1944, Gimpel said he signed the following paper:

"That in no event will I, after entrance, give information as to what I have seen here."

He said that this paper was a kind of oath, which he had to take for the purpose of pledging himself against revealing any of the activities that took place in The Hague school.

In explaining his proposed work in the United States, Gimpel said he was to build an 80-watt radio transmitter and that Germany was to start sending messages to him about one or two months after he and Colepaugh had landed in the United States. In the event radio contact with Germany could not be made, he was to send letters to the "mail drops" given to him. He said that when he found out that Colepaugh had left him, he went to a hotel, thinking that perhaps the police might have picked up Colepaugh. He said he subsequently checked out of this hotel and went to another hotel, where he expected to remain until 1 January 1945. He wanted to go to South America but knew it would be hard to get there.

In explaining the use of secret ink, Gimpel said that letters containing innocuous messages were to be written to prisoners of war whose names were furnished by the Germans or to mail drops in Madrid

or Lisbon. Gimpel explained that in order to write a secret message, the message was written with specially prepared ink on a piece of paper. The piece of paper was pressed firmly, preferably by weights, against the paper bearing the message and was left in this position for several hours. When the blank piece of paper was removed, it would bear a secret message that could not be seen unless appropriately developed. This paper would appear blank, and an innocuous message could be written on the reverse side. A special type of development could subsequently make the secret message readable.

On instructions from the Attorney General, the FBI turned over Colepaugh and Gimpel to the military authorities in New York City. On 6 February 1945, they faced a Military Commission at Governor's Island, charged with violation of the 82nd Article of War and conspiracy. On 14 February this Military Commission found them guilty and sentenced them to be hanged. Later, the President of the United States commuted their sentences to life imprisonment.

The Custodial Detention Program

The epitome of preventive intelligence was the Custodial Detention Program established by the FBI and the Justice Department during 1940-1941. It should not be confused with the internment of Japanese-Americans in 1942. Both the FBI and military intelligence opposed the massive infringement of human rights that occurred in 1942 when 112,000 Japanese and Japanese-Americans were placed in detention camps—a decision made by President Roosevelt and ratified by the Congress. The authoritative histories stress the crucial influence of the Army's Provost Marshall General and his "empire-building" machinations, especially in reaction to a prewar decision transferring responsibility for alien enemy interment to the Justice Department.⁵

The mass detention of American citizens solely on the basis of race was exactly what the Custodial Detention Program was designed to prevent. Its purpose was to enable the government to make individual decisions as to the dangerousness of enemy aliens and citizens who might be arrested in the event

of war. Moreover, when the program was implemented after Pearl Harbor, it was limited to dangerous enemy aliens, and the plans for internment of potentially dangerous American citizens were never carried out.

The most significant aspects of the Custodial Detention Program bear upon the relationship between the FBI and the Attorney General. Director Hoover opposed Attorney General Robert Jackson's attempt in 1940 to require departmental supervision; and, when Attorney General Francis Biddle abolished the Custodial Detention List in 1943, the FBI Director did not comply with his order.

Director Hoover asked Attorney General Jackson in June 1940 for policy guidance "concerning a suspect list of individuals whose arrest might be considered necessary in the event the United States becomes involved in war."⁶ Secretary of War Henry L. Stimson advised the Attorney General in August that the War Department had emergency plans providing "for the custody of such alien enemies as may be ordered interned" and suggested that they be discussed between military and Justice Department officials.⁷ To deal with these matters, Attorney General Jackson assigned responsibility to the head of a newly created Neutrality Laws Unit in the Justice Department. This Unit was later renamed the Special War Policies Unit and undertook Departmental planning for the war, as well as analysis and evaluation of FBI intelligence reports and the review of names placed on the Custodial Detention List.

The FBI Director initially resisted the plan for Justice Department supervision. He told the head of the Special Unit that the Department's program created "the very definite possibility of disclosure of certain counterespionage activities."⁸ Hoover added,

"The personnel who would handle this work upon the behalf of the Department...should be selected with a great deal of care. We in the FBI have endeavored to assure the utmost secrecy and confidential character of our reports and records. To turn over to the Department this great collection of material in total...means that the Department must assume the same responsibility for any leaks or disclosure, which might be prejudicial to the continued internal security

of our country. Obviously, such personnel will know the identity of many of our confidential informants... The life and safety of these informants are at stake if their identities should become known to any outside persons."

Hoover also feared that if the Department took over any administrative action or prosecution, the identity of confidential informants now used by this would "cut off that source of information insofar as continued counterespionage might be concerned in that case." He claimed that if the Attorney General approved the plan, it would mean the Justice Department was "ready to abandon its facilities for obtaining information in the subversive field."⁹

Attorney General Jackson refused to give into the FBI Director. After five months of negotiation, the FBI was ordered to transmit its "dossiers" to the Justice Department Unit.¹⁰ To satisfy the FBI's concerns, the Department agreed that any formal proceeding would be postponed or suspended if the FBI indicated that it "might interfere with sound investigative techniques." The FBI was assured that the plan "does not involve any abandonment by the Department of its present facilities for obtaining information in connection with subversive activities by surveillance of counterespionage," and there would be "no public disclosure of any confidential informants...without the prior approval of the Bureau."¹¹ Thus, from 1941 to 1943, the Justice Department had the machinery to oversee at least this aspect of FBI domestic intelligence.

The wartime detention plans envisioned entirely civilian proceedings for arrest of alien enemies following a presidential proclamation pursuant to statutory provisions, and all warrants should be authorized and issued by the Attorney General.¹² Separate instructions stated that, with respect to American citizens on the list and "not subject to internment," a Departmental committee would consider whether specific persons should be prosecuted under the Smith Act of 1940 "or some other appropriate statute" in the event of war.¹³

FBI instructions to the field reiterated the types of organizations whose members should be investigated under the Custodial Detention Program. In addition

to the groups listed in 1940, the order included the Socialist Workers Party (Trotskyite), the Proletarian Party, Lovestoneites, “or any of the other Communist organizations or...their numerous ‘front’ organizations,” as well as persons reported as “pronouncedly pro-Japanese.”¹⁴

FBI officials were concerned that the Department plan did not provide sufficiently for action against citizens. In addition to the Smith Act of 1940, FBI officials pointed out to the Department “the possibility of utilizing denaturalization proceedings.” At the FBI’s request, the Special Departmental Unit prepared “a study of the control of citizens suspected of subversive activities.” As later summarized by the FBI, the study stressed:

*“...the great need for a federal overall plan of legislation to control suspected citizens, rather than isolated statutes which would care for particular citizens....” It was pointed out that the British system of defense legislation had been to enact a general enabling statute under which the executive authority is permitted to promulgate rules and regulations having the effect of law, and it was suggested that, if this country entered the war, a similar type of statute should be enacted which would enable the President to set up a system of regulations subject to immediate change and addition as the need arose.*¹⁵

Attorney General Francis Biddle did not endorse this position. Instead, the Department’s Special Unit relied upon recently enacted specific statutes as the basis for its planning. These included the Foreign Agents Registration Act of 1938, the Smith Act of 1940 making it a federal crime to urge military insubordination or advocate the violent overthrow of the government, and the Voorhis Act of 1941 requiring the registration of organizations having foreign ties and advocating the violent overthrow of the government.

Acting at “the postinvestigative level,” the Special War Policies Unit considered these and other statutes as the basis for coordinating “affirmative action on the internal security front.” Its annual report in 1942 stated:

The Unit deals with new forms of political warfare. As part of its equipment, it has engaged analysts with

*special experience and schooling in the field of political organization and ideologies. The Unit has not only sought to collate information regarding dangerous individuals and organizations; it has sought to bring together a trained staff equipped to understand the methods, beliefs, relationships and subversive techniques of such individuals and organizations for the purposes of initiating appropriate action.*¹⁶

During the period 1941-43 the Special Unit included a Foreign Agents Registration Section, a Sedition Section, an Organizations and Propaganda Analysis Section, and a Subversives Administration composed of a Nazi and Fascists Section and a Communist Section. The Special Unit initiated such wartime measures as the internment of several thousand enemy aliens, the denaturalization of members of the German-American Bund who had become American citizens, sedition prosecutions, exclusion of publications from the mail, and prosecution of foreign propaganda agents. The Unit received and analyzed reports from the FBI, the State Department, the Office of War Information, and the Office of Strategic Services. Attorney General Biddle abolished the Special Unit in July 1943 and transferred its prosecutive functions to the Criminal Division.¹⁷

In 1943, Attorney General Biddle also decided that the Custodial Detention List had outlived its usefulness and that it was based on faulty assumptions. His directive to the FBI and the Departmental Unit stated:

There is no statutory authorization or other present justification for keeping a “custodial detention” list of citizens. The Department fulfills its proper function by investigating the activities of persons who may have violated the law. It is not aided in this work by classifying persons as to dangerousness.

Apart from these general considerations, it is now clear to me that this classification system is inherently unreliable. The evidence used for the purpose of making the classifications was inadequate; the standards applied to the evidence for the purpose of making the classifications were defective; and finally, the notion that it is possible to make a valid determination as to how dangerous a person is in the abstract and without reference to

*time, environment, and other relevant circumstances, is impractical, unwise, and dangerous.*¹⁸

Upon receipt of this order, the FBI Director did not abolish the FBI's list. Instead, he changed its name from Custodial Detention List to Security Index.¹⁹ The new index continued to be composed of individuals "who may be dangerous or potentially dangerous to the public safety or internal security of the United States." Instructions to the field stated:

*"The fact that the Security Index and Security Index cards are prepared and maintained should be considered strictly confidential, and should at no time be mentioned or alluded to in investigative reports, or discussed with agencies or individuals outside the Bureau other than duly qualified representatives of the Office of Naval Intelligence and the Military Intelligence Division, and then only on a strictly confidential basis."*²⁰

The Attorney General and the Justice Department were apparently not informed of the FBI's decision to continue the program to classify dangerous individuals but under a different name.

Moreover, FBI investigations did not conform to Attorney General Biddle's statement that the Justice Department's proper function was investigation of "the activities of persons who may have violated the law." The FBI Director's instructions at the end of the war emphasized that the Bureau investigated activities "of prosecutive or intelligence significance."²¹ However, toward the end of the war, the FBI did limit substantially its investigation of individual Communists. Orders to the field requiring investigation of every member of the Communist Political Association (CPA) (as the Party was named during 1943-1945) were modified in 1944, when field offices were instructed to confine their investigations to "key figures in the national or regional units of the CPA." This directive received "widely varying interpretations" in the field, and many offices "continued to open cases on the basis of membership alone." Further instructions in April 1945 stated that investigations were restricted to "key figures" or "potential key figures" rather than to all members as had been the policy before 1944. Security Index

cards were "prepared only on those individuals of the greatest importance to the Communist movement."²²

At the end of the war, the head of the FBI Intelligence Division, D. M. Ladd, recommended to Director Hoover another cutback in operations. This proposal was approved by the FBI Executive Conference, and the State Department and the Justice Department's Criminal Division were advised of the changes.²³ FBI field offices were:

"...instructed to immediately discontinue all general individual security matter investigations in all nationalistic categories with the specific exceptions of cases involving communists, Russians, individuals who nationalistic tendencies result from ideological or organization affiliation with Marxist groups such as the socialist Workers Party, the Workers Party, the Revolutionary Workers League or other groups of similar character and members of the Nationalist Party of Puerto Rico."

The FBI would open "no new general individuals security matter investigations...unless they fall within the above specific exceptions." However, the instructions permitted the field to continue investigating "individuals whose activities were of paramount intelligence importance such as individuals closely allied with political or other groups abroad, individuals prominent in organizational activity of significance, or individuals falling within similar categories." The instructions added:

It is realized, of course, that in connection with the intelligence jurisdiction of the Bureau it will be necessary to investigate the activities and affiliations of certain individuals considered key figures in nationalistic and related activities or considered leaders of importance in various foreign nationality groups.... If in such an instance you have any question as the advisability or desirability of instituting such an investigation in view of the above instructions, you should, of course, refer the matter to the Bureau for appropriate decision.

This flexibility specifically allowed for the investigation of "fascist individuals of prosecutive or intelligence significance."²⁴

**President Roosevelt's Directive of
December 1941 on the FBI's
SIS reads as follows:**

In accordance with previous instructions the Federal Bureau of Investigation has set up a Special Intelligence Service covering the Western Hemisphere, with Agents in Mexico, Central America, South America, the Caribbean, and Canada. Close contact and liaison have been established with the Intelligence officials of these countries.

In order to have all responsibility centered in the Federal Bureau of Investigation in this field, I hereby approve this arrangement and request the heads of all Government Departments and Agencies concerned to clear directly with the Federal Bureau of Investigation in connection with any intelligence work within the sphere indicated.

The Director of the Federal Bureau of Investigation is authorized and instructed to convene meetings of the chiefs of the various Intelligence Services operating in the Western Hemisphere and to maintain liaison with Intelligence Agencies operating in the Western Hemisphere: (Confidential Directive to the Heads concerned, 12/41.)

An agreement between the FBI and military intelligence dealing with Special Intelligence operations in the Western Hemisphere: cited Presidential "instructions" of June 24, 1940 and January 16, 1942. It described FBI responsibilities as follows:

"The Special Intelligence Service will obtain, primarily through undercover operations supplemented when necessary by open operations, economic, political, industrial, financial and subversive information. The Special Intelligence Service will obtain information concerning movements, organizations, and individuals whose activities are prejudicial to the interests of the United States." (Agreement between MID, ONI and FBI for Coordinating Special Intelligence Operations in the Western Hemisphere, 2/25/42.)

The following sections from a Joint Chiefs of Staff Directive on the functions of the Office of Strategic

Services indicate overlap between FBI and OSS operations in 1943:

3. *Secret Intelligence*

a. The Office of Strategic Services is authorized to: (1) Collect secret intelligence in all areas other than the Western Hemisphere by means of espionage and counter-espionage. In the Western Hemisphere, bases already established by the Office of Strategic Services in Santiago, Chile, and Buenos Aires, Argentina, may be used as ports of exit and of entry for the purpose of facilitating operations in Europe and Asia, but not for the purpose of conducting operations in South America. The Office of Strategic Services is authorized to have its transient agents from Europe or Asia touching points in the Western Hemisphere transmit information through facilities of the Military Intelligence Service and of the Office of Naval Intelligence.

4. *Research and Analysis*

The Office of Strategic Services will (1) furnish essential intelligence for the planning and execution of approved strategic services' operations; and (2) furnish such intelligence as is requested by agencies of the Joint Chiefs of Staff, the armed services, and other authorized Government agencies. To accomplish the foregoing *no geographical restriction is placed* on the research and analysis functions of the Office of Strategic Services.... (Emphasis supplied).

(JCS Directive: Functions of the Office of Strategic Services, JCS 155/11/D, 10/27/43.)

German Espionage Ring Captured

In January 1943, Kurt Frederick Ludwig and eight of his associates were sentenced to terms of imprisonment ranging from five to 20 years after their convictions on charges of espionage in the United States.

The case began when British Imperial Censorship at Bermuda intercepted a letter destined for Spain. The writer of the letter signed it as "Joe K."

Laboratory tests of the letter found secret writing on the reverse side that provided the identities and the cargoes of ships leaving New York harbor for Great Britain. Subsequent letters written by "Joe K." were intercepted. The return address on all the letters was determined to be fictitious.

The FBI's investigation was going nowhere until March 18, 1941, when two men attempted to cross a busy street near Times Square in New York City. One, a middle-aged man wearing horn-rimmed glasses and carrying a brown briefcase, carelessly stepped in front of a taxi and was fatally injured. His companion, unconcerned over the fate of his friend, grabbed the brown briefcase and swiftly disappeared into the crowd.

The injured man was identified as Julio Lopez Lido. His body was unclaimed for a time but the Spanish Consulate in New York finally buried him. His companion, who ran from the scene of the accident, called the hotel where the injured man was staying and asked that his room be kept intact until further notice. In the meantime the hotel management informed the local authorities, and they began a check of the mysterious circumstances surrounding the traffic accident.

Local officials discovered documents in the hotel room, which they turned over to the FBI. The Bureau was able to determine that Lido was actually Capt. Ulrich von der Osten, a Nazi army officer who had entered the United States via Japan only a month prior to his death. Capt. von der Osten was to direct the activities of a group of spies in the United States.

The FBI was also able to identify the man who ran from the accident scene as Kurt Frederick Ludwig. Ludwig continued von der Osten's work by sending information to the Third Reich. Ludwig made a practice of visiting the docks in New York Harbor and along the New Jersey coast where, from his observations, he could report information to Germany concerning the identities of ships and the nature of their cargoes. He also visited various Army posts in the New York area where he observed the strength of the armed forces, their identities, the quality and quantity of their weapons, and any other details, which he believed would be of interest and value to his superiors.

The FBI conducted surveillance on Ludwig to determine his contacts. On one occasion during May 1941, he took an extended trip to Florida accompanied by Lucy Boehmler, an 18-year-old girl of German origin, who acted as his "secretary" and, as a matter of fact, assisted him in preparing the secret messages to his superiors and in maintaining detailed records covering his observations. On the trip they passed through Army camps, aviation fields, and industrial centers engaged in manufacturing wartime material.

When he arrived in Miami, Ludwig contacted Carl Herman Schroetter who was waiting for the call, having been briefed by a Dr. Ottis when Schroetter visited Germany two years before. It was through Schroetter that Ludwig was able to report to Germany concerning the progress being made constructing the naval air base near Miami.

Another of Ludwig's associates was Rene C. Froehlich, an enlisted man in the US Army stationed at Governor's Island in New York Harbor. Froehlich picked up Ludwig's mail when the latter was out of town.

Mrs. Helen Pauline Mayer had previously assisted Ludwig in gathering information on aircraft construction from plants located on Long Island. Her husband had returned to Germany via Japan and became stranded there when Russia entered the war. Mrs. Mayer was preparing to follow her husband to Japan when the FBI arrested her.

Hans Helmut Pagel and Frederick Edward Schlosser, two youths of German origin and Nazi ideologies, assisted Ludwig in making observations of various docks and military establishments in the New York area and in mailing communications to the mail drops abroad. Karl Victor Mueller also assisted in mailing letters.

Last, but not least, Maj. Paul Borchardt of the German Army helped Ludwig prepare the secret writing messages. Borchardt served in the German Army from 1914 to 1933, when he claimed he was discharged because of his non-Aryan extraction. He entered the United States as a refugee, claiming to have escaped from a German concentration camp and aided by friends to escape the Third Reich. Borchardt

held lengthy conferences with Ludwig at Borchardt's residence. At the time of his arrest, the FBI found secret writing materials in his apartment.

During August 1941, Ludwig began a cross-country trek, surveilled by the FBI. He traveled as a hunted man, forcing his car along country roads through the Midwest at speeds of 90 miles-per-hour. Using the back roads became a chore for Ludwig who, when he stopped at a cabin in Yellowstone Park, decided to destroy any incriminating evidence he had but was not successful. Proceeding to Missoula, Montana, the next day he stored his automobile, shipped his entire luggage except for the bare necessities to relatives on the East Coast, and continued his journey by bus. A search of his car revealed an expensive shortwave radio receiver.

In view of indications that Ludwig was thinking of departing the United States when he reached the West Coast, the FBI at Cle Elum, Washington, arrested him on August 23rd.

Ludwig and his associates were subsequently indicted in Federal Court in New York City on charges of conspiracy to violate the Espionage Statutes. Ludwig, Froehlich, and Borchardt were sentenced to 20 years each. Mayer, Mueller, and Pagel each received 15 years while Schlosser received a sentence of 12 years, Schroetter received 10 years, and Lucy Boehmler was sentenced to five years.

Counterintelligence Operations

In line with his accepted responsibility for providing necessary intelligence to the War Department and US Army, the Assistant Chief of Staff (ACofS) G-2 had always been called upon to perform the opposite mission of preventing our own military information from falling into improper hands. This latter function naturally included required staff supervision over all counter-measures taken to detect espionage, sabotage, or subversion aimed at any part of the military establishment. While the need for the Military Intelligence Division (MID) to explore the foreign aspects of such matters was duly recognized by higher authority, these same authorities kept insisting that military personnel should not become implicated in

domestic counterintelligence unless the operations were plainly traceable either to the Army itself or to industrial plants engaged in defense production. Nevertheless, the Joint Army-Navy Board was permitted to prepare an extensive plan for censoring international communications to and from the United States in the event of war, and the departmental intelligence officials participated actively in this significant security effort.²⁵

The difficult problem of how best to protect personnel of the military establishment from subversion or potential subversion likewise soon came to the fore. Derived generally from a provision contained in the so-called Hatch Act of 2 August 1939, making it illegal to employ in any government capacity persons holding membership within a "political party or organization which advocates the overthrow of our constitutional form of government," the Army had adopted a firm policy of excluding Communists and Communist sympathizers entirely from its ranks. After passage of the Selective Training and Service Act on 16 September 1940, however, this policy needed careful reexamination in light of enforced induction into the military service. Hence, during June 1941, it was announced that pending a final determination in each individual case, "persons strongly suspected of membership in the Communist Party or who appeared to be consistent followers of the Communist Party line" would not be assigned on sensitive duty or granted an officer commission.²⁶ At the same time, instructions were issued covering the proper processing of discharges for subversive Civil Service personnel,²⁷ while correspondence was initiated between the ACofS G-2 War Department General Staff (WDGS) and key G-2s in the field about the possibility of discharging subversive enlisted men under current Army regulations.²⁸

With this then representing the general military security situation just prior to Pearl Harbor, the sudden opening of the war found the Counter Intelligence Branch of MID divided into six main sections designed respectively to handle matters bearing upon Domestic Intelligence, Investigations, Plant Intelligence, Safeguarding Military Information, Special Assignments, and Corps of Military Police. It was not only a separate and distinct element established directly under the ACofS G-2 but also on

the same level as the corresponding Intelligence Branch.²⁹ On the other hand, it had recently lost several earlier functions through relinquishing its public information duties to the newly organized Bureau of Public Relations and transferring a number of operational activities to the Office of the Provost Marshal General. Effective 1 January 1942, it also witnessed the favorable consummation of a major counterintelligence project for the US Army in the development of a Counter Intelligence Corps (CIC) from the former Corps of Intelligence Police. The ACoS G-2 could thus assume direct staff control over a suitable troop means to uncover and investigate espionage, sabotage, or subversion within the military establishment.

The most pressing military security problem right after Pearl Harbor was to achieve a satisfactory coordination of effort among the principal governmental agencies involved. The declaration of martial law in Hawaii, formation of Defense Commands on both coasts of the United States, and imperative need to provide adequate protection for the Panama Canal had altered security conditions so that the current MID-ONI-FBI Delimitation Agreement was no longer strictly applicable. Gen. Lee, the Acting ACoS G-2, therefore, took immediate steps to ascertain J. Edgar Hoover's personal views regarding the effect of martial law on FBI jurisdiction within the territory of Hawaii. The FBI chief replied that he considered his agency was now relieved of entire responsibility for conducting investigations of "espionage, sabotage and all other national defense operations" therein. He had already instructed the Special Agent in Charge in Honolulu to make available to the appropriate military authorities all information, data, and material at hand, while affording them the full benefit of experience and observations gained before the war declaration. Furthermore, this same Special Agent in Charge was not to start any new investigations or carry out any additional investigative work, which might be considered as impinging upon the national defense field.³⁰

Despite this indication of willing cooperation between the FBI and military intelligence officials in Hawaii, there was still a considerable amount of uncertainty and friction with reference to the exact

delineation of investigative responsibilities that should hold among the numerous departmental counterintelligence groups functioning throughout the Western Hemisphere. This was especially true on the West Coast of the United States for security activities taking place in the Western Command and Alaska.³¹ Finally, effective 9 February 1944, Gen. Raymond E. Lee, Adm. Theodore Starr (Ping) Wilkinson, and Hoover executed a new Delimitation Agreement to replace the previous one of 28 June 1940. Although this latest agreement retained most of the basic features of its predecessor, it also listed three different situations under which a national security plan might be called upon to operate. These were during a "Period of Martial Law," "Periods of Predominant Military Interest Not Involving Martial Law" and "Periods of Normal Conditions."³²

Under this new agreement, where there was already martial law, as in Hawaii, the Military Commander admittedly possessed complete authority to coordinate all intelligence activities of governmental agencies and assign missions to them within the limits of their respective personnel and facilities. In areas prominent only as potential theaters of operations, however, such as the West Coast of the United States and Alaska, the Military Commander was now limited to requesting information from the three participating agencies "as he may desire and they may be able to furnish." Moreover, during periods of normal conditions, MID would continue to perform the following security missions:

1. Investigation and disposal of all cases in these categories (espionage, counterespionage, subversion, and sabotage) in the military establishment including civilian employ, military reserve, and military control.

2. The investigation of cases in these categories involving civilians in the Canal Zone, the Republic of Panama, the Philippine Islands, and the Alaskan Peninsula and islands adjacent including Kodiak Island, the Aleutian and Probilof Islands, and that part of the Alaskan Peninsula, which is separated by a line drawn from Iliamna Bay northwest to the town of old Iliamna and thence following the south shore of Lake Iliamna to the Kvichak River to Kvichak Bay.

3. Informing the FBI and ONI of any other important developments.³³

Meanwhile, there were other important developments occurring in connection with the overall military security effort. On 8 December 1941, the Secretary of War ordered into effect certain portions of the existing Army-Navy Board plan for censoring international communications, and, shortly thereafter, the President requested Hoover to assume temporary charge of all national censorship operations.³⁴ The approved plan called for the Army to exercise censorship control over postal and landline communications under a civilian Director of Censorship but the War Department was far from ready to accomplish either of these difficult tasks except on a very small scale. Although MID had recently taken several useful steps in preparing for possible wartime censorship, its censorship section still consisted of only two officers. Nevertheless, a Basic Field Manual 30-25 (Counterintelligence), which presented detailed instructions for the initiation and conduct of military censorship, was in troop hands,³⁵ and a modified form of military censorship was operating successfully for the American units stationed at bases leased from the British in March 1941.

The Army commenced a token showing of postal censorship at a number of selected post offices across the nation on 13 December 1941. Shortly afterwards, upon passage of the First War Powers Act, the President created an Office of Censorship and appointed Byron Price to be its Director. The same Executive Order also formed a Censorship Policy Board, composed of the Postmaster General (Chairman), Vice President, Secretary of the Treasury, Attorney General, Secretary of War, Secretary of the Navy, and the Directors of the Office of Government Reports and the Office of Facts and Figures, to advise Price on policy matters and provide for necessary coordination and integration of censorship activities among all interested agencies of the US Government.³⁶ Several Army officers, especially trained in censorship work, were then assigned to the Office of Censorship for full-time duty, including Col. (later Maj. Gen.) W. Preston Corderman, who was promptly designated by Price as Chief Postal Censor. MID, therefore, soon became deeply embroiled in all

phases of both the national and military censorship efforts.

MID responsibilities relative to visa and passport control operations were likewise expanding at a rapid rate. This important security progress, based upon a Presidential Proclamation dated 14 November 1941, was being administered by the Department of State and required War Department cooperation mainly in the form of detailing military representatives to serve on a wide variety of working committees. Theoretically most of the operational functions concerning this program had already been transferred from MID to the Office of the Provost Marshal General (PMG) but, because of shortages in personnel and funds available for such purpose, orders were not issued to implement the directed changes until 5 December 1941. Even then it was estimated that the PMG offices of the corps areas would not be ready to perform any travel control investigations for more than three months.³⁷ Thus, MID Military Intelligence Service (MIS) not only continued to process all travel control requests submitted to the War Department for clearance but also participated fully in the numerous interagency committees connected therewith.

The PMG was similarly occupied at this same time in taking over several other domestic investigative functions from MID, such as those pertaining to applications for civilian employment within the military establishment or in industrial facilities working on classified projects for the War Department. Since MID was the only departmental agency authorized to contact the FBI regarding Army security matters, it also remained actively involved. Besides, the ACoS G-2 insisted on gaining complete control of counterintelligence investigations showing any evidence of subversion or disloyalty and still retaining the sole function of clearing all applicants for Army commissions. With the CIC growing steadily and at CIC section of the Counter Intelligence Group actually performing at CIC Headquarters, MID was now able to direct the accomplishment of security investigations of every type, even those of a most sensitive nature.

The War Department and Army reorganization of 9 March 1942, which created the MIS and formed Headquarters Army Ground Forces (AGF), Army Air

Forces (AAF), and Services of Supply, Army Supply Forces (SOS (ASF)), served to complicate the counterintelligence picture in many different ways. It soon became clearly apparent that the entire program stood in need of a thorough reexamination, especially from the standpoint of command responsibility and coordination procedures. A new basis War Department directive, therefore, on the subject of "Counterintelligence Activities," was prepared and issued to the major commands during June 1942. This directive not only announced that the MIS "will supervise all counterintelligence activities of the War Department" but also cautioned field commanders they would be held responsible for "counterintelligence coverage within their commands" to include taking the following measure:

Establishment of a Counter Subversive system; transmission of information emanating from this source; preliminary investigation of complaints or suspicion of subversive activities; safeguarding of information which, if released, would be detrimental to the war effort; and reference of cases arising within these categories to Counter Intelligence Corps representatives for investigation.³⁸

Under these new conditions the departmental intelligence authorities could continue to claim a high degree of direct control over counterintelligence activities at certain fixed stations within the zone of interior, such as schools, training commands, supply establishments, etc., but this was no longer true for the more flexible ground tactical or air commands. Commanders of the latter elements were thus instructed to forward prompt security reports to MIS simultaneously through both the intelligence and command channels of communications. Likewise, with reference to the extent of counterintelligence operations that should be carried out by the Headquarters of AGF, AAF, SOS (ASF), and major overseas commands, the War Department directive declared, as follows:

d. The Commanding Generals of the Ground Forces, Air Forces and Services of Supply may establish and maintain a counterintelligence staff organization for the purpose of a liaison between their respective headquarters and the War Department Military Intelligence Service, and

for such staff counterintelligence field inspections and other special operations as the Commanding Generals of the Ground Forces, Air Forces and Services of Supply may direct.

e. Beyond the territorial limits of the United States commanders of Theaters of Operation, Base Commands, Defense Commands, Departments and units of any type not under the control of the foregoing commanders are responsible for counterintelligence security coverage within their units, and will prescribe methods of operations. They will keep the Military Intelligence Service, War Department, fully informed of conditions arising within their commands.³⁹

In June 1942, the MIS Counterintelligence Group consisted of four main subgroups representing Administration, Domestic Intelligence, Safeguarding Military Information and Operations, with each of these subgroups divided into several functional branches or sections. According to the newly imposed concept, although the ACofS G-2 remained charged with "policies concerning" military security matters, he was not supposed to exercise any direct supervision over the Counterintelligence Group of MIS. This proved to be a most impracticable arrangement because the principal officers of that group were not only members of policymaking security committees but also acted regularly as departmental liaison and coordinating authorities with other counterintelligence agencies of the government. Hence, Gen. George Veazey Strong simply ignored the existing instructions and chose to maintain a close personal relationship with all key MIS officers occupied in security matters. Officially, however, an additional echelon of command had now been placed between the ACofS G-2 and his Counterintelligence Group in the person of the Chief, MIS.

Besides accomplishing customary administrative tasks for the Group Chief and functioning as an office of record, the Administrative Branch of the Counterintelligence Group had been given a number of special assignments not normal to operations of the other three branches. Personnel of this branch were thus often utilized by the Group Chief to assist in the preparation of counterintelligence summaries or estimates.⁴⁰

There were also several different sections or branches loosely grouped together under the broad designation of Domestic Intelligence for performing the following assigned tasks:

1. Subversive Agents Section—to maintain a card index file on subversive agents and thereby keep MIS abreast of the latest developments within that particular field over which FBI had primary jurisdiction.

2. Research and Summary Section—to act as the official intermediary between MIS and other governmental agencies in determining the amount or kind of security information that should be furnished to each.

3. Counterintelligence Corps Section—to execute special security missions for the combat arms of the Army.

4. Visa and Passport Branch—to provide information from MIS files for guiding the State Department in the issuance of visas, passports, exit permits, and other related travel instruments.

5. Investigative Review Section—to study reports of security investigations and submit recommendations regarding the final disposition of subversive or potentially subversive individuals under War Department control.

6. Evaluation Branch—to present, either periodically or upon specific request, summaries and estimates of the counterintelligence situation, including such matters as fifth-column activities and racial antagonism within the United States or its possessions.

7. Plant Intelligence Branch—to prepare studies on counterintelligence matters in connection with American war industry and additionally, to process alien personnel security questionnaires and pass upon requests for permission to visit important war production plants.⁴¹

Likewise, four main subordinate branches were currently assembled under the general heading of Safeguarding Military Information, as follows:

1. Censorship Branch—to prevent the passage of any military information of value to the enemy and evaluate intercepted information for appropriate dissemination.

2. Safeguarding Military Information Branch—to establish policies and procedures designed to prohibit the enemy from obtaining information about our own forces.

3. Security Branch—to supervise the security of military information through physical means and educate all personnel in the importance of this special aspect of information protection.

4. Communications Branch—to handle matters bearing upon clandestine radio stations, interception measures, radio countermeasures, technical facilities for monitoring, development of security devices, Aircraft Warning Service, and identification or recognition methods.⁴²

As its name implies, the Operations (later Investigation) Branch of the Counterintelligence Group was primarily concerned with the actual conduct of security investigations. It not only executed, directed, and coordinated all investigations of such type falling under the jurisdiction of MIS but also received reports of similar investigations performed in the field by Corps Area and Department counterintelligence personnel. During the first seven months of 1942, due to the rapid Army expansion and consequent tremendous increase in the military security progress, the workload of this branch doubled in total size. On 30 July 1942, therefore, the Group Chief found it necessary to submit an urgent plea to the Chief, MIS, for 100 additional clerks and stenographers. In justifying this extraordinary request, he called attention to the following investigative chores that were now facing his Operations Branch:

a. High priority request to clear 300 officers, enlisted men and civilian employees for duty in OPD.

b. Chief Signal Officer forwarding approximately 1000 names per week for clearance to attend Radar Schools.

c. Army Air Force forwarding at least 1000 names per week for clearance to receive training on classified equipment, such as the bombsight.

d. AGO forwarding the names of all newly appointed officers, graduates of Officer's Training Schools and others at a rate of approximately 12,000 per month. With 25,000 names of newly commissioned officers still awaiting clearance, the branch is accumulating an average of five new cases for every one it completes.⁴³

By early 1943, it had become manifest that the MID (MIS) counterintelligence effort was in prompt need of a major overhaul and readjustment. The matter remained extremely complicated, however, because of the continuing indefinite status of MIS in relation to MID, as well as persistent pressures from higher authority for the departmental agency to relinquish all domestic intelligence activities and confine its counterintelligence functions strictly to policy supervision. This type of pressure had already taken the form of a detailed survey made by Bureau of the Budget management personnel covering MIS operations with particular reference to domestic intelligence and safeguarding military information.⁴⁴ The study had resulted in a number of conclusions and recommendations pointing toward the desirability of combining certain operational counterintelligence duties within MIS and transferring several others to outside agencies.

The Chief of the Counterintelligence Group, MIS, not only registered a substantial exception to most of these Bureau of the Budget recommendations but also noted that they seemed to be "based almost entirely on consideration of procedures and economy and overlooked the principles and techniques of intelligence."⁴⁵ Notwithstanding, on 26 November 1942, the Deputy Chief of Staff forwarded a memorandum to the ACoFS G-2 and PMG instructing them jointly as follows:

1. PMG to discontinue the use of MIS files in making future loyalty checks and deal directly with the FBI. Similarly, PMG is now authorized to receive any investigative reports from FBI that might assist in discovering plant subversives.

2. MIS to rely entirely on FBI summaries, special reports and personal contacts to satisfy that portion of the counterintelligence function previously obtained from individual FBI investigative reports.

3. MIS to discontinue the receipt and filing of all FBI investigative reports unless they fall under the following classification:

a. Reports of subversive activities outside the United States.

b. Reports of subversive activities implicating a member of the military forces, a person just entering the military forces or an employee of the War Department.

4. Plant Intelligence Branch of the Counterintelligence Group to be abolished.

5. Present relationships between G-2 and FBI to remain unchanged, except for the direct PMG-FBI communication as described.⁴⁶

In compliance with this terse directive, Gen. Strong ordered immediate abolishment of the Plant Intelligence Branch and assigned its residual research functions to the Evaluation Branch. Since the ramifications of the rest of the directive were so far reaching and even threatened to compromise the terms of the current MID-ONI-FBI Delimitation's Agreement, which was originally based on an Executive Order, he felt further constrained to inform the Deputy Chief of Staff along the following lines:

...With reference to paragraph 3 of your directive, it is to be noted that an exact and literal compliance will include discontinuance and filing of all FBI investigative reports now received from FBI on the following subjects:

a. Espionage.

b. Counter Espionage.

c. Counter Intelligence.

d. Sabotage.

e. The activities of registered foreign agents and non-registered foreign agents.

f. Unethical conduct of military attaches or other accredited foreign personnel.

g. Subversive activities occurring on military reservations in which military personnel are not implicated.

h. Subversive activities involving destruction of War Department property by sabotage or other means.

i. Subversive activities resulting in interference with transportation of raw materials or the production and distribution of war material.

j. Subversive acts committed by civilians outside the military establishment that may affect adversely members of the military establishment.

k. Activities of individuals suspected of propaganda influencing military personnel under military control.

l. Investigative reports of a similar nature pertaining to subversive activities within the United States but not implicating members of the Army or employees of the War Department.⁴⁷

While Gen. Strong may have been inclined to overstate his case in this particular protest, it does seem plainly apparent that the departmental administrative authorities had not thought the matter out to a proper conclusion before issuing their 26 November 1942 directive. That they were really more interested in saving personnel spaces than in giving careful consideration to the difficult functional problems of the ACoS G-2 also becomes evident in view of the following inadequate reply he received from them on 2 December:

...2. This directive will not be interpreted to authorize the continuation of present practices, which involve the scrutinizing, and filing of a vast number of FBI individual investigative reports.

...3. Questions on the procedure to be followed in transferring the files can be answered by referring to the contents of the MIS study prepared by the Bureau of the Budget and forwarded to G-2 under date of October 17, 1942.⁴⁸

The irony is that at the very time the Deputy Chief of Staff's Office was trying so determinedly to reduce MID (MIS) domestic counterintelligence activities, the agency was gathering added responsibilities within the same field from other sources. For example, during May 1942, the Deputy Chief of Staff, acting for the Secretary of War, authorized the ACoS G-2 to form a Special Information Branch in MIS to monitor telephone conversations taking place at all War Department buildings. This not only called for the installation of a considerable amount of special switchboard equipment but also required a force of 10 officers, 53 enlisted women, and one civilian in order to perform the monitor duty. With a total of 12,000 lines made available to them for surveillance, these personnel were soon averaging about 3,000 such missions per day and submitting as many as 4,550 reports for a single month of activity.⁴⁹

Other instances of this marked trend toward MID (MIS) acquiring further counterintelligence responsibilities were:

1. In May 1942, there were four interdepartmental primary committees and five review committees operating under the Visa Division of the State Department, with MID (MIS) represented on each. Since plans were being made to require all American seamen traveling to and from foreign ports to hold valid passports, the Passport Division of the Department of State appointed a new interdepartmental committee for the purpose of processing such applications. This meant the assignment of one more MID (MIS) officer on travel control duty. Likewise, when a Maritime Labor Committee composed of the Secretary of State, Attorney General, and War Shipping Administrator became gravely disturbed over the alien seamen situation, especially in regard to their immigration status, jumping ship, deportation, etc.,⁵⁰ it led to the creation of another interdepartmental committee charged with "considering problems incident to the entry into the United States

of all aliens and citizens brought by neutral or chartered vessels.” Lemuel Schofield was designated by the Attorney General to function as chairman and coordinator for this committee, with Lt. Col. G.D. Dorroh, Chief of the Visa and Passport Branch of the Counterintelligence Branch, and MIS named by the Secretary of War to represent the War Department on it.⁵¹

2. Effective 2 June 1942, because of the ever-increasing demands for trained censorship officers, the ACofS G-2 was granted permission to establish a Censorship School at Fort Washington, Maryland, under the direction of the Counterintelligence Group, MIS. It was then estimated that a minimum of fifteen additional officers would be needed for operating this new facility.⁵²

3. During August 1942, when the US and Japanese Governments entered into an exchange agreement to repatriate certain interned nationals, it became necessary for MID (MIS) to join with the State Department, ONI, and FBI in screening all personnel slates pertaining thereto.⁵³

4. On 13 November 1942, the function of determining what war production information should be released to various governmental or non-governmental agencies, as well as maintaining uniform security standards for information of that nature, was transferred from the Bureau of Public Relations (BPR) to MIS. A “Committee for Protection of Information” had been performing this counterintelligence task in the BPR since 11 July 1942.⁵⁴

It must not be presumed from the continuing drive by higher authority to reduce the MID (MIS) domestic security effort that the Counterintelligence Group was engaged solely in operational-type activities. As a matter of fact, one of the most difficult features of the entire affair lay in attempting to separate its so-called general staff functions from those that were considered to be operational. For example, the Evaluation Branch of the Counterintelligence Group was a true research unit and directly involved in the production of military intelligence both for departmental and Army use. Having been charged with maintaining “a comprehensive picture of the total

subversive situation prevailing in the United States and territories wherein American troops are stationed,” it not only prepared studies on subversive elements but also disseminated finished intelligence bearing upon that subject in the form of numerous reports, bulletins, and summaries. To assist in accomplishing this mission, the branch established close liaison with corresponding units in “ONI, FBI, Office of National Censorship, Department of Justice, Internal Revenue and Department of State” and constantly sought to acquire an intimate knowledge of the following “subversive or potentially subversive groups”:

- | | |
|--------------|-------------------------|
| 1. Nazi | 8. White Russian |
| 2. Communist | 9. Vichy France |
| 3. Fascist | 10. Korean |
| 4. Japanese | 11. Bulgarian |
| 5. Falange | 12. Syrian |
| 6. Hungarian | 13. Domestic Fascist |
| 7. Ukranian | 14. Negro ⁵⁵ |

With MID (MIS) already in the process of being gradually divested of its domestic intelligence function, there was a natural and parallel expansion of ASF operations within the same field.⁵⁶ When ASF (SOS) was first created in March 1942, the ACofS G-2 still retained direct control over military intelligence activities throughout the US Army, so there appeared little need for an intelligence unit at Headquarters, ASF, except for a small group capable of handling local security matters. By April 1943, however, it was obvious that some sort of a central G-2 agency would be required to satisfy ASF responsibilities in connection with PMG, Service Command, and National Guard Bureau domestic intelligence activities, as well as to take positive steps in meeting the growing demand for better coordination of the technical intelligence effort. Effective 20 April 1943, therefore, the Commanding General announced the establishment of a Security and Intelligence Division in Headquarters, ASF, and designated Col. James M. Roamer to be its director. Shortly thereafter, the name of this new staff unit was shortened to the Intelligence Division, and it became organized into a Technical Intelligence Branch, Counter Intelligence Branch, and Security Control Group.⁵⁷

Even though the Director of Intelligence, ASF, was now being held responsible by his own commander for “military intelligence in the Army Service Forces,” MID (MIS) continued to exercise a considerable degree of direct staff supervision over intelligence operations within the service commands, as well as the CIC personnel assigned there. Col. Leslie R. Forney, the newly designated Chief of the Counterintelligence Group, MIS,⁵⁸ however, had embarked upon a program aimed at curtailing several activities which he felt were either a duplication or might better be decentralized to some other agency of the military establishment. For example, arrangements were soon completed to transfer a highly trained group of CIC officers and enlisted men to the Manhattan Project without reserving any MID (MIS) control over them, and, early in July 1943, all operational security functions that would normally be executed by a service command for the Washington, D.C. area were shifted from MIS to Headquarters, Military District of Washington.⁵⁹

The politically involved question of controlling subversive or potentially subversive personnel, notably Communist Party members and consistent followers of the Communist Party line, kept plaguing the department security officials.⁶⁰ A fixed policy in this regard had been announced on 19 May 1942, which not only emphasized the practice of assigning suspect enlisted men to elements other than the Army Air Forces, Signal Corps, Chemical Warfare Service, Armored Force, Tank Destroyer Command, or Airborne Command but also formed special units within the service commands for transferring “potentially more dangerous individuals” and giving them duties “with no opportunity of effective subversion.”⁶¹ Likewise, in bending every possible effort to keep disloyal personnel from holding commissions as officers, the following instructions were issued:

When careful and complete investigation has established that a commissioned officer, whether on active duty or not, is so lacking in loyalty, character, integrity or discretion that for him to continue to hold a commission in the Army of the United States is considered a detriment to the National war effort, recommendation for his discharge will be forwarded immediately to the War Department.⁶²

The list of elements to which potential subversives could not be assigned was shortly extended to include the Amphibious Corps, Ports of Embarkation, Staging Areas, Officer Candidate Schools, and any unit or organization alerted for foreign service or service in Alaska. The problem of preventing Communists from gaining admittance to the Officer Candidate Schools, however, continued to pose serious difficulties because under the current system commissions were being granted at these schools automatically to all graduates and without any prior reference to MID (MIS) for a security check.⁶³ Moreover, with the Party line having undergone a convenient switch to provide for full cooperation with the Allied war effort right after the German invasion of Russia, more and more Communists and fellow travelers were seeking to qualify for entrance into such schools. As a matter of fact, strict application of the adopted policy of segregating potential subversives had already been softened somewhat, even for noncommissioned officers, in an avowed attempt to conserve manpower.⁶⁴

Outside pressures were now rapidly building up in all directions with reference to this sensitive subject. It was argued, for example, that the segregation policy had merely tended to relieve Communists from the hazards of combat duty and even encouraged the dissemination of Communist doctrine throughout the country.⁶⁵ Although the Chief of Counterintelligence Group, MIS, still held that every effort should be made to minimize the number of Communists receiving commissions, he believed officers of such type who were already commissioned should “no longer be discharged except in aggravated cases.”⁶⁶ On the other hand, early in April 1943, the ACofS G-2 forwarded a SECRET directive through intelligence channels to the major commands reiterating among other things that persons proved to be, or suspected of being, Communists or adherents to the Communist Party line would not be permitted to attend or to remain in Officer Candidate School.⁶⁷

Despite the fact that the recipients of this new letter were cautioned to exercise extreme care in preserving its security and greatest discretion in carrying out its provisions, the Communist Party launched an immediate and violent propaganda campaign against

Army counterintelligence procedures. Spearheaded by the Veterans of the Abraham Lincoln Brigade organization, this campaign took the form of heavy attacks in the so-called liberal press along with a flood of critical letters addressed to the White House, Cabinet, Congress, and high officials of the War Department.⁶⁸ Accordingly, some 40 cases concerning individuals of alleged subversive connections who had either been removed from Officer Candidate Schools or failed to receive a commission upon graduation, were resubmitted to the Secretary of War's Personnel Board for the stated purpose of determining whether or not any injustice had occurred. These cases were also subject to final review by the Office of the Deputy Chief of Staff, acting in consultation with the Assistant Secretary of War. While the Personnel Board, under the chairmanship of former Chief of Staff Gen. Malin Craig, sustained all but one of these earlier actions, the final reviewing authority confirmed only 25 of them.⁶⁹ In registering an emphatic dissent from a recent request for reconsideration forwarded to his Board by the Office of the Assistant Secretary of War, which recommended that three Communists should be granted Army commissions, Gen. Craig seems to have summed up the entire matter in most expressive terms, as follows:

This is one of a number of cases of individuals who have been denied commissions because of Communistic ideas, affiliations, or leanings. For twenty years or more the policy of the War Department, in time of peace, has been to prevent men of this character serving in the Armed Forces. Since the war they have been allowed to fight for the country through induction or enlistment. While they should be allowed to fight for the country that is not, of itself, any reason why they should be commissioned. It is a well-known fact that men of this type cannot be trusted in many such respects, in spite of what they may profess at any particular time. They will deny Communistic affiliations when it suits their purpose, or even refrain from such affiliations when it suits their purpose or the orders of their leaders, thus advancing the general cause. This unreliability, if nothing else, is sufficient cause for excluding them from commissions in the officers' corps of the Army. It is further unwise to introduce into the Armed Forces as commissioned officers, men who are tainted with

political ideas which are abhorrent to the vast majority of the citizens of the United States, whose whole-hearted allegiance to the United States is at least questionable, and whose methods are such as to resort to insidious and undercover operations to gain their ends.⁷⁰

With the military security effort now coming under increased criticism from all sides, the Deputy Chief of Staff, on 16 July 1943, directed the Inspector General, Maj. Gen. Virgil L. Peterson, to conduct a thorough investigation of the situation and make appropriate recommendations on:

The existing organization, scope of activities, and operating procedures of the Directors of Intelligence of the Service Commands and their offices, including military personnel allocated by the Service Commands for such duty, counter intelligence corps police attached to the Service Commands by G-2, civilian employees allotted by the Service Commands, and civilian employees made available by allocation of funds by G-2; the relationship between the Military Intelligence Division, War Department General Staff (Counterintelligence Branch) and the officers of the Directors of Intelligence of the Service Commands.⁷¹

Additional oral instructions were likewise given him on 11 August and 7 September 1943, for extending his investigation so as to cover:

The investigative functions of the Provost Marshal General at Service Commands and the possible duplication and overlapping of the investigative functions with those made by the intelligence personnel allotted to the Service Commands; the C/S System; and the correlation of intelligence of the Service Commands, those of the Army Air Force units and installations and Army Ground Force, and the Military Intelligence Division, G-2, WDGS.⁷²

In making this directed counterintelligence study, Gen. Peterson concentrated upon examining the Investigation and Review, Situation, and CIC Branches of MID (MIS) in order to ascertain their strength, organization, and command relationships with security personnel stationed at the service commands.⁷³ He found that the Investigation and Review Branch currently consisted of 29 non-CIC

officers and 30 civilians. Similarly, the CIC Branch, now located at Baltimore but still furnishing a number of key personnel for the CIC Advanced Training School in Chicago, was composed of 64 CIC officers and 31 civilians. There were also 368 officers, 2,598 enlisted men, and 770 civilians engaged in intelligence activities within the service commands, the majority of them being carried as War Department overhead. In Peterson's opinion, MID (MIS) was exercising a close control over most of these personnel in the performance of their assigned military security duties.⁷⁴

The Inspector General remained especially critical of the fact that such centralized direction of the counterintelligence effort within the zone of interior was in direct violation of basis command principles for the US Army. He also felt that the countersubversive detection system as called for under TM 30-205 infringed upon these same command principles, so the existing organization should be turned over to the individual commanders for use at their own discretion. Furthermore, he considered that both the PMG and CIC were conducting many unnecessary and unproductive security investigations and including too much nonfactual data under their final investigative reports. Derived from these several conclusions, therefore, he recommended a number of fundamental changes in counterintelligence procedures for the zone of interior, which were all promptly approved by the Deputy Chief of Staff without any prior reference to the ACofS G-2.⁷⁵

On 14 December 1943, new War Department orders on basic counterintelligence functions within the zone of interior were issued, as follows:

1. The ACofS G-2, WDGS, will continue to exercise general staff supervision over counterintelligence policies and activities throughout the military establishment.

2. Subject to the above and such other exceptions as may be made by appropriate WD authority, all functions and activities of the CIC within the zone of interior will become the responsibility of the Commanding General, ASF.

3. Investigative functions hitherto executed separately by the CIC and PMG will be consolidated into a single staff agency under each service command.

4. All CIC personnel attached or stationed in service commands but performing ASF activities, other than those selected by the ACofS G-2, WDGS, for advanced training or overseas duty, will be transferred from the CIC and assigned to the service command.

5. Civilian personnel presently assigned to MID (MIS) but located in service commands and performing ASF activities, will be transferred to the service command.

6. Military and civilian personnel of the Counterintelligence Group, MID (MIS), as mutually agreed upon between the ACofS G-2 and CG, ASF, will be transferred to the ASF.⁷⁶

Under the new counterintelligence situation, CIC personnel could now be utilized, with certain specific exceptions, only in theaters of operations. Notwithstanding, the ACofS was still held responsible for coordinating the procurement and shipment of CIC units for CIC duty and the administration of CIC specialized training to be conducted at Camp Ritchie, Maryland.⁷⁷ His means for accomplishing these retained functions had been effectively removed, however, through the complete abolishment of CIC Headquarters, which was in reality the CIC Section of the MIS Counterintelligence Branch and CIC Staging Area at Fort Holabird, Baltimore, Maryland.⁷⁸ To make matters worse, the existing military security system was badly upset not only by the sudden decision of TM 30-205 countersubversive instructions but also under an utterly impractical provision of the approved IG study directing that, within available time and manpower limits, "all reports and attached memoranda of investigation made by the Counterintelligence Corps be reviewed, pertinent, verified information be extracted, and the original and copies be recalled by the War Department and destroyed."⁷⁹

The departmental intelligence agency was also soon shorn of its traditional military censorship functions. Despite the fact that censorship operations were providing it with a sizable amount of useful information, the agency remained actively involved in the procurement, training, and assignment of censorship officers for the US Army. By May 1943, it had become feasible to establish an "Officer Pool for Censorship Personnel" and thus give the total censorship program a sorely needed degree of flexibility. Nevertheless, effective 21 March 1944, higher authority ordered the transfer of this officer pool to ASF, as well as the related function of handling censorship supplies. For the time being, MID (MIS) was still permitted to receive information directly obtainable from censorship sources for assistance in producing intelligence but, on 25 July 1944, even this responsibility was shifted to ASF, along with all duties pertaining to the procurement, training, assignment, and supply of CIC personnel.

Prior to the imposed MID reorganization during the summer of 1944, therefore, which sought to form a truly separate MIS under a new ACofS G-2 (Gen. Bissell), the departmental intelligence agency had already lost most of its military security functions. With MID limited solely to the execution of general staff type duties, the theory was that the ACofS G-2 could now perform his basic counterintelligence mission acting through a single security specialist within the G-2 Policy Staff. Hence, effective 3 June 1944, the Counterintelligence Group, MIS, was abolished and Col. Forney, plus two officer assistants and two clerks, became Group III (Security) Policy Staff, MID.⁸⁰ For a brief period after this, there was a small Security Branch, MIS, placed under the Supervisor of Source Control to accomplish certain representation and liaison tasks;⁸¹ but, on 24 July 1944, when the final transfer of all counterintelligence functions to ASF was announced, the ACofS G-2 decided to move this group back into MID. Major considerations calling for such action at that particular time were then given, as follows:

- a. Uncertainty as to the permanence of the decentralization that had been effected.
- b. Need of an agency to handle unusual and important security matters which could not be handled at a lower level.

- c. Need for an agency to perform a small number of security functions that had not been decentralized or transferred to other MIS branches on or before 24 July 1944.⁸²

Thus, even though Gen. Bissell had himself served on the War Department committee charged with reorganizing MID (MIS), it did not take him long as ACofS G-2 to realize that some sort of a counterintelligence unit would be essential to the proper functioning of the departmental intelligence agency regardless of views expressed by higher authority. While the new Security Branch, MID, never included more than three officers and always worked in close conjunction with the G-2 Policy Staff, it promptly inherited a number of more or less operational security tasks along the following lines:

- a. Assisting the ACofS G-2 in security matters of great delicacy, such as; investigating serious leaks of highly classified information, supervising from a security standpoint the movements of very important persons, handling the initial security aspects of Japanese balloon incidents, interviewing the captured German agents (Gimpel and Colepaugh), and maintaining liaison with the FBI relative to secret intelligence operations.
- b. Screening reports of security violations discovered by the MID (MIS) telephone monitoring service and forwarding them to appropriate action agencies, normally Joint Security Control.
- c. Establishing and enforcing a revitalized internal security system within MID (MIS) itself.
- d. Determining whether or not War Department approval should be granted to requests for using technical methods of surveillance in certain investigative cases, as required by official orders. These methods might include the interception of mail while under military control or the use of mechanical overhearing devices at military reservations.

e. Serving as G-2 members on the OWI Security Advisory Board and the Secretary of War's Review Board, with the first named board having been formed to advise federal agencies other than the War and Navy Departments about security problems and the latter to review appeals submitted by War Department civilian employees discharged under Public Law 808, 77th Congress, for reasons of national security.

f. Processing miscellaneous counter-intelligence matters, for example, individual loyalty cases referred to the ACofS G-2, clearing requests from the Census Bureau for authority to conduct surveys in areas of military interest and answering questions concerning the release of military information through the BPR.⁸³

The need for having a small group of counterintelligence specialists readily available in MID was well illustrated by the sudden demand to dispose of so-called Japanese balloon incidents from the military security standpoint. In an effort to bolster homefront morale following the Doolittle air raid on Tokyo, the Japanese authorities had hit upon the idea of floating free balloons laden with high explosive and incendiary bombs against American territory. The original plan was to launch these balloons from submarines stationed offshore but, when this proved to be impracticable, they were released from Japan itself. Some 9,000 balloons were eventually launched, with only a small percentage of them ever reaching the North American continent. They were first reported during November 1944 and naturally caused a considerable amount of speculation within intelligence circles as to their exact purpose. One popular theory was that they might be germ carriers in an opening of bacteriological warfare but another was they were being used to introduce Japanese agents into this country.⁸⁴

Following a hasty series of interdepartmental consultations, it was decided that the first step in combating these Japanese missiles should be to request a voluntary censorship of all public news media. This would serve to deny the Japanese any accurate evaluation of their balloon capabilities and minimize whatever propaganda value might accrue to them from the project. The Western Defense

Command was then given the mission of taking appropriate defensive measures and collecting information on all located balloons. The FBI also carried out extensive investigations, while various scientific agencies of the government joined in examining the balloons to determine their technical characteristics. During December 1944, Maj. Ray V. Jones and 2nd Lt. Charles H. Allison of the Scientific Branch, MIS, were ordered to devote their entire effort toward reporting on the balloon situation, and it was not long before a total of seven officers and two clerks were fully occupied in this same type of work.⁸⁵

There were several narrow escapes from publicity leaks, occasioned mainly by items appearing in small local newspapers, but on the whole the voluntary censorship policy turned out to be notably successful. The news gradually did get around, however, so more positive countermeasures were indicated. A "word of mouth" campaign was adopted, based upon British methods recently devised to educate the public about the V-1 bomb without furnishing the Germans any specific information pertaining to landing areas or bomb damage. This supplementary system remained sufficient until six members of a single family were killed while tampering with an unexploded bomb they had stumbled across in the Pacific Northwest, an event which forced the War Department to release a carefully guarded statement on the subject. Finally, when the Japanese discontinued launching their balloons in April 1945, the matter was slowly allowed to fade from the national scene, with no serious security breach having ever occurred.⁸⁶

Gen. Bissell replaced Gen. Strong as the ACofS G-2 on 21 February 1944, just in time to become actively involved in the mounting dispute over the status of Communists and fellow travelers within the US Army, especially whether or not they ought to hold officer commissions. Accordingly, two months later, he addressed a memorandum to the Deputy Chief of Staff which not only recommended continuance of the policy to exclude these personnel from sensitive duty assignment and attendance at Officer Candidate Schools but also asked for the discharge under existing Army regulations of officers "who are proven to be members of the Communist Party or to have consistently followed the party line

or otherwise indicated they have submitted themselves to the discipline of the Party.”⁸⁷

Nothing came of this initial attempt to classify Communists and fellow travelers specifically as disaffected personnel but embarrassing questions in the matter kept pouring into MID from other military security agencies.⁸⁸ It was thus deemed advisable to submit a more detailed memorandum on the subject to the Chief of Staff in the hope of securing more suitable authority for controlling them. This new memorandum, as originally drafted, took note of the fact that a decision was made on 11 May 1944 by the Assistant Secretary of War in rejecting the removal of a veteran of the Abraham Lincoln Brigade from Officer Candidate School directly contradicted an 8 March 1944 decision in a practically parallel case.⁸⁹ Since MID had recently found that 81 officers, five WAC officers, 1,181 enlisted men, and 49 enlisted women were “so thoroughly imbued with the principles of Communism as to constitute a danger to security,” it appeared necessary to clarify their future military status. The belief was that enlisted men of such character should be retained in the service and given combat duty but the officers eliminated. It was recognized, however, that the latter step might not be expedient at this particular time.⁹⁰

Before signing this proposed communication to the Chief of Staff, Gen. Bissell chose to discuss it personally with McCloy. As a result, Col. Forney received further instructions to prepare a detailed staff study on Communists in the Army, which would seek a definite answer to the problem but recommend what was right rather than expedient. When this had been duly accomplished to Gen. Bissell’s satisfaction, the study was sent to McCloy for added comment prior to its consideration by the Chief of Staff. The Assistant Secretary of War then wrote a lengthy memorandum for that purpose but, on 10 June 1944, returned all the papers to the ACofS G-2 expressing a desire to talk over the matter again after Gen. Bissell had read his contemplated remarks. Shortly thereafter, the ACofS G-2 conferred with Col. Forney about the study and made the following points:

a. The staff study was accurate and the action recommended was justified.

b. It was inexpedient to raise the question at the present time due to the possibility of offending Russia and thus bringing about action on the part of that country unfavorable to the war effort.

c. It was inexpedient to risk publicity on this question in an election year.

d. There could be no retraction officially of the War Department’s long standing attitude toward communism.

e. That some means had to be found to settle the question in the field that would not embarrass the War Department.⁹¹

In view of these conflicting factors as mentioned by the ACofS G-2, Col. Forney suggested that the staff study should be quietly dropped and informal steps taken to prevent at least for the time being any Communist cases arising in the field which might embarrass the War Department.⁹² With Gen. Bissell approving this course of action, Col. Forney then proceeded to contact the principal intelligence officers of the three major commands and orally explained the newly adopted policy to them. Although this informal system did work out fairly well for a few months, by the latter part of November 1944, it was plainly apparent that the lower echelons were again becoming restive at the lack of support being provided by the War Department in their Communist security cases.⁹³ On 23 November 1944, therefore, Gen. Bissell decided to reopen the question with McCloy and to recommend the issuance of official orders for maintaining a “desired status in this matter.”⁹⁴

McCloy agreed that it was now practicable to publish formal instructions to the Army on the subject of Communists but he remained dissatisfied with some of the wording contained in the letter submitted by the ACofS G-2 to accomplish this purpose. He wished to assure that the basic consideration for taking any security action was not the propriety of the individual’s opinions but his loyalty to the United States, including a willingness to accept combat duty.⁹⁵ Hence, despite Gen. Bissell’s forceful

argument that the War Department should conform to a decision of the Attorney General and regard Communism per se as constituting disaffection,⁹⁶ the instructions which were finally issued to the Army on 30 December 1944, consisted mainly of the following statement written word for word by McCloy himself:

The basic consideration is not the propriety of the individual's opinions, but his loyalty to the United States. Membership in, or strict adherence to the doctrines of, the Communist Party organization is evidence that the individual is subject to influences that may tend to divide his loyalty. However, many good soldiers are subject to conflicting influences. Such influences must be appraised in the light of the individual's entire record. No action will be taken under the reference letter that is predicated on membership in or adherence to the doctrines of the Communist Party unless there is a specific finding that the individual involved has a loyalty to the Communist Party as an organization which overrides his loyalty to the United States. No such finding should be based on the mere fact that the individual's views on various social questions have been the same as the views that the Communist Party may have advanced. Except in clear cases, no action should be taken against persons who are being trained for combat assignments and have demonstrated a high degree of ability to serve the United States in that manner, including a willingness to accept combat duty.⁹⁷

The order specifying this more liberal War Department attitude toward Communists and fellow travelers in the US Army was classified SECRET but it soon leaked to the press. During the national uproar which followed, the entire matter came under close scrutiny by a House Committee on Military Affairs authorized to study progress of the war effort. On 22 February 1945, Maj. Gen. James A. Ulio, the Adjutant General, acknowledged existence of the new policy in a letter addressed to Representative George A. Dondero of Michigan. He claimed, however, that known or suspected Communist personnel had not proved to be any source of difficulty and were loyally supporting the war effort, so there seemed little justification for not using their services to the utmost of individual capacities.⁹⁸ Both the Assistant

Secretary of War and ACoFS G-2 subsequently appeared before this same Congressional Committee in defending the position taken by the War Department. Although a preliminary report of the Committee as published early in July 1945 was extremely critical of that position, no important change occurred in it for the rest of the wartime period.⁹⁹

Thus, at the war's end, the ACoFS G-2 not only had been deliberately divested of all his operational counterintelligence functions but also was no longer able to control the basis terms of Army security policies. Moreover, because the departmental military intelligence agency was unfavorably organized to collect, evaluate, and disseminate domestic intelligence information, he could not properly execute his inherent mission of keeping the Chief of Staff fully informed on Army security matters. With it becoming increasingly clear to most of the departmental intelligence authorities that no effective dividing line could now be drawn between their foreign and domestic counterintelligence responsibilities, this imposed handicap held especially serious implications for the future.

Nevertheless, it must be granted that a definite need had been shown early in the war for decentralizing the departmental counterintelligence effort within the zone of interior and permitting other staff groups or field agencies to undertake as many operational security tasks as possible. Neither could there be any convincing argument advanced against the generally accepted thesis that each individual commander should remain free to provide for the military security of his own command. The national security clearance program had rapidly developed into such a cumbersome and complicated process that the departmental intelligence officials could never hope to keep up with it under a system of centralized control. They were soon bogged down, therefore, in a bewildering array of individual security clearance procedures to the extent that they could seldom find time for performing counterintelligence duties of a more fundamental nature.

The principal trouble lay not so much in recognizing that a difficult functional problem did exist but more in the various courses of action which were adopted

by higher authority to meet it. Since outside influences and personnel economy considerations were often allowed to carry an overriding weight in reaching major decisions on military security matters, it became practically impossible to develop an effectual system for protecting the Army from harmful subversion. Besides, back of the enforced curtailment of departmental counterintelligence operations as dictated by many self-appointed experts holding no detailed intelligence background, lurked the readily perceptible outline of a Communist inspired drive aimed at eliminating all MID (MIS) activity within the domestic intelligence field regardless of consequences. The combined result was a departmental agency inadequately equipped to fulfill its essential counterintelligence responsibilities during most of World War II. With well-organized subversive elements representing both an actual and potential danger to ultimate military success, this was certainly not the proper time to reduce MID (MIS) capabilities for exposing or blocking them, yet that is exactly what did take place.

FBI Wartime Operations

A review of FBI intelligence work during World War II would not be complete without brief mention of several other activities. In 1940, President Roosevelt authorized the FBI with the approval of the Attorney General to conduct electronic surveillance of “persons suspected of subversive activities against the Government of the United States, including suspected spies.”¹⁰⁰ The Federal Communications Commission denied the FBI access before the war to international communications on the grounds that such intercepts violated the Federal Communications Act of 1934.¹⁰¹ However, military intelligence had secretly formed a Signals Intelligence Service to intercept international radio communications, and Naval intelligence arranged with RCA to get copies of Japanese cable traffic to and from Hawaii, although other cable companies used by the Japanese refused to violate the statute against interception before Pearl Harbor.¹⁰² Moreover, the FBI developed “champering” or surreptitious mail opening techniques, and the practice of surreptitious entry was used by the FBI in black bag operations.¹⁰³

Several basic internal memoranda and agreements spelled out the policies governing the relationships between FBI and military intelligence in this period. The military concentrated more heavily on what it perceived as potential threats to the Armed Forces, while the FBI developed a wider and more sophisticated approach to the gathering of intelligence about “subversive activities” generally. An example of the Army’s policy was an intelligence plan approved in 1936 for the Sixth Corps Area, which covered Illinois, Michigan, and Wisconsin. It called for the collection and indexing of the names of several thousand groups, ranging from the American Civilian Liberties Union to pacifist student groups alleged to be Communist-dominated. Sources of information were to be the Justice Department, the Treasury Department, the Post Office Department, local state police, and private intelligence bureaus employed by businessmen to keep track of organized labor.¹⁰⁴ The joint FBI-military intelligence plan prepared in 1938 stated that the Office of Naval Intelligence and the Military Intelligence Division (G-2) were concerned with “subversive activities that undermine the loyalty and efficiency” of the Army and Navy personnel or civilians involved in military construction and maintenance. Since ONI and MID lacked trained investigators, they relied before the war on the FBI “to conduct investigative activity in strictly civilian matters of a domestic character.” The three agencies exchanged information of interest to one another, both in the field and at headquarters in Washington.¹⁰⁵

The FBI, ONI, and MID entered into a Delimitation Agreement in June 1940 pursuant to the authority of President Roosevelt’s 1939 directives. As revised in February 1942, the Agreement covered “investigation of all activities coming under the categories of espionage, counterespionage, subversion, and sabotage.” It provided that the FBI would be responsible for all investigations “involving civilians in the United States” and for keeping ONI and MID informed on “important developments...including the names of individuals definitely known to be connected with subversive activities.”¹⁰⁶ As a result of this Agreement and prior cooperation, military intelligence could compile extensive files on civilians from the information disseminated to it by the FBI. For example, in May 1939 the MID transmitted a

request from the Ninth Corps Area on the West Coast for the names and locations of “alien and disloyal American sabotage and espionage organizations” planning to take advantage of wartime hardships to overthrow the Government, “citizens opposed to our participation in war and conducting antiwar propaganda,” and potential enemy nationals who should be interned in case of an “international emergency.”¹⁰⁷

Moreover, despite the FBI-military agreement, the Counter Intelligence Corps of the Army (CIC) gradually undertook wider investigation of civilian “subversive activity” as part of a preventive security program, which used voluntary informants and investigators to collection information.¹⁰⁸

The FBI developed a substantial foreign intelligence operation in Latin America during the war. On June 24, 1940, President Roosevelt issued a directive assigning foreign intelligence responsibilities in the Western Hemisphere to a Special Intelligence Service (SIS) of the FBI. SIS furnished the State Department, the military, and other governmental agencies with intelligence regarding “financial, economic, political, and subversive activities detrimental to the security of the United States.” SIS assisted several Latin American countries “in training police and organizing antiespionage and antisabotage defenses.” When another foreign intelligence agency, the Office of Strategic Services (OSS), was established in 1941, it sought to enter the Latin American field until President Roosevelt made clear that jurisdiction belonged to SIS.¹⁰⁹

There was constant friction throughout the war between the FBI and the OSS. Despite the President’s order, OSS operatives went to Latin America. Within the United States, OSS officers are reported to have secretly entered the Spanish Embassy in Washington to photograph documents. The FBI Director apparently learned of the operation, but instead of registering a protest he waited until OSS returned a second time and then had FBI cars outside turn on their sirens. When OSS protested to the White House, the President’s aides reportedly ordered the embassy project turned over to the FBI.¹¹⁰ A similar incident occurred in 1945 when OSS security officers illegally entered the offices of *Amerasia* magazine in search of confidential Government documents.¹¹¹ This

illegal entry made it impossible for the Justice Department to prosecute vigorously on the basis of the subsequent FBI investigation, for fear of exposing the “taint,” which started the inquiry.

Director Hoover’s most serious conflict with OSS involved a weighing of the respective needs of foreign intelligence and internal security. In 1944, the head of OSS, William Donovan, negotiated an agreement with the Soviet Union for an exchange of missions between OSS and the NKVD (the Soviet intelligence and secret police organization). Both the American military representative in Moscow and Ambassador W. Averell Harriman hoped the exchange would improve Soviet-American relations.¹¹² When Hoover learned of the plan, he warned Presidential aide Harry Hopkins of the potential danger of espionage if the NKVD were “officially authorized to operate in the United States where quite obviously it will be able to function without any appropriate restraint upon its activities.” The Director also advised Attorney General Biddle that secret NKVD agents were already “attempting to obtain highly confidential information concerning War Department secrets.” Thus, the exchange of intelligence missions was blocked.¹¹³ The FBI was also greatly concerned about the OSS policy of employing American Communists to work with the anti-Nazi underground in Europe, although OSS did dismiss some persons suspected of having links with Soviet intelligence.¹¹⁴

The FBI was not withdrawn from the foreign intelligence field until 1946. At the end of the war President Truman abolished the Office of Strategic Services and dispersed its functions to the War and State Departments. The FBI proposed expanding its wartime Western Hemisphere intelligence systems to a worldwide basis, with the Army and Navy handling matters of importance to the military. Instead, the President formed a National Intelligence Authority with representatives of the State, War, and Navy Departments to direct the foreign intelligence activities of a Central Intelligence Group. The Central Intelligence Group was authorized to conduct all foreign espionage and counterespionage operations in June 1946. Director Hoover immediately terminated the operations of the FBI’s Special Intelligence Service, and in some countries SIS

officers destroyed their files rather than transfer them to the new agency.¹¹⁵

The Counter Intelligence Corps During World War II

As a result of the Delimitations Agreement of 1939, the counterintelligence system was centralized under three agencies. The task assigned to the US Army covered both the Military Establishment and a large percentage of the munitions industry. The primary counterintelligence effort was the organization of a security system, which would prevent access of hostile agents to our facilities.

Countless security surveys were made. Safeguards were developed, and identification systems were established. Thousands of personnel investigations were conducted, and, as these proceeded, steps were taken to place persons whose loyalty was in question on work where they could not injure our war effort.

There were individual cases of sabotage and these, of course, became the immediate subject of intensive investigation. A few saboteurs and spies were captured and convicted. Even in cases where investigation failed to uncover the perpetrator, exhaustive investigation resulted in the development of better security measures.

A special effort was made to safeguard military information. Counter Intelligence Corps personnel operated the security system for the headquarters that planned the North African campaign. In many cases where the Counter Intelligence Corps found improper safeguarding of military information, strategic plans were changed or revoked.

The outbreak of World War II called for an immediate increase in the authorized strength of the Corps of Intelligence Police. The total strength of the Corps was set at 1,026 noncommissioned officers, and all its members then in the Enlisted Reserve Corps were ordered to active duty "with the least practical delay." The War Department then set out to produce a well-staffed and well-trained organization for this branch of intelligence work.

On 13 December 1941, a letter from the office of the Adjutant General officially changed the name of the Corps of Intelligence Police to the Counter Intelligence Corps, to be effective 1 January 1942. This was a change in name only. However, many organizational changes were made during the first two years of existence of the Counter Intelligence Corps on the basis of lessons learned from field experience.

At the outset of the war, there were many Military Intelligence Division officers supervising the Corps of Intelligence Police who were not experienced in their duties. The War Department early recognized this deficiency, and constructive steps were taken immediately. All officers selected for duty with the Counter Intelligence Corps had to be cleared by the Assistant Chief of Staff, G-2, before serving with the Corps. Furthermore, commanders of all Corps Areas, Departments (except the Philippine and Hawaiian Departments), and Base Defense Commands were directed to submit without delay to the Assistant Chief of Staff, G-2, a roster of all commissioned personnel on duty with the Corps of Intelligence Police.

In order to provide the most proficient and experienced counterintelligence commissioned personnel to supervise the activities of the Counter Intelligence Corps, it was recommended that "a complement of commissioned officers be specifically authorized for the Counter Intelligence Corps." It was also deemed advisable to increase the commissioned strength of the Corps to 543 in field and company grades and to bring the total non-commissioned strength to 4,431.

A tentative plan of organization for Counter Intelligence Corps detachments to serve with tactical and headquarters units down to and including divisions was also drawn up. In outline, the detachments were to be composed in the following manner:

Division	1 Officer
	5 Enlisted men
Army Corps	2 Officers
	11 Enlisted men
Field Army	6 Officers
	49 Enlisted men

purposes. Consequently, the allotments to the service commands were rescinded, and two months later the allotments to the theaters of operations were rescinded. In September 1943, TM 30-215, "Counter Intelligence Corps," set forth a T/O (table of organization) basis for assignment of personnel to the theaters of operations. The balance of the Counter Intelligence Corps personnel was to be assigned to Army Ground Forces, Army Service Forces, and other utilizing units.

The increase in personnel made it necessary to expand the Counter Intelligence Corps administrative machinery to meet the new demands. In December 1942, the office of the Chief, Counter Intelligence Corps, was divided into six sections: Supply, Operations, Fiscal, Plans and Training, Personnel, and Army Air Forces Liaison.

The procurement and training of Counter Intelligence Corps personnel for overseas duty became the primary mission of the office of the Chief,

Counter Intelligence Corps. Demands for assignment of Counter Intelligence Corps detachments, both to units scheduled for immediate departure to overseas duty and for units already in combat in the theaters of operations, were steadily increasing. To meet these demands and to facilitate training, the War Department, on 29 October, 1942, instructed all Bases, Departments, and Service Commands (except the Ninth) to establish preliminary Counter Intelligence Corps training schools in their respective commands.

During the years 1942-1943, agents of the Counter Intelligence Corps made thousands of loyalty investigations on military personnel and civilians assigned to duties requiring access to classified material. The transfer of certain investigative functions from the Military Intelligence Division to the Provost Marshal General in October, 1941, did not relieve the Corps of the duty of investigating personnel already in military service who were working with classified material. Typical examples



CIC trainees in a class to learn to identify Japanese insignia rank in 1942.

of such personnel were cryptographers; certain Signal Corps personnel in other types of work; Military Intelligence personnel (civilian and military); and, of course, as a large part of the last mentioned category, potential Counter Intelligence Corps personnel.

The forms used and the extent of the investigations varied in accordance with War Department and Service Command policy. Investigations of prospective Counter Intelligence Corps personnel were always exhaustive.

Loyalty investigations, which involved no suspicion of disloyalty, consisted of an examination of personal history, education, employment, and associations. Each subject of a personnel investigation was required to complete a Personal History Statement. In each personnel investigation, a check was made of the local police, the Federal Bureau of Investigation, the Office of Naval Intelligence, and the Military Intelligence Division Files. Copies of each memorandum report were sent to the Service Commands interested, the Military Intelligence Division, and the Federal Bureau of Investigation.

Investigations of military personnel suspected of disaffection, espionage, treason, sedition, sabotage, or of violations of AR 380-5, "Safeguarding Military Information," were reported on War Department Form CIR 1 (Counter Intelligence Report No. 1). This form contained a summarization by the investigating agent,



CIC arrested thousands of Nazis after the allied occupation of Germany. In this photo, German leaders are being tried at Nuremberg.

a detailed outline of the subject's personal background, and a recommendation for disposition of the subject in accordance with the purpose of the investigation.

The Service Command Counter Intelligence Corps detachments were divided into several field offices, each having investigative responsibility for a certain geographic area of the Service Command. In certain less populated areas, single representatives were used and designated as resident agents. In metropolitan field offices with many agents, the personnel operated in separate sections and squads under the direction of special agents of proved experience and ability. These sections performed specific types of investigations. Agents became specialists in one type of investigation, developed local contacts of value in their particular field, and accumulated a general knowledge of organizations and individuals in the area considered subversive or of questionable loyalty.

Exclusive of background investigations, the largest volume of investigations consisted of disaffection cases. Disaffection has been defined as a state of mind indicating a lack of affection for the US Government. Such cases usually concerned persons with German, Italian, or Japanese backgrounds.

In the field of suspected sabotage and espionage, the Counter Intelligence Corps performed investigations, which often employed the use of technical investigative equipment. The Counter Intelligence Corps mission in the zone of the interior was not as dramatic as that of federal agencies, which apprehended espionage agents. The efforts of the Counter Intelligence Corps, however, denied access to vital industrial plants and to highly secret military installations to many persons whose loyalty to the United States was dubious. What damage these persons might have wrought on the war effort is only a matter of conjecture.

In the fall of 1943, the Inspector General conducted an extensive examination of Counter Intelligence Corps activities in the Service Commands. The resultant recommendations brought about a reorganization of the Corps both in its activity in the Service Commands, and in foreign theaters. Of

special import was the suggestion that Counter Intelligence Corps personnel "...be specifically procured and trained for utilization in theaters of operation; that they be so utilized that Counter Intelligence Corps activities within the Zone of Interior be performed by the Security Intelligence Corps of the Provost Marshal Gen.'s Department."

In an attempt to make the administration of the Counter Intelligence corps more definitive, the Deputy Chief of Staff, on 25 November, 1943, directed that certain recommendations made by the Inspector General be carried out. These included the following:

(1) Two changes in basic policy:

(a) The Counter Intelligence Corps was to be utilized, with certain limited exceptions, in theaters of operations.

(b) Personnel of the Corps were to be released from War Department overhead assignments, distributed on a T/O basis, with G-2 exercising no command function over the Corps.

(2) Three specific continuing responsibilities relative to the Counter Intelligence Corps charged to the Assistant Chief of Staff, G-2, War Department:

(a) The establishment of policies and over-all supervision of counterintelligence activities.

(b) Coordination of the procurement and shipment of Counter Intelligence Corps units.



CIC photographed captured spies for identification purposes.

(c) The administration of specialized training prior to assignment of Counter Intelligence Corps personnel to theaters of operations.

(3) Certain specific actions relative to the Counter Intelligence Corps:

(a) The Counter Intelligence Corps Headquarters in Baltimore, Maryland and the Counter Intelligence Corps Staging Area were to be eliminated.

(b) G-2, War Department, in collaboration with the three major commands, and G-3, War Department, were to submit for approval a plan for procurement of Counter Intelligence Corps personnel.

(c) Counter Intelligence Corps units were to be organized on a T/O basis included in troop quotas.

(d) Command channels were to be used and command responsibility emphasized.

(e) Shipment of Counter Intelligence Corps personnel overseas was to be in accordance with approved requests of theater commanders.

(f) Basic training of counterintelligence personnel was to be provided by Army Service Forces.

(g) Counter Intelligence Corps specialized training was to be given by Military Intelligence Division at Camp Ritchie, Maryland.

(h) Counter Intelligence Corps personnel in permanent detachments of Service Commands were to be transferred for assignment to those Service Commands by 31 December 1943.

Since the future Counter Intelligence Corps mission would be entirely overseas, it was necessary to administer the program of the Counter Intelligence Corps and train and procure the personnel especially for that purpose. The largest source of personnel, the Service Command detachments, was no longer available, thereby necessitating a new method of

procurement. The office of the Chief, Counter Intelligence Corps, in Baltimore Maryland, was discontinued, and the Counter Intelligence Section of the Counter Intelligence Group, Military Intelligence Service, handled all administration. The staff of this office was much smaller than it had been in the office of the Chief, Counter Intelligence Corps.

After a period of training and reorganization, the Counter Intelligence Corps was sent to the combat zones. It was here that the real value and meaning of the Corps became known to combat commanders. The record and achievements of Counter Intelligence Corps personnel brought added prestige to the Corps and to the Armed Forces of the United States.

On 14 December 1943, War Department Circular No. 324 transferred the counterintelligence functions within the zone of the interior to the Provost Marshal General. The investigative functions hitherto performed by the Counter Intelligence Corps and those of the Provost Marshal General were consolidated, and it was directed that these functions be performed by a single staff agency under each Service Command. This agency was later designated the Security and Intelligence Division.

Since the Counter Intelligence Corps was no longer to be the organization conducting investigations of espionage and sabotage cases of the Military Intelligence Division in the continental United States, it was necessary that the responsibility for discharging these functions be placed with the Commanding General, Army Service Forces, and designated areas. The assignment of Counter Intelligence Corps personnel to the Service Commands, where they became part of the newly formed Security and Intelligence Division under the jurisdiction of the Provost Marshal General, was also provided in War Department Circular 324. The assignment of personnel from War Department overhead to the using commands with instructions to activate under T/O&E 30-500 was an entirely new concept for the Counter Intelligence Corps, and great administrative difficulties attended this change of activity.

On 22 May 1944 an organization within the Military Intelligence Section replaced the office formerly known as the Counter Intelligence Corps branch of

the Military Intelligence Section with the title of the Counter Intelligence Corps Section. A G-2, War Department Policy Staff was created. This staff was responsible for policy decisions on intelligence functions, including the Counter Intelligence Corps. No important alterations in policy or duties accompanied this redesignation. However, since the function of the Counter Intelligence Corps Section was considered to be of an administrative and operational nature rather than a true staff function, on 1 August 1944 the Section was transferred from the control of the General Staff, War Department, to the Army Service Forces.

By this time the Counter Intelligence Corps had operated successfully overseas in every combat area and had obtained a troop basis of 4,308. These were allocated in the following manner:

Theaters of Operation, Base Commands, and other overseas installations	3,000
Army Ground Forces in United States ...	485
Army Air Forces in United States and Air Transport Command	<u>823</u>
TOTAL	4,308

The overseas allotments increased as additional Army Ground Forces units were trained and shipped to combat. Counter Intelligence Corps detachments were assigned to their respective units and became an integral part of divisions, corps, armies, overseas administrative commands, theater headquarters, and of the A-2 Sections of the Air Force commands and installations.

On 1 December 1944 the Counter Intelligence Corps became a separate branch of the Intelligence Division of the Army Service Forces. Under the Army Service Forces the policy of assigning all Counter Intelligence Corps detachments to using units was continued. The only Counter Intelligence Corps detachments working within the zone of the interior were those units specifically allowed to do so by the War Department.

The administrative difficulties that were met in the early days of the Counter Intelligence Corps were paralleled by an equally difficult task of procuring desired personnel. On 21 October 1942 the power to initiate Counter Intelligence Corps personnel

investigations was placed within the Service Commands. The commands were also empowered to assign and transfer personnel as Counter Intelligence Corps agents in the grade of corporal, and as Counter Intelligence Corps clerks in the grade of private first class. Control over the assignment and transfer of Counter Intelligence Corps special agents, the promotion of personnel from the rank of agent to special agent, and all matters concerning the assignment or transfer of commissioned personnel remained with the Assistant Chief of Staff, G-2, War Department.

A backlog of investigations to be conducted on prospective Counter Intelligence Corps personnel developed during this period. Until June 1943, Counter Intelligence Corps agents and clerks had been recruited by the theater commanders in overseas areas on the same basis as in the Service Commands. However, on 26 June, the allotments to theaters were discontinued. TM 30-215, "Counter Intelligence Corps," published 22 September 1943, limited the responsibility for procurement and assignment of officers and special agents to the Assistant Chief of Staff, G-2, War Department, and of agents and clerks to the Director of Intelligence in the Service Commands within the zone of the interior. All Counter Intelligence Corps personnel procured in theaters of operations were to be approved by the Assistant Chief of Staff, G-2, War Department.

As an aid in spotting potential Counter Intelligence Corps personnel, the classification "301 Investigator" was introduced into the Army classification system early in 1942. The names of all men under this classification were referred to the office of the Chief, Counter Intelligence Corps, for review and selection of prospective personnel. Men who were given the classification of "312 Stenographers" were also brought to the attention of this office so that from this group suitable clerks might be procured. When the procurement of Counter Intelligence Corps personnel was decentralized to the Service Commands in October, 1942, the names of men in the 301 and 213 classification were reported directly to the Service Commands by the reception centers. During 1942 and 1943, the office of the Adjutant General furnished the office of the Chief, Counter Intelligence Corps, extracts from qualification cards on all linguists inducted into the Army.

The largest percentage of Counter Intelligence Corps agents was obtained from personnel already in the Army. At the reception centers newly inducted personnel with basic Counter Intelligence Corps qualifications were interviewed by Counter Intelligence Corps agents to determine their suitability for assignment to Counter Intelligence Corps duty. Civilian and government organizations, which employed investigators, were requested to submit information concerning former investigators in their employ who had been inducted into the military service. In the early days of the organization of the Counter Intelligence Corps, men occasionally applied for admission to the Corps prior to their induction into the Army. If application was approved, they were immediately "tabbed" and shortly thereafter transferred to the Counter Intelligence Corps. This method was not widely used because it resulted in personnel being transferred into the Corps without basic military training. Lack of basic training later proved to be a handicap to those agents when they were assigned to tactical detachments.

To meet the demands for qualified men, recommendations were accepted from Army post intelligence officers, Counter Intelligence Corps personnel, and any other military personnel who knew of men with basic Counter Intelligence Corps qualifications. All commanding officers throughout the Army were encouraged to submit names of men with the basic qualifications for Counter Intelligence Corps duty.

In the early recruitment, emphasis was placed on investigative or legal experience. Later, men with adequate education, good character, and loyalty were accepted even though they had neither legal nor investigative experience. Some linguists were procured, but this qualification was not an exclusive one. Men were drawn from all types of civilian occupations, and the Counter Intelligence Corps became an organization that included representatives of virtually every profession and nationality. In spite of the fact that most of these men worked as corporals or sergeants, the organization obtained outstanding men. The lure of the word "intelligence" and the prospect of working in civilian clothes was tempting bait; but, if the men of the Corps had not been carefully selected, their records in the war would have been less impressive. Counter Intelligence Corps men

have always relied upon their own initiative. This has been borne out by the nature of their work in the United States and, to an even greater extent, by the record they have made in overseas operations.

For the most part, men selected for the Counter Intelligence Corps were well suited for their tasks, but one major weakness in the recruiting program was very noticeable; not enough emphasis was given to procuring and training linguists. The problem of obtaining men fluent in French, German, Italian, Japanese, and other foreign languages was made more difficult because of War Department policy, which directed that no persons of close foreign background would be assigned to or retained in the Counter Intelligence Corps. Many naturalized Americans, both in and out of the Army, were fluent in several languages, but the Counter Intelligence Corps was unable to use this source of language personnel because of this strict policy. When the war in Europe came to an end, the Army was faced with the overwhelming task of procuring a large number of men fluent in foreign languages. These necessities brought a quick reversal of policy, and, thereafter, close foreign relations alone ceased to be considered sufficient to disqualify a man for the Corps.

The rank of the agent was at best a partial secret within the Army. Counter Intelligence Corps men were instructed to conceal their actual rank by using the term "agent" or "special agent." Concealment of rank in the zone of the interior was not too great a problem since agents worked in civilian clothes. The average civilian respected Counter Intelligence Corps credentials and was not concerned with the actual rank of the bearer.

When his mission was changed from the zone of the interior to foreign theaters of operations, the Counter Intelligence Corps agent, in some cases, wore the military uniform indicating his status. This factor was a disadvantage in dealing with officers of the US Army and officers of the Allied Forces. The low rank of the leaders of some detachments often had a hampering effect, especially in their relationships with allied services in the theaters and with coordinate agencies of the United States. In many theaters this difficulty of rank was overcome by the adoption of a

uniform similar to that of war correspondence which showed no rank.

Duquesne Spy Ring

On January 2, 1942, 33 members of a Nazi spy ring headed by Frederick Joubert Duquesne were sentenced to serve a total of over 300 years in prison. The FBI brought them to justice after a lengthy espionage investigation. William Sebold, who had been recruited as a spy for Germany, was a major factor in the FBI's successful resolution of this case through his work as a double agent for the United States.

A native of Germany, William Sebold served in the German Army during World War I. After leaving Germany in 1921, he worked in industrial and aircraft plants throughout the United States and South America. On February 10, 1936, he became a naturalized citizen of the United States.

Sebold returned to Germany in February 1939, to visit his mother in Mulheim. Upon his arrival in Hamburg, Germany, he was approached by a member of the Gestapo who said that Sebold would be contacted in the near future. Sebold proceeded to Mulheim where he obtained employment.

In September 1939, a Dr. Gassner visited Sebold in Mulheim and interrogated him regarding military planes and equipment in the United States. He also asked Sebold to return to the United States as an espionage agent for Germany. Subsequent visits by Dr. Gassner and a "Dr. Renken," later identified as Maj. Nickolas Ritter of the German Secret Service, persuaded Sebold to cooperate with the Reich because he feared reprisals against family members still living in Germany.

Since Sebold's passport had been stolen shortly after his first visit from Dr. Gassner, Sebold went to the American Consulate in Cologne, Germany, to obtain a new one. While doing so, Sebold secretly told personnel of the American Consulate about his future role as a German agent and expressed his wish to cooperate with the FBI upon his return to America.

Sebold reported to Hamburg, Germany, where he was instructed in such areas as preparing codes messages and microphotographs. Upon completion of training, he was given five microphotographs containing instructions for preparing a code and detailing the type of information he was to transmit to Germany from the United States. Sebold was told to retain two of the microphotographs and to deliver the other three to German operatives in the United States. After receiving final instructions, including using the assumed name of "Harry Sawyer," he sailed from Genoa, Italy, and arrived in New York City on February 8, 1940.

The FBI previously had been advised of Sebold's expected arrival, his mission, and his intentions to assist them in identifying German agents in the United States. Under the guidance of Special Agents, Sebold established residence in New York City as Harry Sawyer. Also, an office was established for him as a consultant diesel engineer, to be used as a cover in establishing contacts with members of the spy ring. In selecting this office for Sebold, FBI Agents ensured that they could observe any meetings taking place there.

In May 1940, a shortwave radio transmitting station operated by FBI agents on Long Island established contact with the German shortwave station abroad. This radio station served as a main channel of communications between German spies in New York City and their superiors in Germany for 16 months. During this time, the FBI's radio station transmitted over 300 messages to Germany and received 200 messages from Germany.

The successful prosecution of the 33 German agents in New York demonstrates Sebold's success as a counterespionage agent against Nazi spies in the United States. Of those arrested on charges of espionage, 19 pleaded guilty. The 14 men who entered pleas of not guilty were brought to trial in Federal District Court, Brooklyn, New York, on September 3, 1941, and they were all found guilty by a jury on December 13, 1941.

The activities of each of these convicted spies and Sebold's role in uncovering their espionage activities for the Reich follow.

Frederick Joubert Duquesne

Born in Cape Colony, South Africa, on September 21, 1877, Frederick Joubert Duquesne emigrated from



Hamilton, Bermuda, to the United States in 1902 and became a naturalized United States citizen on December 4, 1913. Duquesne was implicated in fraudulent insurance claims, including one that resulted from a fire aboard the British steamship *Tennyson* that caused

the vessel to sink on February 18, 1916. When he was arrested on November 17, 1917, he had in his possession a large file of news clippings concerning bomb explosions on ships, as well as a letter from the Assistant German Vice Consul at Managua, Nicaragua. The letter indicated that "Capt. Duquesne" was "one who has rendered considerable service to the German cause."

When Sebold returned to the United States in February 1940, Duquesne was operating a business known as the "Air Terminals Company" in New York City. After establishing his first contact with Duquesne by letter, Sebold met with him in Duquesne's office. During their initial meeting, Duquesne, who was extremely concerned about the possibility of electronic surveillance devices being present in his office, gave Sebold a note stating that they should talk elsewhere. After relocating to an Automat, the two men exchanged information about members of the German espionage system with whom they had been in contact.

Duquesne provided Sebold with information for transmittal to Germany during subsequent meetings, and the meeting which occurred in Sebold's office was filmed by FBI Agents. Duquesne, who was vehemently anti-British, submitted information dealing with national defense in America, the sailing of ships to British ports, and technology. He also regularly received money from Germany in payment for his services.

On one occasion, Duquesne provided Sebold with photographs and specifications of a new type of bomb being produced in the United States. He claimed that he secured that material by secretly entering the

Dupont plant in Wilmington, Delaware. Duquesne also explained how fires could be started in industrial plants. Much of the information Duquesne obtained was the result of his correspondence with industrial concerns. Representing himself as a student, he requested data concerning their products and manufacturing conditions.

Duquesne was brought to trial and was convicted. He was sentenced to serve 18 years in prison on espionage charges, as well as a 2-year concurrent sentence and payment of a \$2,000 fine for violation of the Registration Act.

Paul Bante



A native of Germany, Paul Bante served in the German Army during World War I. He came to the United States in 1930 and became a naturalized United States citizen in 1938.

Bante, formerly a member of the German-American Bund, claimed that Germany put him in contact with one of their operatives, Paul Fehse, because of Bante's previous association with a Dr. Ignatz T. Griebel. Before fleeing to Germany to escape prosecution, Dr. Griebel had been implicated in a Nazi spy ring with Guenther Gustave Rumrich, who was tried on espionage charges in 1938.

Bante assisted Paul Fehse in obtaining information about ships bound for Britain with war materials and supplies. Bante claimed that as a member of the Gestapo, his function was to create discontent among union workers, stating that every strike would assist Germany.

Sebold met Bante at the Little Casino Restaurant, which was frequented by several members of this spy ring. During one such meeting, Bante advised that he was preparing a fuse bomb, and he sub-sequently delivered dynamite and detonation caps to Sebold.

After entering a guilty plea to violation of the Registration Act, Bante was sentenced to 18 months imprisonment and was fined \$1,000.

Max Blank



Max Blank came to the United States from Germany in 1928. Although he never became a US citizen, Blank had been employed in New York City at a German library and at a book store, which catered to German trade.

Paul Fehse, a major figure in this case, informed Germany that Blank, who was acquainted with several members of the spy ring, could secure some valuable information but lacked the funds to do so. Later Fehse and Blank met with Sebold in his office. They told Sebold that Blank could obtain details about rubberized self-sealing airplane gasoline tanks, as well as a new braking device for airplanes, from a friend who worked in a shipyard. However, he needed money to get the information.

Blank plead guilty to violation of the Registration Act. He received a sentence of 18 months' imprisonment and a \$1,000 fine.

Alfred E. Brokhoff



Alfred E. Brokhoff, a native of Germany, came to the United States in 1923 and became a naturalized citizen in 1929. He was a mechanic for the US Lines in New York City for 17 years prior to his arrest. Because of his employment on the docks, he knew almost all of the other agents in this group who were working as seamen on various ships.

Brokhoff helped Fehse secure information about the sailing dates and cargoes of vessels destined for England. He also assisted Fehse in transmitting this information to Germany. Also, another German agent, George V. Leo Waalen, reported that he had received information from Brokhoff for transmittal to Germany.

Upon conviction, Brokhoff was sentenced to serve a five-year prison term for violation of the espionage statutes and to serve a two-year concurrent sentence for violation of the Registration Act.

Heinrich Clausing

In September 1934, German-born Heinrich Clausing came to the United States, where he became



a naturalized citizen in 1938. Having served on various ships sailing from New York Harbor since his arrival in the country, he was employed as a cook on the SS *Argentine* at the time of his arrest.

Loosely associated with Franz Stigler, one of the principal contact men for the spy ring, Clausing operated as a courier. He transported micro-photographs and other material from the United States to South American ports, from which the information was sent to Germany via Italian airlines. He also established a mail drop in South America for expeditious transmittal of information to Germany by mail.

Clausing was convicted and was sentenced to serve eight years for violation of espionage statutes. He also received a two-year concurrent sentence for violation of the Registration Act.

Conradin Otto Dold

Conradin Otto Dold came to the United States from Germany in 1926. He became a US



citizen in 1934 under the Seamen's Act. Prior to his arrest, he was Chief Steward aboard the SS *Siboney* of the American Export Lines.

Dold was related to people holding high positions in Germany and was closely associated with other members of the espionage group who worked on ships sailing from New York Harbor. As a courier, Dold carried information from Nazi agents in the United States to contacts in neutral ports abroad for transmittal to Germany.

Dold was sentenced to serve ten years in prison on espionage charges and received a two-year concurrent sentence and a fine of \$1,000 for violation of the Registration Act.

Rudolf Ebeling

After leaving Germany for the United States in 1925, Rudolf Ebeling became an American citizen in

1933. He was employed as a foreman in the Shipping Department of Harper and Brothers in New York City when he was arrested.

Ebeling obtained information regarding ship sailings and cargoes, which he provided to Paul Fehse for transmittal to Germany. He also furnished such information to Leo Waalen, who delivered the material to Sebold for transmittal.



Upon conviction, Ebeling was sentenced to five years in prison on espionage charges. He also received a two-year concurrent sentence and a \$1,000 fine for violating the Registration Act.

Richard Eichenlaub

Richard Eichenlaub, who came to the United States in 1930 and became a citizen in 1936, operated the



Little Casino Restaurant in the Yorkville Section of New York City. This restaurant was a rendezvous for many members of this spy ring, and Eichenlaub introduced several new members into the group.

Eichenlaub reported to the German Gestapo and often obtained information from his customers who were engaged in national defense production. Through Eichenlaub, dynamite was delivered to Sebold from Bante.

Having entered a plea of guilty for violation of the Registration Act, Eichenlaub was sentenced to pay a fine of \$1,000 and to serve 18 months in prison.

Heinrich Carl Eilers

A native of Germany, Heinrich Carl Eilers came to



the United States in 1923 and became a citizen in 1932. From 1933 until his arrest, he served as a steward on ships sailing from New York City.

Eilers made a trip from New York to Washington, D.C. to obtain information for Germany from the Civil Aeronautics Authority. His mission, however, was unsuccessful.

At the time of his arrest in New York City by Customs authorities in June 1940, he had in his possession 20 letters addressed to people throughout Europe. He also had books relating to magnesium and aluminum alloys, which had been sent to him by Edmund Carl Heine, one of the principal espionage agents in this group.

Upon conviction, Eilers received a five-year prison sentence on espionage charges and a concurrent sentence of two years' imprisonment and a \$1,000 fine under the Registration Act.

Paul Fehse

In 1934, Paul Fehse left Germany for the United States, where he became a citizen in 1938. Since his arrival in this country, he had been employed as a cook aboard ships sailing from New York Harbor.



Fehse was one of the directing forces in this espionage group. He arranged meetings, directed members' activities, correlated information that had been developed, and arranged for its transmittal to Germany, chiefly through Sebold. Fehse, who was trained for espionage work in Hamburg, Germany, claimed he headed the Marine Division of the German espionage system in the United States.

Having become quite apprehensive and nervous, Fehse made plans to leave the country. He obtained a position on the SS *Siboney*, which was scheduled to sail from Hoboken, New Jersey, for Lisbon, Portugal, on March 29, 1941. He planned to desert ship in Lisbon and return to Germany.

However, before he could leave the United States, FBI agents arrested Fehse. Upon arrest, he admitted sending letters to Italy for transmittal to Germany, as well as reporting the movement of British ships.

On April 1, 1941, Fehse was sentenced on a plea of guilty to serve one year and one day in prison for violation of the Registration Act. He subsequently pleaded guilty to espionage and received a prison sentence of 15 years.

Edmund Carl Heine

A native of Germany, Edmund Carl Heine came to the United States in 1914 and became a naturalized citizen in 1920. Until 1938, he held various positions in the foreign sales and service departments of Ford Motor Company and Chrysler Motor Corporation. His employment took him to the West Indies, South America, Spain, and Berlin, Germany. Heine was closely associated with Dr. Hans Luther, former German Ambassador in Washington, D.C. and Prince Louis Ferdinand of Berlin.



Heine sent letters from Detroit, Michigan, to Lilly Stein, one of the German spies Sebold was instructed to contact. The letters contained detailed technical data regarding the military, aircraft construction, and various industries. He also wrote to aircraft companies to obtain information about their production, number of employees, and the time required to construct military planes.

After obtaining technical books relating to magnesium and aluminum alloys, Heine sent the materials to Heinrich Eilers. To ensure safe delivery of the books to Germany in case they did not reach Eilers, Heine indicated the return address on the package as the address of Lilly Stein.

Upon conviction of violating the Registration Act, Heine received a \$5,000 fine and a two-year prison sentence.

Felix Jahnke

In 1924, Felix Jahnke left Germany for the United States, where he became a naturalized citizen in 1930. Jahnke had attended military school in Germany and had served in the German Army as a radio operator.



Jahnke and Alex Wheeler-Hill secured the services of Josef Klein, a radio technician, in building a portable radio set for Jahnke's apartment in the Bronx. Jahnke used this radio to transmit messages, which were intercepted by the FBI, to Germany. He also visited the docks in New York Harbor to obtain information about any vessels bound for England.

After pleading guilty to violation of the Registration Act, Jahnke was sentenced to serve 20 months in prison and to pay a \$1,000 fine.

Gustav Wilhelm Kaercher



Gustav Wilhelm Kaercher came to the United States in 1923, becoming a citizen in 1931. He served in the German Army during World War I and was a former leader of the German Bund in New York. During visits to Germany, he was seen to have worn a German Army officer's uniform. At the time of his arrest, he was engaged in designing power plants for American Gas and Electric Company in New York City.

Kaercher was arrested with Paul Scholtz, who had just handed Kaercher a table of call letters and frequencies for transmitting information to Germany by radio.

As a result of his guilty plea to charges of violating the Registration Act, Kaercher received a \$2,000 fine and a prison sentence of 22 months.

Josef Klein



A native of Germany, Josef Klein came to the United States in 1925; he did not become a citizen. Klein, a photographer and lithographer, had been interested in the building and operation of shortwave radio transmitters.

Klein constructed a portable shortwave radio transmitting and receiving set for Felix Jahnke and Axel Wheeler-Hill. When he built the radio set, Klein knew it would be used for transmitting messages to Germany.

Upon conviction, Klein received a sentence of five years' imprisonment on espionage charges and a concurrent sentence of two years' imprisonment under the Registration Act.

Hartwig Richard Kleiss



Born in Germany, Hartwig Richard Kleiss came to this country in 1925 and became a naturalized citizen six years later. Following his arrival in the United

States, he was employed as a cook on various ships.

Kleiss obtained information for Germany, including blueprints of the SS *America* that showed the locations of newly installed gun emplacements. He included information about how guns would be brought into position for firing. Kleiss also obtained details on the construction and performance of new patrol torpedo boats being developed by the US Navy, which he submitted to Sebold for transmittal to Germany.

Kleiss had originally chosen to stand trial. However, after cross-examination, he changed his plea to guilty on charge of espionage and received an eight-year prison sentence.

Herman W. Lang



Herman W. Lang came to the United States from Germany in 1927 and became a citizen in 1939. He was one of four people Sebold had been told to contact in the United States.

Until his arrest, a company manufacturing highly confidential materials essential to the national defense of the United States had employed Lang. During a visit to Germany in 1938, Lang conferred with German military authorities and reconstructed plans of the Norden bomb sight from memory.

Upon conviction, Lang received a sentence of 18 years in prison on espionage charges and a 2-year concurrent sentence under the Registration Act.

Evelyn Clayton Lewis



A native of Arkansas, Evelyn Clayton Lewis had been living with Frederick Joubert Duquesne in New York City. Miss Lewis had expressed her anti-British and anti-Semitic feelings during her relationships with Duquesne. She was aware of his espionage activities and condoned them. While she was not active in obtaining information for Germany, she helped Duquesne prepare material for transmittal abroad.

Upon a guilty plea, Miss Lewis was sentenced to serve one year and one day in prison for violation of the Registration Act.

Rene Emanuel Mezenen

Rene Emanuel Mezenen, a Frenchman, claimed US citizenship through the naturalization of his father. Prior to his arrest, he was employed as a steward in the transatlantic clipper service.

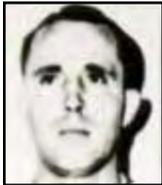


The German Intelligence Service in Lisbon, Portugal, asked Mezenen to act as a courier, transmitting information between the United States and Portugal on his regular trips on the clipper. He accepted this offer for financial gain. In the course of flights across the Atlantic, Mezenen also reported his observance of convoys sailing for England. He also became involved in smuggling platinum from the United States to Portugal.

Following a plea of guilty, Mezenen received an eight-year prison term for espionage and two concurrent years for registration violations.

Carl Reuper

Having come to the United States from Germany in 1929, Carl Reuper became a citizen in 1936. Prior to his arrest, he served as an inspector for the Westinghouse Electric Company in Newark, New Jersey.



Reuper obtained photographs for Germany relating to national defense materials and construction, which he obtained from his employment. He arranged radio contact with Germany through the station established by Felix Jahnke. On one occasion, he conferred with Sebold regarding Sebold's facilities for communicating with German authorities.

Upon conviction, Reuper was sentenced to 16 years' imprisonment on espionage charges and 2 years' concurrent sentence under the Registration Act.

Evertt Minster Roeder

Born in the Bronx, New York, Roeder was a draftsman and designer of confidential material for the US Army and Navy.

Sebold had delivered micro-photograph instructions to Roeder, as ordered by German authorities. Roeder and Sebold met in public places and proceeded to spots where they could talk privately.

In 1936, Roeder had visited Germany and was requested by German authorities to act as an espionage agent. Primarily due to monetary rewards he would receive, Roeder agreed.



Roeder entered a guilty plea to the charge of espionage and was sentenced to 16 years in prison.

Paul Alfred W. Scholz

A German native, Paul Scholz came to the United States in 1926 but never attained citizenship. He had been employed in German book stores in New York City, where he disseminated Nazi propaganda.



Scholz had arranged for Josef Klein to construct the radio set used by Felix Jahnke and Axel Wheeler-Hill. At the time of his arrest, Scholz had just given Gustav Wilhelm Kaercher a list of radio call letters and frequencies. He also encouraged members of this spy ring to secure data for Germany and arranged contacts between various German agents.

Upon conviction, Scholz was sentenced to 16 years' imprisonment for espionage with 2 years' concurrent sentence under the Registration Act.

George Gottlob Schuh

George Schuh, a native of Germany, came to the United States in 1923. He became a citizen in 1939 and was employed as a carpenter.



As a German agent, he sent information directly to the Gestapo in Hamburg, Germany, from this country. Schuh had provided Alfred Brokhoff information that Winston Churchill had arrived in the United States on the HMS *George V*. He also furnished information to Germany concerning the

movement of ships carrying materials and supplies to Britain.

Having pleaded guilty to violation of the Registration Act, Schuh received a sentence of 18 months in prison and a \$1,000 fine.

Erwin Wilhelm Siegler



Erwin Siegler came to the United States from Germany in 1929 and attained citizenship in 1936. He had served as chief butcher on the SS *America* until it was taken over by the US Navy.

A courier, Siegler brought microphotography instructions to Sebold from German authorities on one occasion. He also had brought \$2,900 from German contacts abroad to pay Lilly Stein, Duquesne, and Roeder for their services and to buy a bomb sight. He served the espionage group as an organizer and contact man, and he also obtained information about the movement of ships and military defense preparations at the Panama Canal.

Subsequent to his conviction, Siegler was sentenced to 10 years' imprisonment on espionage charges and a concurrent 2-year term for violation of the Registration Act.

Oscar Richard Stabler



Born in Germany, Oscar Stabler came to this country in 1923 and became a citizen in 1933. He had been employed primarily as a barber aboard transoceanic ships.

In December 1940, British authorities in Bermuda found a map of Gibraltar in his possession. He was detained for a short period before being released.

A close associate of Conradin Otto Dold, Stabler served as a courier, transmitting information between German agents in the United States and contacts abroad.

Stabler was convicted and sentenced to serve five years in prison for espionage and a two-year concurrent term under the Registration Act.

Heinrich Stade



Heinrich Stade came to the United States from Germany in 1922 and became a citizen in 1929. Stade had arranged for Paul Bante's contact with Sebold and had transmitted data to Germany regarding points of rendezvous for convoys carrying supplies to England.

Following a guilty plea to violation of the Registration Act, Stade was fined \$1,000 and received a 15-month prison sentence.

Lilly Barbara Carola Stein



Born in Vienna, Austria, Lilly Stein met Hugo Sebold, the espionage instructor who had trained William Sebold (the two men were not related) in Hamburg, Germany. She enrolled in this school and was sent to the United States in 1939.

Lilly Stein was one of the people to whom Sebold had been instructed to deliver microphoto-graph instructions upon his arrival in this country. She frequently met with Sebold to give him information for transmittal to Germany, and her address was used as a return address by other agents in mailing data for Germany.

Miss Stein pleaded guilty and received sentences of 10 years' and 2 concurrent years' imprisonment for violations of espionage and restriction statutes, respectively.

Franz Joseph Stigler



In 1931, Franz Stigler left Germany for the United States, where he became a citizen in 1939. He had been employed as a crew member aboard United States ships until discharge from the SS *America* when the US Navy converted that ship into the USS *West Point*.

His constant companion was Erwin Siegler, and they operated as couriers in transmitting information between US and German agents abroad. Stigler sought to recruit amateur radio operators in the United States as channels of communication to German radio stations. He had also observed and reported defense

preparations in the Canal Zone and had met with other German agents to advise them in their espionage pursuits.

Upon conviction, Stigler was sentenced to serve 16 years in prison on espionage charges with 2 concurrent years for registration violations.

Erich Strunck



A seaman aboard ships of the United States Lines since his arrival in this country, Erich Strunck came to the United States from Germany in 1927. He became a naturalized citizen in 1935.

As a courier, Strunck carried messages between German agents in the United States and Europe. He requested authority to steal the diplomatic bag of a British officer traveling aboard his ship and to dispose of the officer by pushing him overboard. Sebold convinced him that it would be too risky to do so.

Strunck was convicted and sentenced to serve 10 years in prison on espionage charges. He also was sentenced to serve a two-year concurrent term under the Registration Act.

Leo Waalen



Waalen was born in Danzig while that city was under German domination. He entered the United States by “jumping ship” in about 1935. He was a painter for a small boat company, which was constructing small craft for the US Navy.

Waalen gathered information about ships sailing for England. He also obtained a confidential booklet issued by the FBI, which contained precautions to be taken by industrial plans to safeguard national defense materials from sabotage. Waalen also secured government contracts listing specifications for materials and equipment, as well as detailed sea charters of the US Atlantic coastline.

Following his conviction, Waalen was sentenced to 12 years in prison for espionage and a concurrent 2-year term for violation of the Registration Act.

Adolf Henry August Walischewski



A German native, Walischewski had been a seaman since maturity. He became a naturalized citizen in 1935. He became connected with the German espionage system through Paul Fehse. His duties were confined to those of courier, carrying data from agents in the United States to contacts abroad.

Upon conviction, Walischewski received a five-year prison sentence on espionage charges, as well as a two-year concurrent sentence under the Registration Act.

Else Weustenfeld



Else Weustenfeld arrived in the United States from Germany in 1927 and became a citizen 10 years later. From 1935 until her arrest, she was a secretary for a law firm representing the German Consulate in New York City.

Miss Weustenfeld was thoroughly acquainted with the German espionage system and delivered funds to Duquesne, which she had received, from Lilly Stein, her close friend.

She lived in New York City with Hans W. Ritter, a principal in the German espionage system. Her brother, Nickolas Ritter, was the “Dr. Renken” who had enlisted Sebold as a German agent. In 1940, Weustenfeld visited Hans Ritter in Mexico, where he was serving as a paymaster for the German Intelligence Service.

After pleading guilty, Else Weustenfeld was sentenced to five years’ imprisonment on charge of espionage and two concurrent years on charge of registration violations.

Axel Wheeler-Hill



Axel Wheeler-Hill came to the United States in 1923 from his native land of Russia. He was naturalized as a citizen in 1929 and was employed as a truck driver.

Wheeler-Hill obtained information for Germany regarding ships sailing to Britain from New York Harbor. With Felix Jahnke, he enlisted the aid

of Paul Scholz in building a radio set for sending codes messages to Germany.

Following conviction, Wheeler-Hill was sentenced to serve 15 years in prison for espionage and 2 concurrent years under the Registration Act.

Bertram Wolfgang Zenzinger

Born in Germany, Zenzinger came to the United States in 1940 as a naturalized citizen of the Union of South Africa. His reported reason for coming to this country was to study mechanical dentistry in Los Angeles, California.



In July 1940, Zenzinger received a pencil for preparing invisible messages for Germany in the mail from Siegler. He sent several letters to Germany through a mail drop in Sweden outlining details of national defense materials.

FBI agents arrested Zenzinger on April 16, 1941. Pleading guilty, he received 18 months in prison for violation of the Registration Act and 8 years' imprisonment for espionage.

George John Dasch

The first sign of the German High Command's intention to engage in sabotage activities in the United States was disclosed by the apprehension of eight trained German saboteurs by Special Agents of the Federal Bureau of Investigation within two weeks after they had landed in the country from German submarines. These eight saboteurs had been thoroughly trained by the High Command of the German Army in the most modern methods of destruction and had been sent to this country for the specific purpose of interfering with the US war effort with particular emphasis being placed on interrupting production at aluminum and magnesium plants.

One group of these saboteurs landed on the beach at Amagansett, Long Island, on the night of June 13, 1942. The second group of four men was landed on a beach a few miles below Jacksonville, Florida, on June 17, 1942. After their landings, these men dispersed to various parts of the United States but

they were all in federal custody by June 27, 1942. The saboteurs were Ernest Peter Burger, age 36, George John Dasch, age 39, Herbert Hans Haupt, age 22, Edward John Kerling, age 34, Richard Quirin, age 34, Hermann Otto Neubauer, age 32, Werner Thiel, age 35, and Heinrich Harm Heinch, age 35. All of these men had been born in Germany and at one time or another had spent a portion of their lives in the United States, during which time they learned the English language and became acquainted with American customs. All of these men with the exception of Burger had returned to Germany since the outbreak of the present conflict. Burger had returned to Germany in 1933, after living in the United States for a period of six years.

Recruitment of Saboteurs

The German saboteurs who were sent to the United States were recruited for this work by one Lt. Walter Kappe who was attached to Abwehr 2 (Intelligence-2) of the German High Command and in charge of German sabotage in the United States. In addition to his connection with the German Army, Kappe was also an official in the Ausland Institute at Stuttgart, Germany; prior to the war, this organization was engaged in organizing Germans abroad into the Nazi Party and had the function of obtaining through Germans living in foreign countries various types of military, economic, political, and similar information. Kappe had lived in the United States from 1925 to 1937, during which time he took part in the organizing of the first Nazi organization in this country at Chicago known as Teutonia. He later was one of the principal organizers and an officer in the Friends of New Germany, which subsequently became the German-American Bund. In the latter organization, Kappe was press agent and in charge of propaganda and was editor of official Bund paper in the United States. Fritz Kuhn ousted him from the German-American Bund as a result of some inner-circle rivalries, after which time Kappe returned to Germany where he was placed in charge of the American section of the Ausland Institute at Stuttgart, Germany.

It is known that periodic meetings were held in Berlin and in other cities throughout Germany of those Germans who had formerly lived in the United States. These groups were known by the name Comradeship U.S.A. Walter Kappe was one of the

officials in charge of these meetings, which, it is believed, were held for the purpose of keeping up the morale of these Germans because they were accustomed to a higher standard of living in the United States than that which they had in Germany at that time. Kappe recruited several of the saboteurs from these groups. The Ausland organization also maintained a list of all Germans who returned to that country from the United States and was advised on all current arrivals. As a result of this information, Kappe was also able to keep in touch with all returning Germans and consider them for sabotage activities.

Another source of recruits for sabotage missions to the United States is the Germany Army. In three instances, Kappe was able to arrange the transfer of Germans who had been in the United States from the German Army into the sabotage organization. No information has been received to indicate that any of the saboteurs were coerced in any way to engage in sabotage activities in this country. It is known, however, that the German High Command thoroughly investigated the background of the individuals proposed for sabotage training, and it is interesting to note that the German Government placed a high value on an individual who had belonged to the German-American Bund or a similar organization while residing in the United States. It was stated that this was indicated to the German Government the definite German sympathies of the individuals involved. The inducement to these recruits to engage in sabotage



George John Dasch

activities was the fact that they would be fulfilling their duty to their country. They also were promised good positions in Germany and other rewards upon their return to that country after their mission had been completed. Each saboteur signed a contract with the German Government whereby they were to receive to their credit certain sums each month.

Sabotage Training

The saboteurs were trained for this mission in a school specifically used for the training of sabotage agents by the German High Command. This training school was located on what had formerly been a private estate belonging to a Jewish family on Quentz Lake, Bradenburg, near Berlin, Germany. The buildings on this estate had been remodeled to accommodate the instructors and students and one building was equipped as a laboratory. Accommodations were available at this school for approximately sixteen to twenty students, and it is known that this school had been used to train German sabotage agents for some time. The saboteurs received three weeks of intensive sabotage training and were instructed in the manufacture and use of explosives, incendiary material and various forms of mechanical, chemical, and electrical delayed timing devices. This training was both theoretical and practical. Considerable time was spent by the instructors with the saboteurs in developing complete background histories which they were expected to use in the United States. They were encouraged to converse together in the English language and to read American newspapers and magazines in order that no suspicion would be directed to them in the event they were interrogated while in this country. The following is an outline of the subjects in which the saboteurs received training:

- general chemistry
- Easily ignited incendiaries
 - Methods of igniting the above type of incendiary
- Incendiaries difficult to ignite
 - Methods of igniting these incendiaries
- Explosives, detonators and primers
- Mechanical, chemical and electrical timing devices
- Study on concealing identity in the United States, adoption of appropriate background, personal history, etc.
- Practical sabotage training

(After preparing incendiaries or explosives, the saboteurs were obliged to use them under realistic conditions)

Secret Writing

After the completion of the training school, the saboteurs were taken on a three-day tour of aluminum and magnesium plants, railroad shops, canals and river locks, and other facilities for additional instructions as to the most vital spots to be sabotaged, as well as to learn the vulnerability of these facilities to various types of sabotage.

Lt. Walter Kappe was in charge of this school. Two professors who were attached to the Technical Section of Abwehr 2, however, gave the technical training. The saboteurs were not permitted to make any permanent notes, which they could bring with them to the United States. All of their instructions had to be memorized. While at the school, maps of the United States were exhibited to them showing the important railroads and the places where sabotage would be most likely to cause a serious interruption in the transportation of raw material. They were also shown maps on which were located the principal aluminum and magnesium plants, as well as the locations of other important war industries. Similar maps outlining the important canals and waterways and the location of the important locks were also called to the attention of the saboteurs.

Sabotage Equipment

Each group of saboteurs brought with them to the United States four waterproof cases containing a large



Equipment buried by the German saboteurs who landed in Florida on June 17, 1942.

quantity of high explosives, bombs which were disguised to look like large pieces of coal, a considerable number and type of fuses, detonators and primers, as well as mechanical and chemical timing devices. One of the groups was also supplied with a considerable quantity of abrasive material for use in destroying railroad engines and other machinery. It was estimated that the explosives and other equipment furnished these men when utilized in connection with their training in preparing additional explosives and incendiary material would last the saboteurs two years. It is noted that no incendiary material of any kind was brought to the United States. It was expected that the saboteurs would be able to purchase in this country the necessary ingredients to prepare their own incendiary material.

The saboteurs were supplied with large sums of money in American currency that was to be used by them for their expenses in carrying out their work of destruction. The Technical Section of Abwehr 2 placed most of this money in secret compartments of small bags and pieces of luggage. Smaller amounts were given to each saboteur in money belts. The leader of each group was furnished with the sum of \$50,000 as a general fund. Each saboteur was given \$4,000 in his money belt and in addition, approximately \$400 in small bills for immediate use after his or her landing in the United States. The sum of \$5,000 was also given to the group leader for each man in his group. This sum was to be turned over to the individual saboteurs as required. Practically all of this money was in \$50 bills, none of which was counterfeit. At the time the saboteurs were apprehended by the FBI, \$174,588.62 of their funds was seized.

In connection with the money furnished to the saboteurs, it is interesting to note that the German High Command made two errors. They included in the sum of money furnished to the individual saboteurs American gold notes that were no longer in circulation in the United States. They also were furnished some bills on which Japanese letters had been placed or other foreign markings, which would have aroused suspicion if they had been tendered in this country.

In addition to the above equipment and money, the saboteurs were also furnished with forged Selective Service cards and Social Security cards made out in the names of the aliases they expected to use. Those saboteurs who did not possess American made clothing were furnished clothing by the German High Command from a storehouse where the Germans had accumulated a large stock of clothing manufactured in various countries foreign to Germany.

Submarine Landings

As previously stated, the saboteurs were brought to this country on two German submarines. These submarines departed during the early evening of May 26, and May 28, 1942, from a submarine base at Lorient, France. This method of travel was selected by the German High Command, who first considered sending these saboteurs to the United States in a sailing vessel. The saboteurs themselves had no choice as to their method of entry into this country, but the places of landing were selected in areas familiar to the leaders of the two groups. The landings by the saboteurs were made at night after the submarine had approached as close to the shore as possible. In one instance, one of the submarines actually touched bottom in approaching the shore. The landings were made from the submarines in small collapsible rubber boats. Sailors from the submarines accompanied the saboteurs to the shore and after the landing, returned to the submarines with the boats.

The saboteurs who landed in Long Island were fully attired in German Marine uniforms. The uniforms were worn in order that these men would be considered prisoners of war and not as spies in the event their landing was discovered and they were prisoners. Immediately upon landing, they changed into the civilian clothes that they had brought with them and buried the uniforms on the beach with the other sabotage equipment they had brought with them. The men landing in Florida wore bathing suits and the only military equipment they wore was a German soldier's cap. The cap was worn for the same reason that the saboteurs in Long Island wore the entire uniform.

There had been no previous arrangements made by the German High Command with anyone in the United States to assist in the landing of these

saboteurs, and, in view of the magnitude of the undertaking and the extensive training and preparations for this sabotage mission, it is believed that the Germans would have had someone assisting these landings if they had any sabotage organization whatsoever in the United States at the time.

The German saboteurs had been instructed by Lt. Walter Kappe, who appears to have been in complete charge in the recruitment, training, and preparation of this sabotage mission, not to commit any acts of sabotage until they had fully reestablished themselves in this country. They were advised, however, that there would be no objection if these men committed minor acts of sabotage such as placing explosives in locker boxes in department stores and railroad stations in order to affect the morale of the American people.

In accordance with their instructions, immediately upon landing in the United States the saboteurs buried the boxes of explosives and other equipment that they brought to this country with them. Small trench-type shovels were brought with them from the submarine to assist them in burying their equipment in the sand. All of this equipment was recovered, either prior to or subsequent to their apprehension.

A Coast Guardsman who was on patrol discovered the group of saboteurs who landed on the beach at Amagansett, Long Island, immediately after their landing. The Coast Guardsman at the time was unarmed, as were the saboteurs. The leader of the group of saboteurs attempted to bribe the Coast Guardsman to forget what he had seen and pressed upon him the sum of \$260. After indicating that he would accept the bribe, the Coast Guardsman returned to his station and spread the alarm, realizing that something unusual had occurred as he had heard one of the saboteurs speak in a foreign language, which he could not understand. Members of the Coast Guard station returned to the beach where the saboteurs had landed, but they had disappeared. The submarine could still be heard off shore at the time the Coast Guardsmen returned to the beach. The saboteurs in the meantime had left the beach and proceeded to the nearby railroad station where they caught the first westbound train for New York City.

One of the team members, George Dasch, telephoned the New York office of the FBI. Dasch told the FBI agent that he had important information for J. Edgar Hoover and that he, Dasch, was going to Washington to talk with Hoover. The next day Dasch took the train to Washington, spent the night at a local hotel, and the following morning walked into FBI Headquarters. Dasch provided the details of the saboteurs' training, their targets and turned over the substantial US currency provided by the German High Command to support their work in the United States. Based on Dasch's information, the FBI was able to arrest all the saboteurs in a few days.

Special Agents of the Federal Bureau of Investigation arrested two of the saboteurs, Heinrich Harm Heinck and Richard Quirin, in New York on June 20, 1942. Ernest Peter Burger was arrested on the same day, and, on June 22, George John Dasch, the leader of the group was also arrested in New York City.

The second group of saboteurs landed in Florida without anyone observing them. Shortly after landing, they changed into their civilian clothes and thereafter made their way to Jacksonville, Florida, where they remained for a short time, after which they dispersed to various parts of the United States. Two of the group, Herbert Hans Haupt and Hermann Otto Neubauer, proceeded to Cincinnati and then to Chicago. Edward John Kerling, the leader of this group together with Werner Thiel, proceeded to New York City from Jacksonville via Cincinnati. Kerling and Thiel were arrested on June 24, 1942, in New York. Haupt and Neubauer were apprehended on June 27, 1942, in Chicago.

Sabotage Objectives in the United States

The importance of the aluminum and magnesium industries, the so-called "light-metal" industry, to our war effort was emphasized to the saboteurs, and these industries were the primary objectives of the two groups of saboteurs. The saboteurs had received special training with respect to the destruction of this type of plant. The saboteurs were informed that if the production of aluminum and magnesium could be interrupted, it would have a serious effect on the number of military aircraft produced by the United States, which would have a definite effect upon the outcome of the war.

In addition to the aluminum and magnesium industries, certain other objectives were suggested to the saboteurs. A list of the objectives of the saboteurs is set forth hereinafter, but it is pointed out that this list was not expected to be all-inclusive, and the leaders of the two sabotage groups were instructed to use their discretion as to the places where their acts of sabotage should be committed, always keeping in mind, however, that they should endeavor to commit sabotage at such vital places as would seriously retard the production of transportation of war materials:

- Aluminum Company of America, Alcoa, Tennessee
- Aluminum Company of America, Massena, New York
- Aluminum Company of America, East St. Louis, Illinois
- Cryolite Plant (Philadelphia Salt Company, Philadelphia, Pennsylvania)
- Chesapeake and Ohio Railroad (vulnerable spots along right-of-way such as bridges and tunnels)
- Pennsylvania Railroad Depot, Newark, New Jersey
- The Hell Gate Bridge, New York City
- Locks on the Ohio River between Cincinnati and St. Louis
- Horseshoe Curve, Pennsylvania Railroad, Altoona, Pennsylvania
- Miscellaneous placing of bombs in locker rooms of railroad stations and in department stores

Prosecution

After the capture of both groups of saboteurs, the German Government made an effort via Swiss diplomatic channels to have the saboteurs treated as prisoners of war, which meant that they would be imprisoned until the end of the war, under the Hague Convention of 1907. The United States replied that the captured individuals were not soldiers but spies and could be executed without a trial. President Franklin D. Roosevelt ordered that the captured Nazis be tried by a secret military tribunal which would issue its findings without any appeal.

Pursuant to an Executive Order of the President of the United States, the eight saboteurs were tried before a Military Commission composed of seven United States Army Officers appointed by the President. Trial was held in the Department of Justice

Building, Washington, D.C. from July 8, 1942, until August 4, 1942. The saboteurs were prosecuted by the Honorable Francis Biddle, the Attorney General of the United States and by Maj. Gen. Myron C. Cramer, the Judge Advocate General of the War Department. During the trial, a petition of Habeas Corpus seeking trial by jury before a civilian court was denied.

On August 8, 1942, the President as indicted hereinafter confirmed the conviction and sentences of each of the saboteurs:

Edward John Kerling death
 Heinrich Harm Heinck..... death
 Richard Quirin death
 Werner Thiel death
 Hermann Otto Neubauer .. death
 Herbert Hans Haupt death
 Ernest Peter Burger Life Imprisonment
 George John Dasch 30 years imprisonment

All the individuals sentenced to death in the electric chair were executed at noon the next day. The executed men were buried in unmarked graves on a government reservation in Washington, D.C. In 1948, President Truman commuted the prison terms of George John Dasch and Ernest Peter Burger. On April 26, 1948, George Dasch and Ernest Peter Burger were flown to the American sector of occupied Germany and turned over to American military representatives, who freed them him on parole to return to their native land.

There is attached hereto a brief biographic sketch of the German saboteurs.

Re: George John Dasch

George John Dasch was the leader of the group of German saboteurs who landed from a submarine at Amagansett, Long Island, on the morning of June 13, 1942. Dasch was subsequently apprehended by Special Agents of the Federal Bureau of Investigation, tried before a Military Commission in Washington, D.C., and upon his conviction was sentenced to thirty years' imprisonment.

Dasch is a German citizen, having been born on February 7, 1903, in Speyer-on-the-Rhine in Germany. Dasch entered a convent to study for the

priesthood when thirteen years of age and in 1917, at the age of fourteen, enlisted in the German Army, serving in Northern France for eleven months. Dasch illegally entered the United States on October 4, 1922, as a stowaway on an American ship. He returned to Germany in October 1923, in order to legally enter the United States, returning to the United States on the same vessel upon which he sailed to Hamburg. Between 1923 and 1941, Dasch returned to Germany on two short visits.

Dasch enlisted as a private in the US Army and served slightly more than one year, at which time he purchased himself out of the Army and received an honorable discharge.

On September 18, 1930, Dasch married Rose Marie Guille, a native American. While Dasch was in the United States he was engaged in various occupations but for the most part he worked as a waiter in various hotels and restaurants in the New York area. Dasch filed a declaration of intention to become a citizen but never applied for his final citizenship papers.

On March 22, 1941, Dasch left New York City to return to Germany by way of Japan. The expenses of his trip were by paid by the German Consulate in New York City. He arrived in Berlin on May 13, 1941. He was eventually employed by the German Foreign Office as a monitor of foreign-language broadcasts. While serving in this capacity, Lt. Walter Kappe of Abwehr 2 recruited him, and he returned to the United States as a member of a group of German sabotage agents.

Kappe first approached Dasch for this mission in November or December 1941. His employment with the radio listening stations was terminated on February 27, 1942. Dasch entered the sabotage school at Quantz Lake on April 10, 1942.

The files of the Federal Bureau of Investigation fail to indicate any prior criminal record for George John Dasch.

Re: Ernest Peter Burger

Ernest Peter Burger was a member of the group of German saboteurs who were landed by submarine near Amagansett, Long Island, on the early morning

of June 13, 1942. Burger was subsequently taken into custody by Agents of the Federal Bureau of Investigation, tried before a military commission in Washington, D.C., and sentenced to life imprisonment after his conviction.

Burger was born on September 1, 1906, at Augsburg, Bavaria, Germany. He received an elementary and technical education. Upon completing his technical training in 1926, he worked as a machinist for one year. Burger arrived in the United States on February 26, 1927, on an immigrant quota visa. While in this country Burger worked in various machine shops in Milwaukee, Wisconsin, and Detroit, Michigan, and became a naturalized citizen on February 14, 1933, at Milwaukee, Wisconsin.

Burger left the United States on a visit to Germany on July 27, 1929, and returned to this country on October 27, 1929. Burger returned to Germany in the summer of 1933 where he remained until 1942, when he came to this country aboard a German submarine on a sabotage mission.

Burger became a member of the National Socialist Party in Germany in 1923 at Augsburg. There was some indication that his first trip to the United States was as a result of his activities with this political party, which was not then in power in Germany. Upon returning to Germany in 1933, Burger was readmitted to the Party and because of his previous membership, obtained employment with the Party in the political division of the Reichsleitungen, in which position he engaged in propaganda and journalism for internal consumption.

At the time of Hitler's blood purge within the Nazi Party, including the execution of Ernest Roehm, Burger was attached to Roehm's staff. Although Burger escaped the purge, the Gestapo arrested him in March 1940 for his criticism of certain Party politics and activities. He then spent seventeen months in a concentration camp. After Burger's release from the concentration camp, he was drafted into the German Army as a private. He then sought a different assignment and by reason of his friendship with certain old Nazi Party members, became acquainted with Lt. Walter Kappe of Abwehr 2 who subsequently recruited him for service as a saboteur in the United States.

The files of the Federal Bureau of Investigation fail to indicate any prior criminal record for Ernest Peter Burger.

Re: Heinrich Harm Heinck

Heinrich Harm Heinck was a member of the group of German saboteurs who were landed by submarine near Amagansett, Long Island, on the morning of June 13, 1942. Heinck was subsequently taken into custody by Agents of the Federal Bureau of Investigation, tried before a military commission in Washington, D.C., and upon his conviction was executed.

Heinck was born on June 27, 1907, at Hamburg, Germany. Heinck was educated in the public schools in that city and served as machinist's apprentice in the machine shop of the Hamburg-American Lines. He then became employed as machinist's help and oiler on vessels of his employer and after making several trips to the United States, jumped ship at the Port of New York during the summer of 1926. Heinck resided in New York City from 1926 until March 1939, during which time he married his German-born wife.

Heinck obtained employment in various machine shops in the New York area. During 1934 and 1935, he was a member of the German-American Bund and the O.D. (Ordungs Dienst). While a member of the Bund in New York, Heinck became acquainted with Walter Kappe, who at that time was editor of the German-American Bund news publication "*Weckruf*" and "*Beobachter*." Heinck eventually left the Bund when it was ordered that only American citizens could be members of the Bund. At that time, he joined the DAB (German-American Vocational League).

Heinck returned to Germany in March 1939, after an official of the German Labor Front in New York had urged his return. Through this official, the German Consulate in New York arranged for Heinck's return to Germany at a reduced fare.

Upon his arrival in Germany, Heinck obtained a position through the German Labor Front in a branch of the Volkswagenwerk plant in Braunschweig, which is owned by the German Labor Front. During this employment, Heinck met Richard Quirin, who was

employed at this plant and who later returned to the United States with Heinck as a saboteur. During Heinck's employment at this plant, he attempted to join the German Army but was rejected due to his employment as an expert tool and die maker in an essential war industry.

In January 1942, at a meeting of persons in Braunschweig who had formally lived in the United States, Heinck again met Walter Kappe, who was a speaker representing the Ausland Institute. At this meeting, Heinck and Kappe renewed their New York acquaintanceship. A short time thereafter, Heinck and Quirin were recruited by Kappe to return to the United States on a secret mission and after which, they received training at the sabotage school at Brandenburg.

The files of the Federal Bureau of Investigation fail to indicate any prior criminal record for Heinrich Harm Heinck.

Re: Richard Quirin

Richard Quirin was a member of the group of German saboteurs who were landed by submarine on the morning of June 13, 1942, near Amagansett, Long Island. Quirin was subsequently taken into custody by Agents of the Federal Bureau of Investigation, tried before a military commission in Washington, D.C., and upon his conviction was executed.

Quirin was born in Berlin, Germany, on April 26, 1908. He attended public schools in Germany and was thereafter employed as a machinist's help at Hanover, Germany, until 1927, when he immigrated to the United States arriving at the Port of New York on October 17, 1927.

Quirin remained in the United States until 1939, during which time he married a German-born girl and obtained employment at various places as a machinist and during the depression worked at odd jobs. He joined the Friends of New Germany about 1933 and was a member of the O.D. (Ordnungs Dienst) group. He resigned from this organization sometime in 1934 at the direction of the German Consulate. The German Consulate enrolled him at that time as a member of the NSDAP.

In 1939, after learning that the German Government was paying the passage of any mechanics desiring to return to Germany, he contacted the German Consulate in New York City. The German Consulate paid his passage back to Germany, and Quirin departed from the United States in July 1939. Prior to leaving the United States, Quirin purchased Rueckwanderer marks with the money he had saved while he was in the United States.

Upon his arrival in Germany, he was met by a representative of the German Labor Front who questioned him concerning his trade and where he desired to work. He was thereafter assigned to work at the Volkswagenwerk at Braunschweig, Germany. While employed at this plant, Quirin became acquainted with Heinrich Harm Heinck.

In February 1942, Walter Kappe spoke to a meeting of persons living in Braunschweig who had previously resided in the United States. Heinck, thereafter, received a letter asking both him and Quirin to go on a trip to America to engage in some work for the German Government. This they agreed to and so advised Kappe. A short time later, they were instructed to proceed directly to Quentz Lake, Brandenburg, where they met Walter Kappe and other members of the group who went through the sabotage school with them.

The files of the Federal Bureau of Investigation fail to indicate any prior criminal record for Richard Quirin.

Re: Werner Thiel

Werner Thiel was a member of the group of German saboteurs who were landed by submarine near Ponte Vedra Beach, Florida on the early morning of June 17, 1942. Thiel was subsequently taken into custody by Agents of the Federal Bureau of Investigation, tried before a military commission in Washington, D.C., and executed upon his conviction.

Thiel was born on March 29, 1907, at Dortmund, Germany, where he was educated, receiving the equivalent of a high school education. Thiel was employed by German railroads as an apprentice machinist and as a machinist in a bicycle factory.

Thiel arrived in the United States from Germany on April 26, 1927, on a German immigrant quota visa. On April 30, 1927, Thiel filed a declaration of intention to become a citizen but made no further effort in this regard. Thiel remained in the United States until 1941, being employed at various occupations, principally at his trade as a machinist in the state of New York and the Middle West.

Thiel joined the Friends of New Germany in 1933 and continued as a member of this organization and the German-American Bund until 1936. He joined the NSDAP in 1939. Thiel returned to Germany on March 27, 1941, on a German passport, departing from San Francisco, California, on a Japanese liner proceeding to Germany via Japan, Manchuria, and Russia. The German Consulate in New York City financed Thiel's transportation to Germany on this trip.

Upon arrival in Germany, Thiel first visited his home and then sought employment in Berlin where he obtained a position at the Feilers Feinmechanik. In March, 1942, Thiel attended a social gathering of the Ausland group at which time he met Walter Kappe whom he had known in Chicago, Illinois, and also George John Dasch who had returned to Germany in the same group as Thiel. Shortly thereafter, Thiel was recruited by both Kappe and Dasch to return to the United States on a mission for the German Government. The nature of the mission was not explained to Thiel until after he had arrived at the sabotage school at Brandenburg.

The files of the Federal Bureau of Investigation fail to indicate any prior criminal record for Werner Thiel.

Re: Hermann Otto Neubauer

Hermann Otto Neubauer was a member of the group of German saboteurs who were landed by a German submarine on the morning of June 17, 1942 near Ponte Vedra Beach, Florida. Neubauer was subsequently taken into custody by agents of the Federal Bureau of Investigation, tried before a military commission in Washington, D.C., and upon his conviction was executed.

Neubauer was born in Fuhlsbuttl, Hamburg, Germany, on February 6, 1910. He attended public

school in Germany and became an apprentice cook. Thereafter, while serving as a cook on the SS *Hamburg* of the Hamburg-American Lines, he jumped his ship in New York City in July 1931, at which time he obtained employment as a cook on the SS *Leviathan* of the United States Lines. Neubauer, thereafter, entered the United States for permanent residence under an immigrant quota visa on November 23, 1931. Neubauer then remained in the United States working at his occupation as a cook in various hotels and restaurants and occasionally obtaining employment on an oceangoing vessel. Neubauer made a short visit to Germany in 1936. He married a native American on June 10, 1940.

Neubauer was a member of the German-American Bund in Chicago in 1935, but resigned because he was not a citizen of the United States. He thereafter became a member of the NSDAP in Chicago and remained a member of that organization until his return to Germany. In July 1938, Neubauer applied for and purchased one thousand dollars worth of Rueckwanderer marks.

Neubauer was a friend of Edward Kerling and joined with him and several others in purchasing the yacht *Lekala* in September 1939 in order to return to Germany and assist country in its war effort. The US Coast Guard did not permit the departure of this vessel, and the vessel was subsequently sold in the spring of 1940 at Miami, Florida. While Neubauer was in the United States, he applied for his first citizenship papers but thereafter did not make further effort to obtain his final naturalization papers.

Neubauer left New York on July 11, 1940 and returned to Germany via Lisbon, \$50.00 of his passage having been paid by the German Consulate in New York City. The Germany Consulates in Lisbon and Rome paid his passage from Lisbon to Germany. Upon his return to Germany, Neubauer was drafted in the Germany Army in November 1940 and received military training at Magdberg, Germany, until May 1941, when his outfit was sent to Poland. Neubauer was seriously wounded by shrapnel three days after the declaration of war between Germany and Russia. He was hospitalized at Stuttgart, Germany, for six months.

While convalescing at an Army Medical Center near Vienna, Austria, he received a letter from Lt. Walter Kappe of the German Army inquiring if he would be willing to go on a secret assignment to a foreign country where he had once lived. He agreed to accept such an assignment and during the latter part of March, 1942, he was called to his company office and furnished a railroad ticket to Berlin and an address, No. 6 Rankestrasse, where he was to report in civilian clothes. It was not until after he had proceeded to Lt. Kappe's office that he learned the nature of his mission to the United States and learned that his friend, Edward Kerling, was also to go on this mission.

The files of the Federal Bureau of Investigation fail to indicate any prior criminal record for Hermann Otto Neubauer.

Re: Herbert Hans Haupt

Herbert Hans Haupt was a member of the group of German saboteurs who were landed by a German submarine on the morning of June 17, 1942, near Ponte Vedra Beach, Florida.

Haupt was subsequently taken into custody by Agents of the Federal Bureau of Investigation, tried before a military commission in Washington, D.C., and upon his conviction was executed.

Haupt was born on December 21, 1919, at Stettin, Germany. His father, Hans Max Haupt, was a soldier in the German Army during the First World War and came to the United States in 1923. Haupt entered the United States with his mother in March 1925. Herbert Haupt derived American citizenship during the naturalization of his father who became a citizen on January 7, 1930.

Haupt was educated in the public schools of Chicago, Illinois, where his family had settled. He left high school during his third year in 1936 and obtained employment as an apprentice optician. Haupt was a member of the German-American Bund in Chicago.

On June 16, 1941, Haupt, accompanied by two friends, left Chicago for Mexico City. One of his friends was not allowed to enter Mexico, as he was

an alien. Haupt and his second friend, Wolfgang Wergin, after their arrival at Mexico City, went to the German Consulate where arrangements were made for Haupt and Wergin to return to Germany via Japan. The German Consulate furnished the expenses of this transportation and a German passport. The voyage to Japan was made in company with other Germans leaving Mexico. A short time after their arrival in Japan they went aboard a freighter, which, after evading the British blockade, arrived at Bordeaux, France.

Haupt thereafter visited relatives in Germany. He was unable to obtain employment and was eventually recruited by Lt. Walter Kappe to return to the United States on a secret mission on behalf of the German Government. He was then sent to the sabotage school at Quantz Lake where he first learned the nature of the mission he was to engage in. Wolfgang Wergin also arrived in Germany with Haupt. He obtained employment in Germany and is believed to be in that country at the present time.

The files of the Federal Bureau of Investigation fail to indicate any prior criminal record for Herbert Hans Haupt.

Re: Edward John Kerling

Edward John Kerling was the leader of a group of German saboteurs who landed on the coast of Florida near Jacksonville from a German submarine on June 17, 1942. Kerling was born in Wiesbaden, Germany, on June 12, 1909. He entered the United States on March 5, 1929, under an immigrant quota visa and remained in the United States until 1940. He returned to Germany on two short visits in 1933 and 1936. He returned to Germany on two short visits in 1933 and 1936. During this period Kerling married his German-born wife and worked at various fields of employment, most of the time being spent working as a chauffeur and a domestic. Kerling was an active member of the German-American Bund and was also a member of the National Socialist Party, and he made no effort to become an American citizen.

In September, 1939, after the outbreak of the war, Kerling, with a number of his friends who were active in the Bund, purchased the yacht *Lekala* aboard which they intended to return to Germany to assist Germany

in the war. This yacht excited the suspicion of the US Coast Guard, and it was stopped on two occasions. The yacht was finally sailed to Miami, Florida, where it was disposed of in the spring of 1940.

Kerling returned to Germany in June 1940, by way of Lisbon, Portugal. The German Government paid a portion of his fare to Germany. In August 1940, he obtained a position as a civilian employee of the German Army to monitor English radio broadcasts and translate the programs into German. After three months at this work, he obtained a position with the Propaganda Ministry in Berlin. In April 1942, Kerling was interviewed by Lt. Walter Kappe who inquired as to his experiences in the United States and whether he would be willing to return to the United States on a secret mission. Kerling agreed to return to the United States, although he was not informed of the nature of this mission until just before he entered sabotage school at Quentz Lake.

The files of the Federal Bureau of Investigation fail to indicate any prior criminal record for Edward John Kerling.

Plan Bodyguard

Overall Deception Policy for the War Against Germany—Intentions of This Paper

1. The intention of this paper is to formulate an overall deception policy for the war against Germany in accordance with CCS 426/1 of 6 December 1943, paragraph 9(e).

Object

2. To induce the enemy to make faulty strategic dispositions in relation to operations by the United Nations against Germany agreed upon at EUREKA.

Present Situation

3. The German General Staff will this winter be considering the strategic disposition of their forces to meet offensive operations by the United Nations in 1944. Though they will be forced to maintain the bulk of their forces on the Russian front, they already suspect that large-scale Anglo-American operations will be undertaken in Western Europe sometime in 1944. It is, however, doubtful whether they have at

present sufficient information regarding the timing and scope of this threat to justify any immediate changes in their strategic dispositions.

4. At a later stage, however, preparations for “OVERLORD” and to a lesser degree for “ANVIL” will be on such a scale and of such a type that the enemy cannot fail to appreciate our intention to carry out a cross-channel operation and an amphibious operation in the Western Mediterranean.

Deception Problem

5. The problem to be solved is twofold-

a. Overall Problem

We must persuade the enemy to dispose his forces in areas where they can cause the least interference with operations “OVERLORD” and “ANVIL” and with operations on the Russian Front.

b. Tactical Problem

As soon as our preparations for “OVERLORD” and “ANVIL” clearly indicate to the enemy our intention to undertake a cross-channel operation and an amphibious operation in the Western Mediterranean, Theatre Commanders concerned must implement their tactical cover plans to deceive the enemy as to the strength, objective and timing of “OVERLORD” and “ANVIL.”

Choice of Areas in Which to Contain Enemy Forces

6. In View of SEXTENT decisions our overall deception policy should be to contain enemy forces in areas where they will interfere as little as possible with operations on the Russian Front and with “OVERLORD” and “ANVIL.” Such areas are-

a. Northern Italy and Southern Germany

It should be possible by means of real operations and feints to contain a number of first quality divisions in this area.

“POINTBLANK” operations from Italy should also help to contain enemy fighter forces.

b. South East Europe

The JIC appreciate that the enemy will do his utmost to hold South East Europe, though limited withdrawals from the islands and Southern Greece

might be undertaken. Provided that we can persuade the enemy to believe that considerable forces and landing craft are being concentrated in the Eastern Mediterranean it should be possible to contain enemy forces in the Balkans. Our chances of success would be increased if Turkey joined the Allies, but even if she refused we might still induce the enemy to fear the results of our continued infiltration. The deception plan would be assisted to a marked degree if the Russian General Staff staged an amphibious threat to the Bulgarian-Roumanian coasts across the Black Sea.

c. Scandinavia

A threatened attack against Scandinavia should also help to contain some first-quality divisions and limited naval air forces. Such a deception plan would be assisted if the Germans were induced to believe that Sweden was prepared to co-operate with the Allies and if the Russians mounted a threat against enemy occupied territory in the Arctic.

Allied Preparation for “OVERLORD” and “ANVIL”

7. a. “OVERLORD”

It will be impossible wholly to conceal the gradual build up of Allied forces and other preparations in the United Kingdom during the next few months. In addition the enemy will appreciate that considerable American forces in the USA are available for transfer to Europe.

In these circumstances our best chance of deceiving the enemy would be to indicate that Anglo-American strategy is dictated by caution and that we have no intention of undertaking the invasion of the Continent until we had assembled an overwhelming force and the necessary landing craft; these would not be available until the late Summer. To support this story we must try to indicate that the assault and follow-up forces at present available in the United Kingdom are less than they in fact are, and that during the next few months we could only re-enter the Continent against little or no opposition.

b. “ANVIL”

Preparations and the build up for “ANVIL” should not be so apparent in the early stages, therefore the tactical cover plan eventually put into operation by

Allied Commander-in-Chief, Mediterranean Theatre, should suffice to cover this assault.

In the Mediterranean theatre the enemy has in the past been induced to overestimate Allied forces by 20 to 30 per cent. It would be an advantage if such exaggeration could be maintained especially in the Eastern Mediterranean.

Russian Front

8. The Russian offensive will presumably be continued during the next few months but it would be of assistance to our plans if we could lead the enemy to believe that the Russian main Summer offensive would not start before the end of June.

It would be plausible that this operations should thus precede “OVERLORD” and “ANVIL” thereby rendering the maximum assistance to these far more hazardous seaborne assaults.

Factors Against the Achievement of the Object

9. a. Preparations for “OVERLORD” during the next few months and any announcements of the appointment of prominent commanders in the United Kingdom will indicate to the enemy that our main strategy is switching from the Mediterranean to North Western Europe.

b. Statements both in the press and on the radio and the platform may continue to emphasize the likelihood of operations in 1944 from the United Kingdom against North Western Europe.

c. “POINTBLANK” operations from the United Kingdom will compel the enemy to keep strong GAF fighter forces in North Western Europe.

Factors for the Achievement of the Object

10. a. Germany’s armed forces are dangerously stretched by current operations and provided we can induce her to retain surplus forces in Scandinavia, Italy and the Balkans, she will find it difficult simultaneously to provide adequate forces for Russia, France and the Low Countries.

b. Germany’s defensive commitments are likely to be increased since-

i. The political and economic situation in Germany and occupied countries is deteriorating and may necessitate the maintenance of strong garrison forces in these areas.

ii. The attitude of neutrals and satellites may move further in favour of the Allies and compel Germany to dispose reserves to meet unfavourable developments.

c. The assembly of the Rosyth force in NE Scotland will reinforce the threat to Scandinavia.

Overall Deception Policy

11. The following Overall Deception Policy is based upon the considerations outlined above.

12. Allied Intentions

We should induce the enemy to believe that the following is the Allied plan for 1944.

a. "POINTBLANK" operations were seriously affecting the enemy's war potential and, if continued and increased, might well bring about his total collapse. Consequently, reinforcement of the United Kingdom and the Mediterranean by long-range American bombers has been given such a high priority that the ground forces build-up in the United Kingdom has been delayed.

b. The Allies must be prepared to take advantage of any serious German weakening or withdrawal in Western Europe and preparations to this end must be put in hand forthwith.

c. To concert in Spring an attack on Northern Norway with Russia with the immediate object of opening up a supply route to Sweden. Thereafter to enlist the active co-operation of Sweden for the establishment of air bases in Southern Sweden to supplement "POINTBLANK" with fighter bomber operations and to cover an amphibious assault on Denmark from the United Kingdom in the summer.

d. Since no large-scale cross-channel operation would be possible till late summer, the main Allied effort in the Spring of 1944 should be against the Balkans, by means of-

i. An Anglo-American assault against the Dalmatian coast.

ii. A British assault against Greece.

iii. A Russian amphibious operations against the Bulgarian-Roumanian coast.

iv. In addition Turkey will be invited to join the Allies to provide operation facilities including aerodromes to cover operations against the Aegean Islands as a prerequisite to the invasion of Greece. Her refusal would not materially modify the Allied intentions.

v. Pressure against the satellites to induce them to abandon Germany.

e. Anglo-American operations in Italy would be continued, and in order to hasten their progress, amphibious operations against the north-west and north-east coast of Italy would be carried out. Provided these were successful, 15 Army Group would later advance eastward through Istria in support of the operations mentioned in d. above.

Note: The operations in c. d. and e. above would enable us to employ our amphibious forces and retain the initiative until preparations for the final assault in the late summer were completed.

f. Though Russian operations would presumably be continued this winter it would not be possible for them to launch their summer offensive before the end of June.

g. In view of the formidable character of German coastal defenses and the present enemy strength in France and the Low Countries, possibly as many as twelve Anglo-American Divisions afloat in the initial assault and a total force of about fifty divisions would be required for a cross-channel assault. This operation would not be launched until the late summer (i.e. after the opening of the Russian summer offensive).

13. Allied strength and dispositions

We should induce the enemy to believe the following information regarding Allied strength and dispositions-

a. United Kingdom

i. Shortage of manpower has obliged the British Army in the United Kingdom to resort to cannibalization, while several of their formations are on a lower establishment, or still lack their administrative and supply units. The number of Anglo-American Divisions in the United Kingdom available for offensive operations is less than is, in fact, the case. Some United States Divisions arriving in the United Kingdom have not yet completed their training.

ii. Personnel of certain Anglo-American Divisions in the Mediterranean with long service overseas are being relieved by fresh divisions from the USA. British troops will, on relief, return to the United Kingdom where they will re-form and be utilized for training inexperienced formations.

iii. Invasion craft remains the principal bottleneck due to operations in the Pacific and the full number required for the initial assault cannot be made available from home production and the USA before summer.

b. Mediterranean

i. Anglo-American forces in the Mediterranean, especially in the Eastern Mediterranean, are greater than is, in fact, the case.

ii. French forces are taking over responsibility for the defense of North Africa, thus leaving Anglo-American forces free for offensive operations elsewhere in the Spring of 1944.

iii. Certain British Divisions and landing craft are being transferred from India to the Middle East.

iv. Fresh Divisions from the United States of America are expected to arrive in the Mediterranean.

Tactical Cover Plans

14. a. The United Kingdom

When the enemy realizes that cross-channel operations are imminent, the story indicating that no cross-channel attack will occur until late summer, will tend to lose plausibility. At this juncture the tactical cover plan prepared by Supreme Commander, Allied Expeditionary Force will come into force with a view to deceiving the enemy as to the timing, direction and weight of "OVERLORD."

b. Mediterranean

In due course the enemy will probably appreciate, especially from air reconnaissance, that an amphibious operation is being mounted in North African ports and Western Mediterranean Islands. At this stage, a tactical cover plan prepared by Allied Commander-in-Chief, Mediterranean Theatre will come into force with a view to deceiving the enemy as regards the timing, direction and weight of "Anvil."

Timing

15. The selection of a D day of all cover and deception plans mentioned above is a question to be decided by Supreme Commander, Allied Expeditionary Force. In this connection, it is recommended that the dates chosen should, in each case, be later than "OVERLORD" or "ANVIL D days, with a view to delaying the dispatch of enemy reinforcements for as long as possible.

The Supreme Commander, Allied Expeditionary Force after consultations with Commander-in-Chief, Mediterranean Theatre and the Controlling Officer will decide the tempo of the "OVERLORD" and "ANVIL" tactical cover plans.

Means of Implementation

16. a. Physical Means

Implementation by means of movements of forces, camouflage devices, W/T deception and other activities will be carried out in accordance with detailed plans prepared by Supreme Commander, Allied Expeditionary Force and Allied Commander-in-Chief, Mediterranean Theatre.

b. Diplomatic Means

Genuine diplomatic approaches will be required to lead the enemy to believe that we intend persuading Sweden to join the Allies and assist us in operations in Scandinavia.

Even if Turkey refuses to join the Allies in the near future, the enemy should be led to believe that our continued infiltration may give the Allies important opportunities in connection with a Balkan campaign.

c. Special Means

Implementation by means of leakage and rumors in support of plans prepared by Theatre Commanders will be co-ordinated by the London Controlling Section.

d. Political Warfare

The Political Warfare plan while not departing from its main purpose, should conform to the above general policy.

e. Security

Plan "BODYGUARD" cannot succeed unless the strictest security precautions are taken to conceal the true name of "OVERLORD" and "ANVIL" preparations.

The GARBO Operation

To support "Plan Bodyguard" the British used a double-agent operation, codenamed GARBO. GARBO was Juan Piyol Garcia who convinced German intelligence that he could provide them with information on the United Kingdom. He told the Abwehr that he was on his way to London to check on a currency racket there for the Spanish security services. German intelligence bought his story and recruited him. They gave Piyol secret ink to communicate with them via an accommodation address in Madrid. In reality, Piyol did not go to London but traveled as far as Lisbon where he began to send his reports to the Germans. He had no access to any information but created much of his

information from his incredible imagination and old maps and timetables from England. For ten months, between July 1941 and April 1942, he authored 40 long reports for German intelligence.

Piyol had offered his services to British intelligence in Madrid in January 1941 but was turned aside. It was not until Bletchley Park began deciphering the Enigma messages between Abwehr Headquarters in Berlin and its station in Madrid in 1942 that British intelligence decided to locate a "new German spy" in the United Kingdom that was providing outlandish British military information to the Germans. An investigation determined that this German agent was not operating in Great Britain but British intelligence could not provide any additional information as to his identity or location.

Through a fortunate set of circumstances, the British were able to learned of Piyol's existence. MI5 learned about Piyol from its Lisbon representative who was visiting London at the time. MI5 informed MI6 about Piyol. MI6 was able to arrange contact with Piyol through the US Naval Attaché in Lisbon. After contact was made, MI6 recruited Piyol and brought him to London in April 1942. He was given the codename GARBO.

This is the story of GARBO and his network of agents, which helped set the stage for the success of the Normandy Invasion on D-day.

On 24 April 1942, GARBO reached England from Spain and began work for British intelligence under the guidance of his case officer, who was bilingual in Spanish and English, and in peacetime specialized in the collection and sale of works of art. It was to prove one of those rare partnerships between two exceptional gifted men whose inventive genius inspired and complemented one another.

GARBO was a man of phenomenal industry. For the first year of his stay in England he communicated with his control in Madrid entirely by letter; messages in secret ink with covering letters written over them, notionally carried to Portugal by the employee of an airline running a regular service between London and Lisbon (the COURIER), who posted them to Abwehr accommodation addresses in Lisbon and collected the

replies from a safe deposit box in a Lisbon bank. In fact, delivery and collection was arranged by MI6. GARBO wrote altogether 315 such letters, their length averaging 2,000 words, as well as the equally garrulous covering letters that concealed them. After March 1943 he was able to supplement these by radio messages, notionally transmitted by a radio “ham” of leftwing sympathies who had built his own set and who believed that the ciphered messages he transmitted were the communications of a group of leftwing Spanish exiles with their comrades at home. A total of 1,200 messages were passed over this channel before the end of the war.

GARBO began to operate before there was a coherent deception policy for him to implement; so, for lack of anything better to do, as his case officer put it, “we tried to report in as much confusing bulk as possible and, in the absence of another objective, to increase our network of notional agents.” The “confusing bulk” was highly effective in that the Madrid Stelle of the Abwehr became so glutted with information that it made no further attempt to infiltrate agents into the United Kingdom. It became entirely dependent on GARBO, regarding him as a sensitive quarrelsome genius of priceless value who had at all cost to be humored and satisfied. By the end, GARBO and his British case officer were able to treat his German case officer as a temperamental mistress might treat an elderly and besotted lover, no assertion that GARBO made would be questioned, no demand went unmet.

By 1944, GARBO and his British case officer had between them built up a notional network of some 27 agents. In the first place there were five immediate contacts, labeled J1 to J5. J1 was the courier who carried the letters to Lisbon. He was himself involved in a smuggling racket and believed that GARBO was also. J2 was a Royal Air Force (RAF) officer employed at Fighter Command Headquarters, a casual acquaintance who unwittingly occasionally let slip important information. J3 was a most useful friend, an official in the Spanish section of the Ministry of Information, where he occasionally saw interesting policy documents. J4 was another official he met at the Ministry, a man of extreme leftwing views who worked in the censorship department. J5 was a girl secretary in the “Ministry of War” (sic)

who was a little in love with GARBO and who could be relied upon for the occasional silly indiscretion.

Then there were the agents themselves. The first two had been notionally recruited even before GARBO actually arrived in England, while he was writing his hilariously inaccurate letters from Lisbon. Agent 1 was a Portuguese commercial traveler named Carvalho, based at Newport, Monmouthshire; well placed to observe traffic in the Bristol Channel and, as it turned out, to make contact with dissident Nationalist elements in south Wales. Agent 2 was a German-Swiss businessman named Gerbers, domiciled in Bootle, who reported on traffic in the Mersey. Tragically, it became necessary for Gerbers to die of cancer during the autumn of 1942 before he could observe the assembly, in the Mersey estuary, of the convoys for TORCH (the invasion of North Africa by the allied forces). But, his unfortunate widow proved willing to carry on the activities of her deceased husband. She was recruited as Agent 2(1) (though usually referred to simply as “the Widow”) and became virtually GARBO’s personal assistant.

Agent 3 was a Venezuelan based in Glasgow, who observed traffic on the Clyde. A man of enthusiasm and efficiency, he became second in command of the network and took it over after GARBO had been notionally “blown” in 1944. He had three subagents of his own; an NCO in the RAF (3(1)); a talkative lieutenant in the notional 49th Infantry Division (3(2)); and a useful Greek sailor who operated on the east coast of Scotland (3(3)). The first two were unconscious agents, the last a Communist who believed that he was working for the Soviet Union. This network received from the Germans the codename BENEDICT.

Agent 4 was a Gibraltese, “Fred,” who originally worked as a waiter in Soho, where he put GARBO in touch with the radio operator already referred to. He was then directed by the Ministry of Labour, first to employment in a subterranean munitions depot in the Chislehurst caves, about which GARBO and his British case officer wove a rich fantasy for the benefit of the Abwehr; then to work in military canteens, where he picked up much useful information; and finally to one of the sealed military camps in the region of Southampton where he was able to observe the

final concentrations for OVERLORD. Strict security precautions prevented him from leaving his camp to report on these in detail until he broke out, as will be recalled, on the very eve of the operation with the news which GARBO transmitted to his control in Madrid; just too late to be of any value.

In addition to the Radio Operator (Agent 4(1)), "Fred" recruited a guard in the Chislehurst caves (4(2)) and, much more usefully, an American sergeant who worked in London for the US Service of Supply (4(3)). This man was a particularly valuable source. Not only was he well informed about the movements and constitution of the 1st US Army Group, but he was the son of a senior American officer on Eisenhower's staff who was ferociously anti-British and passed on to his son all the gossip about high-level disagreements that came his way. The Patton deception owed much to the information he so indiscreetly communicated.

Agent 5 was the brother of the Venezuelan, Agent 3, and was eventually dispatched to Canada to observe matters there. He had a colleague, an American commercial traveler (5(1)) who filled in with information about the United States. Agent 6 was an anti-British South African whose linguistic skills gained him employment with the War Office. He was posted to North Africa, where he collected much high-level and accurate information but since he could transmit it only by letter to GARBO, who then had to forward it to Lisbon, by the time it reached the Germans it was very out of date. He died, unfortunately, in an air crash in July 1943.

Finally there was a group of eight agents of whom the leader "Stanley" (7), was an anti-British Welsh nationalist, a seaman operating in Swansea. His network, known to the Germans as DAGOBERT, was recruited largely from Welsh dissidents like himself. It contained two rather curious characters: an Indian poet known as "Rags," who although he was recruited in Swansea lived in Brighton, where he was well placed to observe troop movements, and his mistress, Theresa Jardine, in the Women's Royal Naval Service. A little later this lady was posted to Ceylon and passed under the control of "D" Division in the Far East. (*Comment: The reader should bear in mind that none of these people actually existed.*)

By the summer of 1943, the existence of these networks was well established, and COCKADE (Diversionary operations in 1943 to pin down German Forces in the West) gave GARBO and his British case officer valuable practice in using them. A procedure was established by the London Controlling Section, which was to become the regular pattern by the time of OVERLORD. The cover story was broken down into a number of serials. Each serial contained a story to be passed to the enemy, the date by which it had to be in his possession, and the factual evidence for it. The evidence was then compared and collated with the observing capacity of the GARBO network, and appropriate messages were devised for the agents which, after clearance with the Service authorities (at first through the Twenty Committee but increasingly direct) were then passed on to Madrid in GARBO's inimitably florid style. From Madrid, as SIGINT revealed, these were sent directly to Berlin, where they made an excellent impression. After STARKEY (a notional attack by 14 British and Canadian divisions to establish a bridgehead on either side of Boulogne between 8 and 14 September) had passed its climax on 8 September 1943, his Abwehr case officer wrote enthusiastically to GARBO on 18 September: "Your activity and that of your informants gave us a perfect idea of what is taking place over there; these reports, as you can imagine, have an incalculable value and for this reason I beg of you to proceed with the greatest care so as not to endanger in these momentous times either yourself or your organization."

Four months later, in early January, his Abwehr case officer warned GARBO once more to prepare for action. German intelligence, he informed him on 5 January 1944, had learned that preparations were far advanced for a major operation based on the United States, which might materialize at a very early date. GARBO was therefore to find out everything he could about Allied military intentions, the dates of forthcoming operations, and the locations and strength of all land, sea, air, and amphibious forces that might be employed. This, he was told, included possible operations against Norway and Denmark, as well as those against the Channel coast.

To tackle this new assignment, GARBO redeployed his agents. Fortitude North was covered basically by the Venezuelan (3) in Glasgow and by the Greek sailor (3(3)) on the Scottish east coast. "Fred" from Gibraltar had, as we have seen, insulated himself into the heart of the Allied concentration around Southampton, while the DAGOBERT network covered the rest of the south coast, with agents in Harwich, Dover, Brighton, and the west country and south Wales. GARBO's informants in Whitehall had only to keep their eyes and ears open, and he himself picked up a lot of useful news and one or two documents in his capacity as part-time employee in the Ministry of Information. The agents sent their messages to him in secret ink, but GARBO now communicated with Madrid very largely by radio, sending an average of five or six messages a day. The information in GARBO's reports now found its way into the daily situation reports of Fremde Heere West (Army High Command Foreign Armies West); in particular, the Order of Battle projected by him and by BRUTUS (a Polish Air Force officer recruited by the Germans and sent to England via the French resistance in 1942, but who turned himself over to the British and was doubled back at the Germans—now established at First United States Army Group (FUSAG) HQS was accepted without question. All was carefully coordinated directly with Ops B at Supreme Headquarters Allied Expeditionary Force (SHAEF), and a great deal of accurate information was included about the 21st Army Group. When the formations specified by GARBO as belonging to this Army Group were identified in Normandy, it made his further information about FUSAG all the more credible.

As part of the deception plan, GARBO was given permission to warn the Germans of the attack at Normandy. He did so at 3:00 A.M. on 6 June. The message to his controller in Madrid was timed to arrive too late to be of any value to the Germans. GARBO waited for a response, which never came. He again sent a second message at 6:08 A.M. Again in the evening he sent a third message, this time bitterly complaining of the German failure to respond to him. After his fourth message the next day, his controller finally responded, adding that the work GARBO did over the "past few weeks has made it possible for our command to be completely

forewarned and prepared, and the message of Four would have influenced but little had it arrived three or four hours earlier." Undeterred by this setback, GARBO summoned a meeting of all available agents, as a result of which he transmitted a long report, on the night of 8 June about the existing Allied dispositions.

"From the reports mentioned it is perfectly clear that the present attack is a large-scale operation but diversionary in character for the purpose of establishing a strong bridgehead in order to draw the maximum of our reserves to the area of operations to retain them there so as to be able to strike a blow somewhere else with ensured success...the fact that these concentrations which are in the east and southeast of the island are now inactive means that they must be held in reserve to be employed in the other large-scale operations. The constant aerial bombardment which the area of the Pas de Calais has suffered and the strategic disposition of these forces give reason to suspect an attack in that region of France which at the same time offers the shortest route for the final objective of their illusions, which is to say, Berlin...I learned yesterday that here were 75 divisions in this country before the present assault commenced. Suppose they would use a maximum of 20-25 divisions they would be left with some 50 divisions with which to attempt a second blow."

All this his Abwehr case officer acknowledged gratefully on 10 June. "With reference to your extensive information of the 8th on the concentrations still existing in the southeast of the Island, I am interested in the transmission with the maximum urgency of as much news as you can obtain of the embarkation and destination of these forces." At the same time Bletchley Park decrypted the congratulatory messages to GARBO's German case officer from Berlin. "In the name of Fremde Heere West, stated one on 9 June, "I express appreciation of previous work in the last week from CATO (GARBO's German codename) have been confirmed almost without exception and are to be described as especially valuable."

The Germans now began to press GARBO embarrassingly closely for information about the fall of V rockets on London. To deter them from this

undesirable practice, British intelligence arranged to have GARBO notionally arrested on 3 July while he was making indiscreet inquiries about V-bomb damage in Bethnal Green. Nothing could be proved against him, and he was eventually released with an official apology, which was duly transmitted to Madrid. When his Abwehr case officer congratulated GARBO on his release, he informed him also that the Fuhrer had been graciously pleased to bestow on him the order of the Iron Cross Class II. But the lesson had been learned. GARBO was asked no further questions about V-weapons, and he continued to put across prolific information about the reconstruction of FUSAG. This elicited from his Abwehr case officer the further message on 21 August: "Headquarters entrust me with the mission which I fulfill with the greatest satisfaction of again expressing to you our special recognition for the results achieved by you and your organization. They also made reference in this connection to the information which you have supplied to us since the invasion of France—news which has been of the greatest value to them...."

By the end of August, MI5 had begun to fear that GARBO's cover could not be preserved for very much longer. The growing number of Abwehr defectors in neutral countries must, MI5 thought, lead the Germans to assume that the Allies would by now have been informed of the existence of this network operating so effectively in their midst, and it would look very odd if it continued to operate undisturbed. In the middle of August, a Spanish informant did in fact tell MI6 about GARBO, and this was taken as the excuse for sending GARBO into notional retirement. GARBO informed his Abwehr case officer on 12 September that he had been warned of his betrayal by friends in Spain and was going to ground. The network would henceforth be operated by his Venezuelan Lieutenant GARBO himself would still mastermind operations from a cottage in Wales, but the British would be led to believe, by a forlorn and distraught Mrs. GARBO, that he had returned to Spain.

It was a neat solution. GARBO's deputy could not be blown, since his name had never been revealed to the Germans. An even more important guarantee of his security was that he did not exist. Communi-

cations ceased to be written in GARBO's inimitably baroque style, but they still continued, now, conducted directly by MI5. For the last six months of the war, therefore, the British security services were in direct radio communication with German intelligence, keeping it supplied with a stream of misinformation to which the latter attached the highest degree of credibility.

The Abwehr paid good money for their information. GARBO's notional expenses, partly to an address in Lisbon where the money was notionally collected by "the Courier," in fact picked up by MI6, and partly by a transfer of funds effected through a nominee of GARBO in Spain who held a sterling balance in London.

Igor Sergeevich Guzenko

Igor Sergeevich Guzenko, born 13 January 1919 at Rogachevo, Moscow Oblast, USSR, was a Soviet Army Lt. and cipher clerk in the military attaché's office in Ottawa, Canada. He defected to the Canadians in September 1945. His defection was one of the first in the immediate post World War II period and provided Western intelligence services with an insight into the extent of Soviet espionage in the West during and after the war.

Guzenko grew up in Rostov-on-Don. He was a member of the Komsomol. In 1937 he studied art in Moscow and taught at a school for illiterates to earn money for tuition. Later, he attended the Moscow Architectural Institute, and, at the outbreak of World War II, he entered the Kuybyshev Military Engineering Academy in Moscow. Subsequently, he received special training in ciphers at the higher Red Army Academy in Moscow and became a GRU cipher clerk. In April 1942, he was assigned to GRU Headquarters. Then in June 1943, under cover of translator and secretary, he was posted as a cipher clerk to the office of the Soviet military attaché in Ottawa, Canada.

As a cipher clerk and GRU officer, Guzenko was privy to many of the GRU espionage operations in Canada, USA, and UK. He was familiar with GRU activities directed against US and Canadian atomic

projects and military production and the GRU staff officers and their Canadian agents engaged in these activities.

In late August 1945 Guzenko inadvertently misplaced two rough draft copies of dispatches, which were found by a charwoman and handed in by her to the ambassador's office. Guzenko eventually learned that he was to be returned to Moscow for disciplinary action. He therefore decided to break with the Soviets.

On the night of 4 September 1945, Guzenko abstracted a number of GRU operational messages, along with other miscellaneous notes concerning espionage data and three dossiers of agents residing in Canada whose activities were directed by the Soviet military attaché. On 6 September 1945, Guzenko attempted to obtain an audience with the Canadian Minister of Justice to explain his position and furnish him the information in his possession.

Guzenko was referred to the Royal Canadian Mounted Police (RCMP). He was unsuccessful in getting anyone to listen to his story on that day and returned to his apartment. As he neared his apartment, he observed a Soviet security man from the embassy loitering in the neighborhood. That evening there was knock on his door, which he did not answer. When this person departed, Guzenko took his wife and son to a neighbor's apartment and notified the local police. When the police arrived, they found that Guzenko's door had been broken open and four Soviet Embassy employees were inside hiding behind the furniture. These individuals were ejected, and Guzenko and his family went to the RCMP on the morning of 7 September 1945.

In the course of subsequent interrogations, he gave a vast amount of information, supported by documents, which revealed the existence of a Red Army network in Canada. A Royal Commission, which was set up in February 1946 to examine this information, considered him to be a most reliable and informative witness. As a result of his defection, twenty persons, one of them a Canadian Member of Parliament, and many of them holding importance positions in the Canadian Government, were tried for supplying information to a foreign power, and at least

one Russian espionage network was entirely broken up.

The Canadian network described by Guzenko was directed by the Intelligence Department of the Red Army. Its head in Canada was Col. Zabolin, the Soviet Military Attaché. Its agents were selected for their access to significant intelligence. A principal assignment given was information on the atomic bomb. His targets generally were military in nature, and concerned US, and even Brazilian, formations and dispositions.

Most of the agents Guzenko uncovered were employed in the Canadian Government; all were persons of intelligence and education. They were recruited through Canadian Communist Party contacts.

The Postwar Expansion of FBI Domestic Intelligence

In February 1946, Assistant Director Ladd of the FBI Intelligence Division recommended reconsideration of previous restrictive policies and the institution of a broader program aimed at the Communist Party. Ladd advised Director Hoover:

“The Soviet Union is obviously endeavoring to extend its power and influence in every direction and the history of the Communist movement in this country clearly shows that the Communist Party, USA has consistently acted as the instrumentality in support of the foreign policy of the USSR.

The Communist Party has succeeded in gaining control of, or extensively infiltrating a large number of trade unions, many of which operate in industries vital to the national defense....

In the event of a conflict with the Soviet Union, it would not be sufficient to disrupt the normal operations of the Communist Party by apprehending only its leaders or more important figures. Any members of the Party occupied in any industry would be in a position to hamper the efforts of the United

States by individual action and undoubtedly the great majority of them would do so....

It is also pointed out that the Russian Government has sent and is sending to this country a number of individuals without proper credentials or travel documents and that in the event of a breach of diplomatic relations there would undoubtedly be a considerable number of these people in the United States.”

Therefore, Ladd recommended “re-establishing the original policy of investigating all known members of the Communist Party” and reinstating “the policy of preparing security index cards on all members of the Party.”

He observed that “the greatest difficulty” with apprehending all Communists if war broke out was “the necessity of finding legal authorization.” While enemy aliens could be interned, the only statutes available for the arrest of citizens were the Smith Act, the rebellion and insurrection statutes, and the seditious conspiracy law. These laws were inadequate because “it might be extremely difficult to prove that members of the Party knew the purpose of the Party to overthrow the Government by force and violence” under the Smith Act and “some overt act would be necessary” before the other statutes could be invoked. Hence, he proposed advising the Attorney General plans and the need for “a study as to the action which could be taken in the event of an emergency.”¹¹⁶

Consequently, Director Hoover informed Attorney General Tom C. Clark that the FBI had “found it necessary to intensify its investigation of Communist Party activities and Soviet espionage cases.” The FBI was also “taking steps to list all members of the Communist Party and others who would be dangerous in the event of a break in diplomatic relations with the Soviet Union, or other serious crisis, involving the United States and the USSR” The FBI Director added that it might be necessary in a crisis “to immediately detain a large number of American citizens.” He suggested that a study be made “to determine what legislation is available or should be sought to authorize effective action...in the event of a serious emergency.”¹¹⁷

Assistant Director Ladd proposed another FBI program, which was not called to the Attorney Gen.’s attention. He told the Director, “Apart from the legal problems involved, another difficulty of considerable proportions which would probably be encountered in the event of extensive arrests of Communists would be a flood of propaganda from Leftist and so-called Liberal sources.” To counteract this possibility, he made the following recommendations:

It is believed that an effort should be made now to prepare educational material that can be released through available channels so that in the event of an emergency we will have an informed public opinion.

To a large extent the power and influence of the Communist Party in this country, which is out of all proportion to the actual size of the Party, derives from the support which the Party receives from “Liberal” sources and from its connections in the labor unions. The Party earns its support by championing individual causes, which are also sponsored by the Liberal elements. It is believed, however, that, in truth, Communism is the most reactionary, intolerant and bigoted force in existence and that it would be possible to assemble educational materials which would incontrovertibly establish the truth.

Therefore, material could be assembled for dissemination to show that Communists would abolish or subjugate labor unions and churches if they came to power. Such material would undermine Communist influence in unions and support for the Party from “persons prominent in religious circles.” Additional material could be assembled “indicating the basically Russian nature of the Communist party in this country.” Ladd proposed a two-day training conference for “Communist supervisors” from eighteen or twenty key field offices so that they might have “a complete understanding...of the Bureau’s policies and desires....” These recommendations were approved by the FBI Executive Conference.¹¹⁸

The Federal Loyalty-Security Program

In 1947, President Truman established by executive order a Federal Employee Loyalty Program.¹¹⁹ Its basic features were retained in the Federal Employee Security Program authorized by President Eisenhower in Executive Order 10450, which is still in effect with some modifications today.¹²⁰ The program originated out of serious and well-founded concern that Soviet intelligence was using the Communist Party as an effective vehicle for the recruitment of espionage agents; however, from the outset, it swept far beyond this counterespionage purpose to satisfy more speculative preventive intelligence objectives. The program was designed as much to protect the government from the “subversive” ideas of federal employees, as it was to detect potential espionage agents.

A Temporary Commission on Employee Loyalty developed the basic outlines of the employee security program in 1946-1947. Its understanding of the problem was shaped largely by the report of a Canadian Royal Commission in June 1946. The Royal Commission had investigated an extensive Soviet espionage operation in Canada, which was disclosed by a defector from the Soviet Embassy. Its report described how employees of the Canadian Government had communicated secret information to Soviet intelligence. The report concluded that “membership in Communist organizations or sympathy towards Communist ideologies was the primary force that caused these agents: to work for Soviet intelligence. It explained that “secret members or adherents of the Communist Party,” who were attracted to Communism by its propaganda for social reform, had been developed into espionage agents. The Royal Commission recommended additional security measures “to prevent the infiltration into positions of trust under the Government of persons likely to commit” such acts of espionage.¹²¹ The impact of the report in the United States was that “questions of thought and attitudes took on new importance as factors of safety in the eyes of all those concerned with national security.”¹²²

A subcommittee of the House Civil Service Committee recommended shortly after release of the

Canadian commission report that the president appoint an interdepartmental committee to study employee security practices. FBI Director Hoover suggested to Attorney General Clark whom he should appoint to such a committee “if it is set up.”¹²³ When President Truman appointed a Commission on Employee Loyalty in November 1946, the FBI Director’s suggested Justice Department representative was made chairman, and the other members represented the Departments of State, War, Navy, and Treasury, and the Civil Service Commission.

The President’s Commission had less success than its Canadian counterpart in discovering the dimensions of the problem in the United States. FBI Assistant Director Ladd told the Commission that there were “a substantial number of disloyal persons in government service” and that the Communist Party “had established a separate group for infiltration of the government.” He also called the Commission’s attention to “a publication of the U.S. Chamber of Commerce” which had expressed the opinion “that Communists in the government have reached a serious stage.” The War Department representative on the Commission then stated that it “should have something more than reports from the Chamber of Commerce, FBI, and Congress, to determine the size of the problem.” However, when Assistant Director Ladd was asked later “for the approximate number of names in subversive files...and whether the Bureau had a file of names of persons who could be picked up in the even of a war with Russia,” the FBI official “declined to answer because this matter was not within the scope of the Commission.” The meeting ended with “general agreement that Mr. Hoover should be asked to appear...”¹²⁴ Therefore, the Commission prepared a lengthy list of questions for the FBI; but instead of Director Hoover appearing, Attorney General Clark testified in a session where no minutes were taken.

The Attorney General supplemented his “informal” appearance with a memorandum, which stated that the number of subversive persons in the government had “not yet reached serious proportions,” but that the possibility of “even one disloyal person” entering government service constituted a “serious threat.”¹²⁵ Thus, the President’s Commission accepted its foreclosure from conducting any serious evaluation

of FBI intelligence operations or FBI intelligence data on the extent of the danger. One commission staff member observed that these were felt to be “matters exclusively for the consideration of the counter-intelligence agencies.”¹²⁶

It is impossible to determine fully the effect of the autonomy of FBI counterespionage on the government’s ability to formulate appropriate security policies. Nevertheless, the record suggests that executive officials were forced to make decisions without full knowledge. They had to depend on the FBI’s estimate of the problem, rather than being able to make their own assessment on the basis of complete information. With respect to the employee loyalty program in 1947, the FBI’s view prevailed on three crucial issues—the broad definition of the threat of “subversive influence,” the secrecy of FBI informants and electronic surveillance, and the exclusive power of the FBI to investigate allegations of disloyalty.

Although Director Hoover did not testify before the President’s Commission, he submitted a general memorandum on the types of activities of “subversive or disloyal persons” in government service which would “constitute a threat” to the nation’s security. The danger as he saw it was not limited to espionage or the recruitment of others for espionage. It extended to “influencing” the formation and execution of government policies “so that those policies will either favor the foreign country of their ideological choice or will weaken the United States government domestically or abroad to the ultimate advantage of the...foreign power.” Consequently, he urged that attention be given to the association of government employees with “front” organizations. These included not only established “fronts” but also “temporary organizations, ‘spontaneous’ campaigns, and pressure movements so frequently used by subversive groups.” If a disloyal employee was affiliated with such “fronts,” he could be expected to influence government policy in the direction taken by the group.¹²⁷

The President’s Commission accepted Director Hoover’s position on the threat, as well as the view endorsed later by a Presidential Commission on Civil Rights that there also was a danger from “those who would subvert our democracy by...destroying the

civil right of some groups.”¹²⁸ Thus, the standards for determining employee loyalty included a criterion based on membership in or association with groups designated on an “Attorney Gen.’s list” as:

Totalitarian, fascist, communist, or subversive, or has having adopted a policy of advocating or approving the commission of acts of force or violence to deny others their right under the Constitution of the United States, or as seeking to alter the form of government of the United States by unconstitutional means.¹²⁹

The executive orders provided a substantive legal basis for the FBI’s investigation of allegedly “subversive” organizations, which might fall within these categories.¹³⁰

The FBI also succeeded in protecting the secrecy of its informants and electronic surveillance. The Commission initially recommended that the FBI be required to make available to department heads upon request “all investigative material and information available to the investigative agency on any employee of the requesting department.” Director Hoover protested that the FBI had “steadfastly refused to reveal the identities of its confidential informants.” He advised the Attorney General that the proposal “would also apparently contemplate the revealing of our techniques, including among others, technical surveillance that are authorized by you.” The Director assured the Attorney General that the FBI would make “information available to other agencies to evaluate the reliability of our informants” without divulging their identities.¹³¹ The Commission revised its report to satisfy the FBI.¹³²

Director Hoover was still concerned that the Commission (and President’s executive order) did not give the FBI exclusive power to investigate allegedly subversive employees.¹³³ He went so far as to threaten “to withdraw from this field of investigation rather than to engage in a tug of war with the Civil Service Commission.”¹³⁴ According to notes of presidential aide George Elsey, President Truman felt “very strongly anti-FBI” on the issue and wanted “to be sure and hold FBI down, afraid of ‘Gestapo.’”¹³⁵ Presidential aide Clark Clifford reviewed the situation and came down on the side of

the FBI as “better qualified” than the Civil Service Commission.¹³⁶ Nevertheless, the President insisted on a compromise, which gave Civil Service “discretion” to call on the FBI “if it wishes.”¹³⁷ The FBI Director objected to this “confusion” as to the FBI’s jurisdiction.¹³⁸

Justice Department officials warned the White House that Congress would “find flaws” with this arrangement, and President Truman noted “J. Edgar will in all probability get this backward looking Congress to give him what he wants. It’s dangerous.”¹³⁹ President Truman was correct. The administration’s budget request of \$16 million for Civil Service and \$8.7 million for the FBI to conduct loyalty investigations was revised in Congress to allocate \$7.4 million to the FBI and only \$3 million to the Civil Service Commission.¹⁴⁰ The issue was finally resolved to the FBI’s satisfaction. President Truman issued a statement to all Department heads declaring that there were “to be no exceptions” to the general rule that the FBI would make all loyalty investigations.¹⁴¹

The rationale for investigating groups under the authority of the loyalty-security program changed over the years. Such investigations supplied a body of intelligence data against which to check the names of prospective federal employees.¹⁴² By the mid-1950s, the Communist Party and other groups fitting the standards for the Attorney Gen.’s list were no longer extensively used by Soviet intelligence for espionage recruitment.¹⁴³ Therefore, FBI investigations of such groups became—in combination with the “name check” of Bureau files—almost entirely a means for monitoring the political background of prospective federal employees. They also came to serve a pure intelligence function of keeping the Attorney General informed of “subversive” influence and infiltration.¹⁴⁴

No organizations were formally added to the Attorney Gen.’s list after 1955. Groups designated prior to that time included numerous defunct German and Japanese societies, Communist and Communist “front” organizations the Socialist Workers Party, the Nationalist Party of Puerto Rico, and several Ku Klux Klan organizations.¹⁴⁵ However, the FBI’s “name check” reports on prospective employees were never

limited to information about groups on the list. The list’s criteria were independent standards for evaluating an employee’s background, regardless of whether a group was formally designated by the Attorney General.¹⁴⁶

After 1955, a substitute for designation on the Attorney Gen.’s list was the FBI’s “characterization” or “thumbnail sketch” of a group. Thus, if a “name check” uncovered information about a prospective employee’s association with a group, which *might* fall under the categories for the list, the FBI would report the data and attach a “characterization” of the organization setting forth pertinent facts relating to the standards for the list.¹⁴⁷ This procedure made it unnecessary for the Attorney General to add groups to the formal list, since FBI “characterizations” served the same purpose within the executive branch.

FBI-Military Intelligence Jurisdictional Agreement¹⁴⁸

*Delimitations Agreement Between the FBI and US
Military Intelligence Services With Supplements,
February 23, 1949*

3-1 Delimitations Agreement

The following agreement was approved and signed on 2-23-49 by the Directors of the Federal Bureau of Investigation; Intelligence Division of the Army; Office of Special Investigations, Air Force; and the Chief of Naval Intelligence:

Subject: Delimitation of Investigative Duties of the Federal Bureau of Investigation, the Office of Naval Intelligence, the Intelligence Division of the Army, and the Office of Special Investigations; Inspector General, US Air Force. The Agreement for Coordination of the Federal Bureau of Investigation, Office of Naval Intelligence, Intelligence Division of the Army, and the Office of Special Investigations, Inspector General, US Air Force.

I. The undersigned have reviewed the directive contained in the President’s Memorandum of June 26, 1939, as augmented by his Directive of September 6, 1939, the Delimitations Agreement of February 9,

1942, and the Presidential Directive of October 30, 1947. In addition cognizance has been taken of the provisions of the Atomic Energy Act of 1946, and the specific application of that Act is set forth in Section II hereof. All other provisions of this Agreement are apart from and have no relation to the stated requirements of the Atomic Energy Act. In view of the above, it is now agreed that responsibility for the investigation of all activities coming under the categories of espionage, counterespionage, subversion and sabotage (hereinafter referred to as 'these categories') will be delimited as indicated hereinafter. The responsibility assumed by one organization in a given field carries with it the obligation to exchange freely and directly with the other subscribing organizations all information of mutual interest. When the organization with primary operating responsibility is unable for any reason to produce material in that field desired by the subscribing agencies, such special arrangements as may be legal or desirable will be worked out through negotiation at the national level prior to activity by one agency in another agency's field. It is recognized by the subscribers hereto that the Headquarters Department of the Army has decentralized such functions to its major subordinate commanders. When the major subordinate commanders of the Army cannot effect satisfactory special arrangements, the matter will be referred to the Director of Intelligence for the Army for further negotiations at the national level. Close cooperation and coordination between the four subscribing organizations is a mutually recognized necessity.

II. FBI will be responsible for:

1. All investigations of cases in these categories involving civilian and foreign nationals of all classes in the continental United States, Puerto Rico, the Virgin Islands, (the State of Hawaii,) and the States of Alaska except as specifically described hereinafter in Paragraph V, Section 5.
2. All investigations of violations of the Atomic Energy Act of 1946. There are no territorial or personnel limitations on this provision.
3. The coordination of the investigative activities of civilian agencies in the United States, Puerto Rico, the Virgin Islands, and the State of Alaska except as

specifically described hereinafter in Paragraph V, Section 5, which provide information regarding subversive movements and activities in these categories.

4. Keeping the other subscribing organizations advised of important developments in these categories within its cognizance, particularly:

- a. Activities of inactive reserves of the armed services, including the National Guard.
- b. Developments affecting plants engaged in armed forces contracts.
- c. Developments concerning the strength, composition, and intentions of civilian groups within its cognizance which are classed as subversive and whose activities are a potential danger to the security of the United States.
- d. Developments affecting those vital facilities and vital utilities which have been designated by the Secretary of Defense.
- e. Developments affecting critical points of transportation and communication systems which have been designed by the Secretary of Defense.

(For b, d, and e above no protective coverage is contemplated.)

III. ID, Army will be responsible for:

1. The investigation and disposal of all cases in these categories involving active and retired military personnel of the Army.
2. The disposal, but not investigation, of all cases in these categories involving civilian employees of the Army in the United States, Puerto Rico, and the Virgin Islands.
3. The investigation and disposal of all cases in these categories involving civilian employees of the Army stationed in areas other than the United States, Puerto Rico, and the Virgin Islands, except that part

of such investigations as have ramifications in the United States, Puerto Rico, or the Virgin Islands.

4. The investigation of all cases in these categories involving civilians and foreign nationals who are not employees of the other subscribing organization, in where they Army Commander has supreme jurisdiction over the armed forces stationed therein, including possessions of the United States other than Puerto Rico and the Virgin Islands.

5. Informing the other subscribing organizations of any important developments.

6. Advising the Federal Bureau of Investigation of the identity and location of the plants engaged in Army contracts.

IV. ONI will be responsible for:

1. The investigation and disposal of all cases in these categories involving active and retired military personnel of the Navy.

2. The disposal, but not investigation, of all cases in these categories involving civilian employees of the Navy in the United States, Puerto Rico, and the Virgin Islands.

3. The investigation and disposal of all cases in these categories involving civilian employees of the Navy stationed in areas other than the United States, Puerto Rico, and the Virgin Islands, except that part of such investigations as have ramifications in the United States, Puerto Rico, or the Virgin Islands.

4. The investigation of all cases in these categories involving civilians and foreign nationals who are not employees of the other subscribing organization, in where the Navy Commander has supreme jurisdiction over the armed forces stationed therein, including possessions of the United States other than Puerto Rico and the Virgin Islands.

5. The investigation of all cases in these categories involving civilians and foreign nationals who are not employees of the other subscribing organizations and with the exception of civilian employees of the Executive Branch of the Government on Kodiak and

Afognak Islands adjacent to the Alaska Peninsula and Adak Island in the Aleutian Chain.

6. Informing the other subscribing organizations of any important developments.

7. Advising the Federal Bureau of Investigation of the identity and location of the plants engaged in Navy contracts.

V. The Office of Special Investigations, Inspector General, US Air Force will be responsible for:

1. The investigation and disposal of all cases in these categories involving active and retired military personnel of the Air Force.

2. The disposal, but not investigation, of all cases in these categories involving civilian employees of the Air Force in the United States, Puerto Rico, and the Virgin Islands.

3. The investigation and disposal of all cases in these categories involving civilian employees of the Air Force stationed in areas other than the United States, Puerto Rico, and the Virgin Islands, except that part of such investigations as have ramifications in the United States, Puerto Rico, or the Virgin Islands.

4. The investigation of all cases in these categories involving civilians and foreign nationals who are not employees of the other subscribing organization, in where the Air Force Commander has supreme jurisdiction over the armed forces stationed therein, including possessions of the United States other than Puerto Rico and the Virgin Islands. The investigations the same cases described above in that portion of Alaska described in Section 5, below, with the exception of civilian employees of the Executive Branch of the Government.

5. The investigation of all cases in these categories involving civilians, except as described herein above, (1) in that part of the Alaska Peninsula which is separated by a line drawn from Iliamna Bay northwest to the town of Old Iliamna and thence following the south shore of Lake Iliamna to the Kvichak River to the Kvichak Bay; (2) in the islands adjacent to the

Alaska Peninsula excluding Kodiak and Afognak Islands which are the responsibility of the Office of Naval Intelligence; (3) in the Aleutian Islands excluding Adak Island which is the responsibility of the Office of Naval Intelligence; and (4) in the Pribilof Islands.

6. Informing the other subscribing organizations of any important developments.

7. Advising the Federal Bureau of Investigation of the identity and location of the plants engaged in Air Force contracts.

VI. 1. Where Sections III, IV, and I involve general territorial coverage, responsibility for such coverage will pass from one element of the armed forces to another automatically when a change of command responsibility ensues. This provision is subject to modification by direct agreement between the interested elements of the armed forces.

2. While investigative jurisdiction over the civilian populace in former enemy territories occupied by the armed forces has been provided for in Sections III, IV, and V above, those provisions are subject to direct adjustment with the Department of State if and when that Department assumes governmental direction in such areas of occupation.

VII. From time to time it may be desirable in the light of changing conditions to modify or amend this Delimitations Agreement. Subject to the exceptions already provided for above, general amendments or modifications involving all of the four subscribing organizations shall be issued in the form of a revised Delimitations Agreement and not as separate instructions.

VIII. During periods of martial law, or periods of predominant armed forces interest not involving martial law, when agreed upon by the subscribing agencies, the provisions of Appendix A or B, hereto attached will additionally apply.

IX. All agreements of a continuing nature and applicable to two or more of the subscribing agencies to the Delimitations Agreement which affect the basic jurisdiction thereof which are not or hereafter

mutually entered into by any of the subscribers thereto will be reduced in writing; will thereafter become supplements to the Delimitations Agreement, and distributed only to the extent agreed upon by the co-signers.

(Signed) *S. Leroy Irwin*
Director of Intelligence
Department of the Army
(Signed) *Thomas B. Inglis*
Chief of Naval Intelligence
(Signed) *J. Edgar Hoover*
Director, Federal Bureau of Investigation
(Signed) *Joseph F. Carroll*
Director, Office of Special Investigations,
Inspector General, US Air Force

Appendix A—Period Of Martial Law

I. It is further agreed that when a state of martial law has been declared by the President, the armed forces commander will assume responsibilities for coverage in these categories. His authority to direct and control the subscribing agencies of the armed forces will be limited only by such instructions as he may receive from the Secretary of Defense. He will have authority to coordinate the intelligence activities of the subscribing agencies in his area of responsibility, within the limits of their available personnel and facilities, by the assignment of missions, the designation of objectives, and the exercise of such coordinating control as he deems necessary. He is not authorized to control the administration or discipline of the subscribing agencies in the area of his responsibility, nor to issue instructions to them beyond those necessary for the purposes stated above.

II. Personnel of the subscribing agencies in the area of responsibility of the armed forces commander will still send reports to and be under the continued supervision of their respective headquarters. They will render such aid and assistance to the armed forces commander and his designated representatives as are possible and practicable. They will furnish all pertinent information, data, and other material that are or may be necessary or desirable to the armed forces commander by the most expeditious means and methods possible consistent with requisite security. Each headquarters of the subscribing agencies will

promptly be advised by its agencies of all information and data appropriately identified as having been furnished to the armed forces commander.

Appendix B—Periods of Predominant Military Interests Not Involving Martial Law

I. In time of war certain areas will come into prominence as potential theaters of operation. When an armed forces commander of such a potential theater is designated, he definitely has interest in, though not control of, the civilian life within the area. In order that the armed forces commander may prepare himself for the discharge of the possible responsibility which may affix to him, the following procedure is agreed upon:

1. Agents of the FBI: of ONI: ID Army: and the OSI, IG, US Air Force will continue to function in accordance with the provisions of Sections, II, III, IV, and V.

2. In addition thereto, the armed forces commander may take steps to analyze the facilities existing and to explore the manner in which complete coverage will be obtained if martial law is declared. Adequate liaison with the other subscribing agencies will insure that the armed forces commander will have the benefit of the experience, judgment and knowledge of the representatives of the other agencies.

3. The armed forces commander is authorized to request and receive such information from the other three agencies as he may desire and they may be able to furnish.

II. The analysis and exploration referred to above will show the coverage furnished by each of the subscribing agencies and any additional coverage each subscribing agency can undertake. When the commander feels that more complete coverage is required, it is recognized that he is authorized to augment the coverage with such elements of the subscribing agencies as are under his jurisdiction. Prior to any invasion of the spheres normally coming under the cognizance of the other subscribing agencies, the armed forces commander should obtain the necessary authority from the Secretary of Defense.

III. Irrespective of the fact that the preceding recommendations have placed the initiative in the hands of the armed forces commander, whenever any of the other services feel that such a survey to determine adequacy of coverage should be undertaken, it should be so recommended.

3-2 Instructions

The major differences between the foregoing Delimitations Agreement and previous versions are as follows:

The Director, OSI, USAF, is a party thereto. The Bureau has justification over all civilians insofar as espionage, counterespionage, subversion and sabotage are concerned, regardless of employment.

3-3 Supplemental Agreements to the Delimitations Agreement

On 6-2-49, supplemental agreements to the Delimitations Agreement were approved by the members of the Interdepartmental Intelligence Conference, and they are set out below. Instructions, where necessary, concerning each of the supplements will be found at the end of that supplement:

a. Supplemental Agreement No. (I) to the Delimitations Agreement:

Cooperation And Coordination Between The Federal Bureau of Investigation, the Intelligence Division of the Army, the Office of Naval Intelligence and the Office of Special Investigations, Inspector General, US Air Force.

The Director of Intelligence, US Army, the Director of the Federal Bureau of Investigation, the Director of Naval Intelligence and the Director of the Office of Special Investigations, Inspector General, US Air force, with a view to promoting the closest possible cooperation and coordination between the Field Services of these agencies agree that the following recommendations will be transmitted to their Field installations:

(a) Special Agents in Charge of the Federal Bureau of Investigation Divisional Offices, Military Intelligence Officers of the pertinent Armies, District Officers of the Office of Special

Investigations, Inspector General, US Air Force, and Naval District Intelligence Officers will maintain close personal liaison between those offices and their representatives, including a meeting of representatives of the four agencies, preferably the offices in charge, at least twice per month, for the purpose of discussing pending and contemplated investigative activities, and any other subject necessary to insure that there is proper coordination of their investigative work.

(b) The close personal liaison to be maintained between representatives of the four agencies at all times should insure that there is no duplication of effort in any field, and that a proper coverage of the whole investigative field is maintained. Particular attention should be paid to avoiding any duplication in connection with the use of informers.

(c) A distinction should be recognized between the investigative interest of individual agencies and to the coverage interest. It is believed that all four agencies should study, from time to time, the coverage of the investigative field in order to insure that all channels of interest and avenues of information are adequately covered by at least one of the participating agencies.

(d) Where there is doubt as to whether or not one of the other agencies is interested in information collected, it should be transmitted to the other agency.

(e) Considerations should be given to the fact that certain classes of information are of general interest to the Military, Naval, and Air Force intelligence services in connection with background and knowledge of espionage and sabotage organizations, even though the Military, Naval, and Air Force intelligence services may have no apparent direct investigative interest.

(f) Should differences of opinion of a minor nature occur, the directors of the four intelligence agencies feel that with proper

personal liaison, such differences can be satisfactorily adjusted locally by the officials in charge of the various divisional organizations.

3-3.1 Instructions

This supplement recommends meetings at least two monthly of the interested agencies. Where desirable or necessary, these meeting may be held more often than twice per month and in certain areas, because of the travel distances involved or other factors, meetings are being held once per month by special agreement. It is not necessary that FBIHQ be advised of the business discussed at these meetings, unless there is a particular matter of which FBIHQ should be cognizant. FBIHQ should be promptly informed of any change in the scheduling of these meetings or of any agreement to commence or discontinue meetings in a field office area.

Supplemental Agreement No. II to the Delimitations Agreement: (Rescinded.)

Supplemental Agreement No. III to the Delimitations Agreement: Investigative Jurisdiction on Vessels of Military Sea Transportation Service

1. The investigative jurisdiction of all activities under the categories of espionage, counterespionage, subversion and sabotage on vessels of the Military Sea Transportation Service is as follows:

a. Investigative jurisdiction on vessels purchased by the Navy will be the responsibility of the Office of Naval Intelligence.

b. Vessels obtained by the Navy through a 'bare boat charter' will be under the investigative jurisdiction of the Office of Naval Intelligence.

c. Vessels allocated to the Military Sea Transportation Service which are manned and supervised by their private owners are under the investigative jurisdiction of the FBI.

2. When personnel who are subjects of an investigation under a or b above reach a US PORT or a port where the FBI has a field agency, or prior to reaching such a port, if practicable, the Department of the Navy will promptly furnish the FBI all pertinent

information concerning the investigation. If personnel who are subjects of an investigation as above remove themselves from the vessel upon arrival of the vessel in port and further surveillance is considered necessary, the Navy will continue surveillance until notified by the FBI at local level that the FBI has taken over full responsibility for the case. However, both the Navy and FBI will make every effort to transfer responsibility upon arrival of the vessel in port.

3. When the FBI opens an investigation under c above or when an FBI investigation in progress develops or is believed about to develop ramifications under a., b. or c. above, the FBI will promptly furnish all pertinent information to the Navy and will thereafter coordinate its actions with the Navy whenever and wherever deemed necessary to insure proper pursuit of the case.

Supplemental Agreement No. (IV) to the Delimitations Agreement: Investigations of Private Contractors of the Armed Forces

It is agreed by the subscribers of the Delimitations Agreement (hereinafter referred to as subscribers) that with reference to investigations of civilian employees, applicants for employment, directors and key personnel of privately owned plants and facilities, working or bidding on contracts important to the Army, Navy or Air Force (hereinafter referred to as the Armed Forces) procurement, the following will be followed insofar as practicable. Exceptions thereto will be adjusted by mutual agreement between the subscribers concerned.

(a) The Armed Forces will conduct background investigations of such persons unless there is a particular reason for requesting that an investigation be conducted by the FBI or the FBI has a special interest in a particular case and has notified the Armed Forces of such interest.

(b) The FBI will conduct complaint investigations of such personnel upon specific request in each case by one or more of the Armed Forces. If one of the Armed Forces has no further need for an investigation requested, but not

completed, prompt notification will be made to the FBI.

(c) Investigations conducted by the Armed Forces under (a) above will be terminated and all information passed to the FBI when credible derogatory information of a loyalty nature is uncovered. Upon receipt of such a case, the FBI will proceed as under (b) above if one of the Armed Forces so requests.

(d) When one of the subscribers is aware that another is conducting an investigation on a person or firm identical or closely connected with a person or firm it contemplates investigating, no investigation will be undertaken without the consent of the subscriber which has an investigation in progress. The investigation agency will make available to the other interested agency copies of the reports of the investigation made.

(e) Normally, identity of confidential informants will not be communicated from subscriber to another: however, when such communication occurs, the receiving subscriber will employ the highest possible safeguards to insure that such informants are not compromised. No transmittal of information concerning confidential informants to a third subscriber or to another agency is authorized except by specific consent of the originator.

(f) A subscriber who receives a report of investigation from another subscriber may freely transmit copies of such reports to a third subscriber except as provided in (e) above.

(g) A report of completed investigation received by the Armed Forces from the FBI will not be reopened without the approval of the FBI except to obtain additional background information. In such cases, the FBI will be furnished copies of all information obtained. Other information required by the Armed Forces will be requested of the FBI.

(h) If one of the Armed Forces requests the FBI to conduct an investigation or conduct

additional investigations as required under (g) above, and if for any reason the FBI declines or is unable to conduct such investigation or additional investigation, the Armed Forces concerned may proceed with the investigation. The FBI will be furnished copies of the results there if the FBI so requests or if the Armed Forces concerned considers the results to be of FBI interest.

(i) Nothing above is to be construed as altering the basic Delimitations Agreement of 1949 or current agreements concerning subversive organizations.

Investigation of Reserve and Civilian Components of the Armed Forces

It is agreed by the subscribers to the Delimitations Agreement that the Army, the Navy and the Air Force may conduct background investigations on members of the inactive reserve and National Guard who are anticipated being called back to active duty, or when investigation is undertaken for the purpose of determining whether the individual may be granted access to classified military information. The following procedures shall be pursued in each of the above circumstances:

(1) The intelligence agencies of the Army, Navy or Air Force before undertaking such background investigation will consult the FBI to determine:

(a) if the FBI has an investigation in progress; if so, no investigation will be undertaken by the intelligence agencies except as may be mutually agreeable to the Armed Forces concerned and the FBI; (b) if the FBI already has made an investigation; if so, the results will be made available to the other agencies; (c) if the FBI has information on the individual even though it may not have conducted an investigation.

(2) If, after consulting the FBI, investigation is undertaken by the other agencies, it will be pursued no further than is necessary to make the determination required by the other agencies, and all information developed pertinent to the four categories will be furnished promptly to the FBI.

This supplement has been discussed by the Interdepartmental Intelligence Conference, and it was agreed on 9-10-58 that the consultation requirement will be satisfied by the FBI is notified, by means of a statement included in a form request for a name check, that investigation is being initiated concerning the individual.

Supplemental Agreement No. (VI) to the Delimitations Agreement: Investigation in Areas Not Specifically Assigned

It is agreed by the military subscribers to the Delimitations Agreement that the references therein paragraphs III.4, IV.4, and V.4, to areas where the Army (Navy, Air Force) Commander has supreme jurisdiction over the armed forces stationed therein shall be interpreted as referring to areas where the Department of the Army (Navy, Air Force) is responsible for the administrative and logistic support of the Headquarters of Commands established by the Secretary of Defense. (Approved by ICC November 4, 1959.)

Security and the Manhattan Project¹⁴⁹

The leaders of the American atomic energy program, aware of the tremendous military potentiality of atomic research, recognized almost from the beginning the need for maintaining a high degree of secrecy. An important factor in their decision in early 1942 to turn over administration of the program to the Army was their conviction that it was the organization best prepared during wartime to enforce a foolproof system of security. Such a system would ensure that the Axis powers remained ignorant of Allied interest in developing atomic weapons; reduce the likelihood that the Axis states, particularly Germany, would accelerate their own efforts to produce atomic weapons and undertake espionage and sabotage activities against the American program; and, most significantly, from the standpoint of military effectiveness, allow the Allies to employ these weapons against the Axis nations with maximum surprise.¹⁵⁰

Early Aspects

First efforts to establish security in atomic matters had occurred in 1939, when refugee physicists in the United States attempted to institute a voluntary censorship on publication of papers concerning uranium fission. American scientists did not accept this suggestion initially, but the outbreak of World War II brought home to many of them the need for control over publications relating to atomic fission. To formalize a censorship program, the Division of Physical Sciences of the National Research Council in April 1940 established a committee that succeeded in getting most scientists to withhold publication of papers on sensitive subjects, particularly those concerned with uranium fission.

In June, when the government-sponsored Committee on Uranium became a subcommittee of the newly constituted National Defense Research Committee (NDRC), it also became subject to the security measures currently in effect for federal agencies. The NDRC, knowing that it was to be concerned chiefly with projects for the Army and Navy, adopted security regulations that conformed to those of the two military services. Under these regulations NDRC subcommittees were required to adhere to a policy of strict compartmentalization of

information, to classify all sensitive materials, and to obtain security clearances for all employees.

Transfer of the NDRC uranium program to the Office of Scientific Research and Development (OSRD) in November 1941 did not significantly alter existing security arrangements, because the OSRD patterned its own security system largely along the lines of the NDRC program. As the OSRD became more involved in negotiation and administration of contracts with industrial and research organizations, however, it expanded its security controls to provide a more adequate coverage, adding security measures for personnel administration, classified information, and plant protection.¹⁵¹

The modest OSRD security system sufficed until, in the spring of 1942, the start of the uranium program's rapid expansion—the letting of numerous contracts with industrial firms; the employment and interaction of ultimately tens of thousands of workers, scientists, and engineers; and the formation of complex organizations to construct and operate the large-scale production plants and their atomic communities—enormously complicated the problems of security just at the time the Army undertook its new role as project administrator. Although



Street Scene in Los Alamos. The barbed wire fence separates the technical installations from the residential area.

these measures were necessary for the more rapid achievement of a successful fission weapon, they also tended to weaken security.¹⁵² Consequently, the Army almost immediately undertook a reorganization and expansion of the existing OSRD security system and, eventually, also endeavored to bring the system more directly under control of the Manhattan District. The system that finally evolved was in many respects unique and introduced a number of innovations in technique and organization that subsequently would be adopted as standard features of government security programs.

The District's Security System

The security system, as it took form in the newly established Manhattan District, resembled that already in existence in most other engineer districts. Under Army regulations in force in 1942, the security program of an engineer district was limited to routine local security requirements. When broader problems arose, the district engineer or security officer could call upon the resources of the Assistant Chief of Staff, G-2, in the War Department. Since June 1939, under provisions of a presidential proclamation, the War Department's Military Intelligence Division (MID) had shared responsibility for matters of espionage, counterespionage, and sabotage in the United States with the Federal Bureau of Investigation (FBI) and the Office of Naval Intelligence. In the latest revision (February 1942) of this Delimitations Agreement—so designated because it set forth the area of jurisdiction of each agency—the MID's assignment was to cover the military establishment, including War Department civilian employees and civilians on military reservations or under military control, plus a large part of the munitions industry.¹⁵³

Organization And Scope

Col. James C. Marshall, in organizing the Manhattan District security program soon after becoming district engineer in June 1942, formed the Protective Security Section. Under direction of a member of Marshall's staff, this section emphasized such aspects as personnel, plant, and military information security. At the same time, to provide the District security staff with counterintelligence assistance, Marshall arranged with the Assistant Chief of Staff, G-2, Maj. Gen. George V. Strong, for security liaison with the MID's operating element, the Military

Intelligence Service (MIS). From his staff, Gen. Strong assigned counterintelligence responsibility for the atomic project to Maj. John Lansdale, Jr., who had been a lawyer in civilian life.

Because effective security operations required maximum secrecy, Maj. Lansdale personally visited the Western Defense Command G-2 and each service command and requested that they each select an officer to report directly to him, bypassing both the G-2 and the commanding general of each service command.¹⁵⁴ To further facilitate carrying out the internal security functions for the atomic project, Lansdale also organized a quasi-clandestine counterintelligence group. This group operated under cover of the Investigation Review Branch, Assistant Chief of MIS for Security, which Lansdale headed. He reported directly to Gen. Groves, and his group in effect was answerable to the Manhattan Project commander in all substantive respects, even though it functioned from the G-2 office in the Pentagon.¹⁵⁵

By early 1943, the pace of the District's growth—both geographically and in terms of personnel—and its increasing security requirements emphasized the need for a more comprehensive counterintelligence program. In February, Gen. Strong transferred Capt. Horace K. Calvert and Robert J. McLeod to the District headquarters, where they formed the District's new Intelligence Section. To ensure that this section, which Cap. Calvert headed, had full access to the intelligence and security facilities of the Army service commands, Strong requested that each command designate a staff officer to act as a point of liaison with the Manhattan District and, to guarantee secrecy, authorized that each correspond directly with Calvert's section. At the same time, Groves continued his earlier practice of meeting with G-2 officers to make certain that District security problems were brought to the attention of appropriate Army officials.¹⁵⁶

The counterintelligence program became the foundation for a countrywide permanent organization of this aspect of the District's security system. During the course of the year, the District organized its own Counterintelligence Corps (CIC) and, as its staff increased in size, assigned new personnel to those areas where there was the greatest concentration of

project activities. Ultimately, the project had a total of eleven branch intelligence offices at key points across the United States, from New York to Pasadena (California). An officer assigned to a branch usually worked out of an area engineer's office and, in addition to his intelligence duties, served as security officer on the engineer's staff. While in matters of command these officers came under control of the Manhattan District intelligence and security officer and reported to him, they also maintained a direct liaison channel with the director of intelligence of the service command that had jurisdiction over their area.¹⁵⁷

Expansion and Centralization

Rapid growth also necessitated expansion of other aspects of the Manhattan Project's security system. In 1942, the District's relatively modest internal security organization had served well enough for a program that consisted primarily of administering research and development activities carried on in university and industrial laboratories; but, by the summer of 1943, a vast program of plant construction and operation had begun.

The move of the District headquarters from New York to Oak Ridge in August 1943 provided an opportune time for reorganization. The first step was consolidation in July 1943 of the Protective Security and Intelligence Sections. Capt. Calvert took over responsibility for the combined unit, designated the Intelligence and Security Section. Although this change was relatively minor from an administrative standpoint (the section continued in a distinctly subordinate position in the District's Service and Control Division), it represented a significant shift towards centralization in security matters. This change was consistent with Gen. Groves's conviction that only through a high degree of centralized control could he and his administrative staff maintain a close and constant scrutiny over the security program.¹⁵⁸

Shortly after the District had completed its move to Oak Ridge, a reorganization in the Army's administration of counterintelligence operations in the zone of interior (ZI) posed a threat to Groves's control and cognizance over the project's internal security functions. To economize on internal investigative operations and to concentrate G-2 efforts on

expanding counterintelligence operations overseas, the War Department directed the transfer effective 1 January 1944 of the WDGS (War Department General Staff) G-2 counterintelligence activities in the ZI to the Office of the Provost Marshal General. The effect was to decentralize even further the Army's ZI counterintelligence functions to the service commands including maintenance of data files on individuals, which Manhattan intelligence officials considered essential to their operations. The change also seemed certain to enhance the difficulties the atomic project already was experiencing coordinating its material security operations with the service commands.¹⁵⁹

From his vantage point as head of the atomic project's counterintelligence group inside G-2, Col. Lansdale endeavored to have the group exempted from the reorganization requirements. When his efforts failed, Gen. Groves decided that the only acceptable solution was to move Lansdale's unit into the Manhattan District. The G-2 sanctioned this change in December, and Lansdale secured authorization to establish a special counterintelligence detachment. Groves arranged for Lansdale's transfer to the Manhattan District; however, instead of placing him in charge of the new CIC Detachment, he brought Lansdale into his Washington office as his special assistant for security affairs. Lansdale's assignment was to keep the Manhattan chief abreast of problems and developments affecting internal security and foreign intelligence wherever they might arise in the project.¹⁶⁰

The shift of all project counterintelligence activities to the District required major changes in its security organization. The Intelligence and Security Section in February 1944 became a full-fledged division and, in keeping with Groves's centralization policy, moved from the Service and Control Division into the district engineer's own office. To replace Capt. Calvert, whom Groves had selected for a special intelligence mission in London, Col. Nichols—the district engineer since August 1943—brought in an experienced intelligence officer, Lt. Col. William B. Parsons, to head the new division. In this capacity, Parsons administered the District's security program with the assistance of Maj. McLeod, the deputy, and Capt. Bernard W. Menke, the executive officer, and

with support from a large operating staff of military and civilian personnel. Although Parsons officially reported to Nichols, he personally kept Gen. Groves apprised of all developments.

Expanding intelligence and security activities necessitated procurement of additional personnel to carry out supportive security functions, such as plant inspections and technical and undercover investigations. Col. Parsons drew 25 officers and 137 enlisted men from the War Department's counter-intelligence manpower pool, and the District's personnel specialists recruited a large number of civilians. In May 1944, to provide administrative services for the expanding security force, Nichols activated the 13th Special Engineer Detachment (Provisional) and assigned Parsons the additional duty of unit commander. Concerned about achieving greater efficiency in security operations, Parsons requested and received permission in January 1945 to combine the 13th with the CIC Detachment.¹⁶¹

By this time, Parsons' Intelligence and Security Division had become a highly centralized unit, organizationally divided into six separate branches: Clinton Engineer Works (CEW), Security, Administration, Safeguarding Military Information (SMI), Branch Offices, and Evaluation and Review. The CEW, Security, and Administration Branches, for which McLeod had direct responsibility, dealt primarily with security matters at the Tennessee site. The CEW Branch administered the local civilian guard force and the military police contingent that protected the Tennessee reservation; coordinated subordinate security offices in the K-25 (gaseous diffusion), Y-12 (electromagnetic), and X-10 (pile) process areas; and, through a board established for the purpose, reviewed security cases. The Security Branch chiefly monitored activities related to security of project manufacturing plants, especially at the Clinton site, and the shipping of classified materials and equipment. The Administration Branch was concerned primarily with personnel security problems, both military and civilian, but also provided facilities for the special handling of the divisions mail and records and administered certain confidential funds.

The SMI, Branch Offices, and Evaluation and Review Branches, for which Capt. Menke had direct

responsibility, eventually evolved as a central clearinghouse for intelligence and security matters that related not only to the Tennessee site but also to the various project operations elsewhere. The principal responsibility of the SMI Branch was that of projectwide monitoring of programs in security education, censorship, and the handling of classified materials. The Branch Offices Branch, as its name would indicate, was responsible for coordinating field security operations in the eleven geographical areas where atomic energy activities were in progress and for reporting the area engineers' security problems to the division's Evaluation and Review Branch. The latter branch concentrated in one office the functions hitherto performed by several of the branch intelligence offices—most notably, those concerned with the conduct of subversive investigations and the preparation of special reports on District security matters for higher echelons.¹⁶²

Counterintelligence Activities

Counterintelligence activities constituted one of the most significant aspects of the District's security program. Through effective counterintelligence measures, the District sought to provide the shroud of secrecy necessary to forestall all attempts by the enemy not only to gain information about the American atomic energy program but also to sabotage it.

Yet by its very nature, the Manhattan Project remained vulnerable to espionage and sabotage. The District's recruitment of thousands of individuals with almost every conceivable kind of background and from all parts of the country made likely the employment of some potential spies and saboteurs, no matter how efficient its clearance procedures might be, and its widely scattered installations made implementation and maintenance of uniform security procedures throughout the project very difficult. The reality of these conditions forced project leaders to assume that, sooner or later, Germany and Japan—and even the Soviet Union—would learn of the atomic energy program and, more importantly, use espionage to expand their knowledge of it and sabotage to destroy America's military advantage.

To detect and counter potential espionage and sabotage activities, the District's CIC Detachment

relied primarily upon extensive intelligence investigations. The majority of these investigations were of a preventive character, designed to minimize the likelihood that security might be breached. Of this type, for example, were the many security checks into the unauthorized transmission of classified information. In most instances, CIC personnel found that the information leaks thus uncovered were the result of carelessness or ignorance on the part of the employee or individual with knowledge of the project. But because it was always possible such leaks were surface ramifications of much more dangerous espionage activity, all cases of careless handling of classified data received prompt and rigorous corrective action.

A second type of preventive investigation was the supplementary and more thorough check into the background of employees earlier subjected to routine clearance procedures. Most supplementary investigations were made because preliminary data indicated an employee might be a potential security risk or routine procedures had not produced adequate information about the person's background. Typical cases were those involving scientists or technicians who recently had come from abroad, especially those who had come from areas under control of the Axis powers. Faced with a continuing shortage of scientifically and technically trained personnel, project leaders early had adopted the policy of weighing the degree of risk against the contributions an employee with security clearance problems could make in development of atomic weapons. "All procedures and decisions on security, including the clearance of personnel," Groves recalled, "had to be based on what was believed to be the overriding consideration completion of the bomb. Speed of accomplishment was paramount."¹⁶³

Perhaps the most notable example of the application of Groves's dictum on employing talented individuals who were security risks was the case of J. Robert Oppenheimer. When the Manhattan commander decided to appoint Oppenheimer as head of the Los Alamos Laboratory in February 1943, he did so with full knowledge that the theoretical physicist, who had worked on the project since late 1941, had only an interim security clearance from the OSRD. OSRD Director Vannevar Bush, S-1 Committee Chairman

James B. Conant, and the other scientific leaders were generally aware of Oppenheimer's past record of association with Communist-related organizations and individuals. They knew that during the 1930s he had been attracted to a number of Communist-front organizations and, while never a member of the party itself, made fairly regular contributions to Communist-supported causes. Communist fellow travelers, including his former fiancée, were among his friends, and his wife and brother and sister-in-law were former Communists. With the signing of the Nazi Soviet pact in 1939, Oppenheimer had begun to have serious doubts about the Communists; however, he continued to contribute to the Spanish War Relief through party channels until the spring of 1942 and to maintain a casual contact with his former friends.¹⁶⁴

Despite his record of past Communist associations, Groves decided Oppenheimer was the best choice to direct the bomb laboratory at Los Alamos, for since 1941, he had been involved in this aspect of research and development under Metallurgical Laboratory Director Arthur Compton and in the summer of 1942 had become head of the project team concentrating on that work. Hardly had Oppenheimer arrived at Los Alamos in the spring of 1943 when the question of his clearance arose in a new form. At the request of the Manhattan commander, Lt. Col. Boris T. Pash, chief of the Counterintelligence Branch of the Western Defense Command, began an investigation of suspected Soviet espionage in the Radiation Laboratory at Berkeley. Several men known or thought to be associated with Oppenheimer came under suspicion and, as a result, so did Oppenheimer himself.¹⁶⁵ On 29 June, Pash submitted his conclusion that Oppenheimer "may still be connected with the Communist Party." He offered three possible courses: to replace Oppenheimer as soon as possible; to train a second-in-command at Los Alamos as a possible replacement; and, Pash's recommendation, to have Oppenheimer meet with Generals Groves and Strong in Washington so that they could brief him on "the Espionage Act and its ramifications" and also instruct him that the government was fully aware of his Communist "affiliations," that no "leakage of information" would be tolerated, and that the entire project would be held under "rigid control." In recommending this procedure, Pash was of the

opinion that Oppenheimer's "personal inclinations would be to protect his own future and reputation and the high degree of honor which would be his if his present work is successful, and, consequently,... that he would lend every effort to cooperating with the Government in any plan which would leave him in charge." In any event, he suggested, Oppenheimer should be told that two bodyguards were being assigned to protect him against violence from Axis agents. These bodyguards should be specially trained counterintelligence agents who would not only serve as bodyguards but also keep a check on Oppenheimer.¹⁶⁶

Col. Pash's report did not change Groves's opinion. After a quick visit to Los Alamos, during which he presumably discussed matters with Oppenheimer, Groves directed on 15 July that he be cleared. On his return to Washington a few days later, he directed "that clearance be issued for the employment of Julius Robert Oppenheimer without delay, irrespective of the information which you have concerning Mr. Oppenheimer. He is absolutely essential to the project." As he wrote the Secretary of War four years later, "it was apparent to me that [Oppenheimer] would not be cleared by any agency whose sole responsibility was military security. Nevertheless, my careful study made me feel that, in spite of [his] record, he was fundamentally a loyal American citizen

and that, in view of his potential overall value to the project, he should be employed."¹⁶⁷

Most security cases investigated by the District's CIC Detachment involved breaches of classified information or allegations against employees handling classified work of disloyalty to the United States or of affiliation with organizations espousing subversive ideologies. While many such cases presented the possibility of espionage, in fact, investigations turned up only about one hundred instances of such activity. When suspected cases appeared on the increase in 1943, the Manhattan commander selected a number of the District's own CIC personnel to serve as special undercover agents. They occupied strategically located positions in project offices, laboratories, and plants, set up listening posts, checked intensively into personnel and other records of individuals under suspicion, and took other measures designed to solve espionage cases.¹⁶⁸

The appointment of special agents was a move towards greater formalization of the procedure for dealing with espionage, which continued to increase as the project grew in size and scope. Another constructive measure was the establishment of a group of permanent surveillance squads to carry out supplemental and nonroutine personnel investi-



Security sign at the Tennessee site.

gations. Members of these squads, as well as other District security agents, soon became adept in employing professional counterespionage techniques and in using such surveillance equipment as cameras with special lenses (telephoto and other types) and concealable listening and recording devices. During their investigations of persons suspected of espionage activities, either District employees or individuals who had contact with project personnel, the agents operated in the guise of diverse roles—to mention only a few, hotel clerks, bell captains, tourists, electricians, painters, contractors, and gamblers.

To ensure effective functioning and control of the surveillance squads and other special security agents on a countrywide basis, District security officials developed new channels of coordination and communication through Col. Lansdale's counterintelligence staff at Groves's Washington headquarters, field security teams at the various branch intelligence offices had access to information from the FBI and other government security agencies. These field teams also had to file written reports of their findings and activities on a regular basis with the Evaluation and Review Branch of the Intelligence and Security Division. As these reports accumulated in the files at District headquarters, they became an important source of information for operation of the whole counterintelligence program. Gen. Groves, in particular, made use of the data garnered from these reports in concert with information acquired from other government agencies in preparing his periodic Military Policy Committee and Top Policy Group briefings on intelligence developments affecting the atomic program.

Espionage Incidents

The most serious espionage activity came not from the enemy but from America's wartime ally: Soviet Russia. Having in the United States a large diplomatic and consular staff as well as other officials for overseeing lend-lease and other assistance programs, the Russians had a more than adequate reservoir of personnel for maintaining an extensive espionage apparatus in this country. Soviet agents, masking as diplomatic and consular officials, turned to members of the Communist Party of the United States and to party sympathizers for assistance in penetrating American wartime institutions and projects. The

Russians, making the plea that the American Government was withholding important information and thus unnecessarily delaying Allied victory, recruited many native Communists and fellow travelers to assist them in obtaining vital secrets about wartime activities.¹⁶⁹

As early as February 1943, counterintelligence agents of the FBI and Western Defense Command became aware that the Russians were obtaining data concerning activities of the Radiation Laboratory at the University of California. Further investigation revealed that, in October 1942, a leading member of the American Communist Party on the West Coast had advised a fellow party member employed at the Radiation Laboratory to retain his position so he could obtain knowledge of the secret work under way there. This employee and other Communists or Communist sympathizers working at the laboratory were passing on information about the atomic project at Berkeley to Communist Party members, who promptly turned it over to the Soviet vice consul in San Francisco. Evidence came to light in early April that a high official in the Soviet Embassy in Washington had recently given money to a West Coast Communist leader, to be used for espionage. Intensive investigation by Western Defense Command counterintelligence agents resulted in prompt identification of those Radiation Laboratory employees who were engaging in espionage activities. The laboratory discharged the suspects and, where feasible, the Army inducted them into service, placing them in nonsensitive assignments in which they could be kept under regular observation.¹⁷⁰

The District's CIC Detachment scarcely had completed breaking the original espionage chain at Berkeley when, in late August, Oppenheimer reported his suspicion that new leaks apparently had developed in the laboratory's security system. On the occasion of a visit to Berkeley, Oppenheimer met with Col. Pash and told him he had learned that a member of the University of California staff, a man who had been a close friend, was acting as an intermediary for transmission of data from certain Radiation Laboratory employees to representatives of the Soviet Union. By Oppenheimer's account, his friend had been recruited by an official of the Federation of Architects, Engineers, Chemists, and Technicians, a

CIO (Congress of Industrial Organizations) union currently trying to organize employees of the Radiation Laboratory. In subsequent questioning, Oppenheimer refused to disclose the name of his friend on the grounds that he was certain the friend was no longer passing information to Soviet representatives.

Oppenheimer's uncooperativeness at this juncture resulted in the Manhattan commander taking personal action. Groves promptly met with the Los Alamos Laboratory chief and, because the security of the atomic project was at stake, ordered him to reveal the name of his friend. Faced with Groves's insistence in the matter, Oppenheimer named Haakon Chevalier, a professor of romance languages at the University of California. A short time later, the university dismissed Chevalier from his teaching post, and he left Berkeley. In retrospect, the likelihood that Chevalier passed any classified information about the project to the United States seems remote.¹⁷¹

The Chevalier case was not the final incident of espionage at the Radiation Laboratory. Less than a year later, another serious security leak had developed there. With assistance from Communist Party members living in the San Francisco area, a key scientist from the laboratory met with officials from the local Soviet Consulate. The scientist passed on information concerning the pile process, certain chemical data, and the recently arrived British scientists. The District's CIC Detachment was able to end this espionage activity effectively by securing immediate discharge of the offending scientist, after which, as far as is known, representatives of the Soviet Union made no further attempts to get information from the Berkeley project.¹⁷²

Meanwhile, probably acting on the basis of information gained at the Radiation Laboratory, the Russians had assigned one of their best men to the Chicago area, with the task of establishing an espionage channel at the Metallurgical Laboratory. By early 1944, this Soviet agent, who was a highly trained engineer with working experience in both Russian and American industry, had made contacts with several Metallurgical Laboratory employees. By the time the FBI learned of his activities in April, the Soviet agent had obtained considerable technical

information, which he had passed on to the Russian Consulate in New York. Once identified, the laboratory summarily dismissed the suspected employees. Subsequently, the District's CIC Detachment discovered that one of the discharged workers—a reserve officer who had been called to active duty and assigned to the Northwest Territory in Canada—had taken highly classified material with him when he left the Metallurgical Laboratory. Fortunately, District security officials were able to arrange for confiscation of this material (it was located in the officer's baggage) and for transfer of the officer to a post in the Pacific Theater of Operations where he would have no opportunity to pass on his knowledge to Russia or the Axis powers.¹⁷³

Judged in terms of the ultimate utility of the information gained, Russian efforts at espionage at the Los Alamos Laboratory in late 1944 and early 1945, the crucial period of bomb development, were the most successful of the wartime period. But project counterintelligence agents did not learn of this activity until the late summer of 1945, after the war was over. In a sensational postwar trial, Julius and Ethel Rosenberg and Morton Sobell were convicted of stealing classified data from the laboratory with the assistance of Mrs. Rosenberg's brother, David Greenglass, an Army sergeant at Los Alamos, and of transmitting it to Russian agents. Los Alamos, too, was the place where the German refugee scientist, Klaus Fuchs, while serving as a member of the British team sent to the United States under the interchange program, gained a substantial part of the technical knowledge of the bomb that he subsequently passed on to the Russians, first in June 1945 and thence periodically until his arrest by British authorities in early 1950.¹⁷⁴

Project leaders also had anticipated that, as the Russians, the Axis powers, particularly Germany would launch an equally vigorous espionage campaign, but they uncovered no evidence of such activity during the war. In early 1944, at a time when available Allied intelligence indicated that the Germans might well have attained an advanced stage in the development of atomic weapons, the Military Policy Committee reported to the Top Policy Group that "no espionage activities by the Axis nations with

respect to this project have been discovered, although there have been suspicious indications.”¹⁷⁵

In a project where the ultimate goal depended upon continuous progress in intricate and closely related production processes, unscheduled delays or interruptions of any kind could be disastrous. Sabotage in any form, whether perpetrated by outsiders or insiders bent upon slowing down or disrupting a particular process, constituted an ever-present hazard. Recognizing the seriousness of this threat, Gen. Groves directed that any suspicion of sabotage be reported to him immediately. In keeping with Groves’s policy of constant vigilance to detect any hint of sabotage, the District’s CIC Detachment thoroughly investigated every instance of mechanical failure, equipment breakdown, fire, accident, or similar occurrence not readily attributable to normal causes, and kept under constant observation all processes and activities that might attract the efforts of saboteurs. In addition, other security personnel regularly inspected the security systems and personnel clearance procedures at the project’s various installations, with the objective of detecting and correcting possible weaknesses that might invite sabotage.¹⁷⁶

Illustrative of Groves’s policy was the investigation into the mystifying failure of the first great magnets installed in the electromagnetic plant at the Clinton Engineer Works. Following a brief period of operation, the magnets began to malfunction. After disassembling one of the magnets piece by piece, Kellex engineers found that in its oil circulation and cooling system rust and dirt particles were bridging the gaps between the silver bands forming the coil component, which they attributed to the manufacturer’s failure to maintain sufficiently rigid standards of cleanliness. The significance of this incident was that it revealed the inherent vulnerability of the electromagnetic installations and the need for constant surveillance in order to thwart possible sabotage.¹⁷⁷

The district’s continuous and thorough efforts to protect the project’s installations and operations against sabotage were successful. During the war years, there were no definitely established incidents of sabotage traceable to enemy agents. In most cases where breakdowns or other failures occurred under suspicious circumstances, investigations revealed they were probably the result of causes other than



Changing of the Guard: Military Police Contingent at CEW.

enemy sabotage. For example, during construction of the original gaseous diffusion plant at the Tennessee site, inspectors discovered someone had driven nails through the rubber coverings of vital electric cables leading underground from the power plant to the main production plant. The perpetrators of this act were never found, although the evidence indicated strongly it was the work of disgruntled employees.¹⁷⁸

A quite different type of interference with plant operation briefly threatened the Hanford Engineer Works in early 1945. Groves reported to the Military Policy Committee in February that Army and Navy intelligence had recorded more than fifty incidents of Japanese balloons at various sites along the Pacific Coast, some of them carrying incendiary and fragmentation bombs. While none of these appears to have been directed specifically against the Hanford installations, on 10 March a balloon of this type struck a high tension transmission line running between the Grand Coulee and Bonneville generating stations and caused an electrical surge through the interconnecting Hanford line that carried power to the production piles. Automatic safety devices at the three piles were activated, briefly shutting down their operation. Fortunately, the bombs attached to the balloon did not explode and the transmission line was not seriously damaged.¹⁷⁹

Compartmentalization Policy

One of the most unusual duties assigned to the District's CIC Detachment was that of furnishing bodyguards for key Manhattan scientific leaders. CIC personnel accompanied J. Robert Oppenheimer, Ernest Lawrence, Arthur Compton, and Enrico Fermi almost continuously. They accompanied other scientists at intervals, when they were at work on projects that required their special protection. Col. Marshall had originated the idea of bodyguards, suggesting that they serve also as drivers, to conceal their true function and to reduce the likelihood of accidents. Compton's bodyguard, a former Chicago policeman, traveled with him in the guise of a special assistant. When Compton was in residence at Oak Ridge, his guard served as a member of the local police force. District security officials exercised considerable care in selecting individuals for bodyguards, seeking those who had demonstrated ability to adapt themselves readily to the kind of

situations in which scientists were likely to be involved.¹⁸⁰

Even though District security officials had planned and implemented a multifaceted security system to protect all aspects of project operations and developments, they fully realized that maintenance of total secrecy in such a vast project was unlikely. What was more feasible, they believed, was to prevent leakage of any useful knowledge of the program's special scientific concepts, industrial techniques, and military objectives or, in Army parlance, safeguarding military information."¹⁸¹

Under the provisions of Army security regulations, the basic responsibility for the protection of classified information rested upon "all military personnel, civilian employees of the War Department, and the management and employees of all commercial firms engaged in classified work or projects for the War Department."¹⁸² In applying this principle to the atomic program, District security officials placed particular emphasis upon limiting the amount of classified information permitted to any single individual or group of individuals. District security regulations established two basic rules, which were to "govern the right to possess classified information;" a person must need the information in order to carry out his job and have access only to the amount of information "necessary for him to execute his function." To make doubly certain an individual employee was restricted to "the minimum necessary for the proper performance of his duties," District regulations further directed that "employees... shall be organized into small working groups or teams so far as possible, each working on its own phase of the job and not being permitted to inspect or discuss the work being done by others."¹⁸³

This compartmentalization policy became a far more pervasive influence in the project after the Army assumed full responsibility for its administration. Where the OSRD had applied compartmentalization primarily to research and development organizations, the Army incorporated it into virtually every type of activity undertaken by the project. Typical was the District's insistence that production plant blueprints be broken down and distributed in such a way as to reveal as little as possible to any one individual about

the overall character of the project. Similarly, the District required that equipment orders to commercial firms specify that an item not be manufactured and assembled at the same location. And when the production plants reached the point of startup operations, plant managers received instructions to split up orders for raw materials among a number of suppliers so that the purpose for which they were being used could not be readily ascertained.

While project leaders agreed that some compartmentalization of information was necessary, considerable difference of opinion prevailed on the extent of limiting scientific and technical interchange, both between sections functioning within a laboratory or plant and between the various interrelated installations of the project. Military administrators, in contrast to their civilian counterparts, favored the enforcement of stricter controls. These generally took the form of written agreements covering those organizations and installations that needed to exchange data. The agreements specified in detail how and what information could be interchanged. Inevitably, occasions arose when developments required interchange of classified information not covered in agreements. In such instances, project leaders applied directly to the district engineer or to Gen. Groves for special permission to exchange the data needed.¹⁸⁴

One of the most important interchange arrangements formed occurred in June 1943, when Gen. Groves met with Compton and Oppenheimer for the purpose of establishing “the principles which should govern the interchange of information between the Chicago [Metallurgical Laboratory] and Los Alamos projects....” As a basic criterion determining what information should be interchanged, they set up the test that only data that would “benefit work at both Chicago and Los Alamos” should be exchanged. The agreement that resulted spelled out, in considerable detail, exactly what information could and could not be interchanged (the latter included those categories relating to production piles, military weapons, and the time schedules of various developments); designated by name those individuals at each installation who were qualified to carry on interchange; and outlined exact procedures of exchange—by formal reports, secret correspondence,

or visits and conferences. On the most sensitive matters, or where there was serious doubt about interchange, the only channel of exchange was through a visit to the Chicago laboratory by either Oppenheimer or a specifically designated group leader. Although negotiators of the agreement must have been aware of the generally restrictive character of its provisions, they nevertheless emphasized that its major objective was “to maintain as rapid and effective interchange of information as possible.”¹⁸⁵

Compartmentalization of information probably aroused more adverse criticism—both from participants in the atomic program and from some of those who, in retrospect, have reviewed its history—than any other single aspect of the project’s security system. Among the participants, the most vociferous critics were the scientists, accustomed to working in college and university laboratories where they could freely interchange the results of their work with scientific colleagues in all parts of the world. Project scientists, such as Leo Szilard, held that over-compartmentalization was a primary cause of extended delays in achievement of scientific and technical objectives of the program. Testifying before a committee of Congress after the war, he asserted, for example, that “compartmentalization of information was the cause for failure to realize that light uranium U235 might be produced in quantities sufficient to make atomic bombs.... We could have had it eighteen months earlier. We did not put two and two together because the two two’s were in a different compartment....”¹⁸⁶ On another occasion he contended also that compartmentalization was not really “too successful” because “significant matters gradually leak through anyway.”¹⁸⁷

Joining Szilard in condemning compartmentalization in the strongest possible terms was Edward U. Condon, the prominent American physicist who had come to the atomic project from the Westinghouse Research Laboratories. In fact, after spending only a month at Los Alamos, Condon came to the conclusion that he would be of more use to the war effort at Westinghouse than at the New Mexico laboratory. The project’s security policy, he asserted, had a morbidly depressing effect on him. “I feel so strongly,” he continued, “that this policy puts you in the position of trying to do an extremely

difficult job with three hands tied behind your back that I cannot accept the view that such internal compartment-mentalization is proper.”¹⁸⁸

Most other contemporary critics took a somewhat less extreme position. Concerned about insufficient interchange of data among atomic project scientists causing delays in the solutions of problems related to bomb development, Compton suggested to the OSRD S-1 Committee in December 1942 that it might be wise to increase the number of “responsible persons who are free of compartmentalization....”¹⁸⁹ Similarly, in June 1943, physicist Richard C. Tolman, in his role as Groves’s scientific adviser, expressed concern that the “proposed regulations to govern interchange between the Chicago and Los Alamos scientists were perhaps not quite as liberal as may later prove warranted.” In the weeks following the institution of these regulations, both Oppenheimer and Edward Teller, who was working on a part-time basis at Los Alamos, were troubled by what they viewed as inadequate liaison channels between the New Mexico laboratory and the other installations where related work was in progress.¹⁹⁰

When British officials and scientists came to the United States in late 1942, they were surprised to learn that Gen. Groves planned further compartmentalization, which many of them viewed as already having been applied to an extent that made efficient operation impossible. Furthermore, the British soon found that the Americans used the policy as a convenient excuse for withholding information. Thus, the policy became intermeshed with the whole question of interchange with the British, a problem that was resolved only after many months of negotiation.¹⁹¹

By early 1944, most project personnel had come to accept the policy as a fact of life. In looking back after the war was over, even some scientists who had found compartmentalization so distasteful grudgingly conceded it had probably been necessary. The eminent American (German-born) physicist James Franck, for example, while speaking at a conference on atomic energy at the University of Chicago in September 1945, concluded that “so far as secrecy is concerned, the Army officers were unrelenting and, in all honesty, we have to admit that they had to be.” But, he went on to remind his listeners that the policy

had exacted a “stiff price” in the “wasting of talent and scientific manpower and the loss of precious time.”¹⁹²

From the military point of view, compartmentalization was precisely what was required, both for security and for achieving the most efficient functioning of scientists and technologists. As Gen. Groves expressed his conviction in retrospect:

“Compartmentalization of knowledge, to me, was the very heart of security. My style was simple and not capable of misinterpretation—each man should know everything he needed to know to do his job and nothing else. Adherence to this rule not only provided an adequate measure of security, but it greatly improved overall efficiency by making our people stick to their knitting. And it made quite clear to all concerned that the project existed to produce a specific end product—not to enable individuals to satisfy their curiosity and to increase their scientific knowledge.”¹⁹³

The District’s policy of compartmentalization of information on the atomic project, in Groves’s words, applied “to everyone, including members of the Executive Department, military personnel and members of Congress.” No one was to have access “solely by virtue of his commission or official position.” Adherence to this policy was possible as long as Manhattan’s funding came from sources already earmarked for the War Department. But project leaders anticipated considerable trouble in the future, because securing new funds would entail congressional authorization.¹⁹⁴

By early 1944, the compartmentalization policy was becoming less and less feasible with Congress because of the increasing size of the program, its rapidly rising cost, and the need to begin planning for its postwar administration. Under the original directive from the President, the atomic program obtained funds from the money appropriated under the Engineer Service-Army budgetary category. Funds from this source sufficed as long as Manhattan’s budgets remained relatively modest. But when project leaders estimated that the program would need at least \$600 million for fiscal year (FY) 1945, they decided they would have to find a way to

provide some information to selected members of Congress who had a need to know. They consulted with President Roosevelt, who thereupon directed that Stimson, Bush, and Gen. Marshall brief the leaders of both parties in the House and the Senate.¹⁹⁵

On 18 February, Stimson, Bush, and Marshall went to the office of Speaker of the House Sam Rayburn, where they were joined by Majority Leader John W. McCormack and Minority Leader Joseph W. Martin, Jr. Stimson outlined the history of the atomic project, including its cost to date and estimated the total amount needed to complete it; Bush described the project's scientific background and indicated the likely destructive power of an atomic weapon; and Marshall discussed the potential role of atomic bombs in the Allied strategy for winning the war. The legislators pledged their unreserved support, stating that they viewed its high cost as well worth the price. They promised to work out a system for handling the Manhattan appropriations in committee so that there would be no danger of disclosure of their purpose. Bush found that the "entire meeting was most reassuring, as it was quite evident the three congressmen were exceedingly anxious to be of aid to the War Department in carrying a very heavy responsibility."¹⁹⁶

In June, Stimson, Bush, and Maj. Gen. George J. Richards, the War Department budget officer who was substituting for Marshall while he was out of town, repeated the briefing for the leaders of the Senate. Present were Majority Leader Alben W. Barkley and Minority Leader Wallace H. White, as well as Chairman Elmer Thomas and Senior Minority Member Styles Bridges of the military subcommittee of the Senate Appropriations Committee. Stimson recalled that "the four gentlemen who met with us were very much impressed. They promised that they would help and keep absolute silence about it and prevent discussion in public as to what it was about."¹⁹⁷

During the remaining months of 1944, congressional leaders succeeded in keeping the vast majority of the members of Congress ignorant of the atomic project. Accustomed to wartime restrictions, most members were willing to accept—without protest—the assurance of their leaders that the work

was secret and that the needed appropriations were essential to the war effort. But for a few members this policy was unacceptable, and they directed individual inquiries to the War Department about rumored developments at the atomic sites.

A case in point was Congressman Albert J. Engel of Michigan, a member of the House Appropriations Committee, who in February 1945 was unwilling to accept automatically the War Department's request for FY 1946 funding from money appropriated under the Expediting Production budgetary category. In a visit to Under Secretary Patterson on the 24th, the Michigan representative stated that he had heard rumors of extravagance and waste and that he wanted more information before approving the War Department's FY 1946 funds. Remembering that in late 1943 War Department officials had dissuaded him from making a proposed trip to the Clinton site, this time he firmly insisted that Patterson allow him to inspect the atomic installations. When Stimson heard from Patterson of Engel's insistence upon visiting project facilities, he sought assistance from the leaders of the House of Representatives. As Speaker Rayburn was away, Stimson turned to Congressman John Taber of New York, another member of the Appropriations Committee. He and Taber sat down with Engel and persuaded him to forgo objections to funds on the floor of the House, but only after promising him an opportunity to visit some "outside installations" of the project.¹⁹⁸

This experience convinced the Secretary of War and the Manhattan commander, as well as other project leaders, that more and more members of Congress would be demanding current information about Manhattan's activities. Consequently, they arranged to have a selected delegation from each House visit Clinton and, if they wished, also Hanford. With the President's approval for this plan, Groves and Stimson, accompanied by the Secretary's aide, Col. William H. Kyle, visited Clinton on 10 April to prepare "for future trouble with Congressmen."¹⁹⁹

Upon the unexpected death of Roosevelt on the twelfth, the inspection trip to Clinton was delayed, but only temporarily. In May, after President Truman had given his assent, Speaker Rayburn helped select five members from the House Appropriations

Committee—Clarence Cannon, the chairman, George H. Mahon, J. Buell Snyder, Engel, and Taber. Under the careful guidance of the Manhattan commander and the district engineer, the five congressmen spent two days inspecting the Clinton Engineer Works. The legislators returned to Washington convinced that public funds had been well spent and prepared to support the project's budgetary requests for FY 1946. A visit by a comparable Senate delegation to inspect atomic facilities was not feasible until after V- J Day, when a group from the upper house toured the Hanford Engineer Works.²⁰⁰

Administrative Aspects

As security requirements increased, the Army established a variety of units to administer its highly compartmentalized information security program. By necessity, the program from about late 1942 up until the District's major intelligence and security reorganization in early 1944 was limited in scope. Faced with a rapid influx of new personnel, both civilian and military, the District's Protective Security Section concentrated chiefly on developing ways for instructing them in the meaning of classified information and the correct methods for handling it. To facilitate this education process, the small staff hurriedly prepared and distributed a manual that provided a "statement of District policy regarding Protective Security procedures," including an extensive section on safeguarding classified information.²⁰¹

An intensification of protective measures during the first half of 1943 resulted in the establishment in August of the Plant Security Section for Safeguarding Military Information (SMI). In an effort to assure attainment of the desired security objectives, the SMI staff developed a new intelligence bulletin. This bulletin, issued in November, set forth in detail the requirements and procedures for safeguarding military information, emphasizing that "matters of vital importance to the government must be protected at all times whether at war or at peace...and thus great caution must be exercised in the handling and in the dissemination of *all* information—written or oral—relative to this Project at any time."²⁰²

By early 1944, consolidation of the District's intelligence and security facilities opened the way

for a more comprehensive information security program and the establishment in May of a separate SMI Section (redesignated SMI Branch in 1945, when organizationally restructured as a subordinate unit of the District's Intelligence and Security Division). Under the expanded program, security officials launched studies of all aspects of the atomic project—equipment, material, products, processes, operations, administrative matters—to determine the appropriate classification for their mention in correspondence and other documents. They set up codenames (some already in use) for major sites, important materials, items of equipment, and even for the more widely known scientists working on the project. Under this scheme, for example, Los Alamos became Site Y., plutonium became 94, the implosion bomb became Fat Man, and scientist Arthur I. Compton became A. H. Comas. Using the staff and resources of the SMI Section, District authorities directed attention to those areas where security leaks were most likely to occur. Thus, the section regularly reviewed project correspondence with other government agencies, such as the Selective Service concerning deferment of key personnel, and advised on the security classification that should govern each of the thousands of contracts that the District negotiated with outside individuals and firms.²⁰³

The establishment and maintenance of effective adherence to security requirements among the project's thousands of contractor organizations comprised one of the most challenging and complex aspects of the information security program. District authorities oversaw contractors' security activities through several channels. The branch intelligence offices in principal cities throughout the United States provided a convenient point of contact, and periodic checks of contractor facilities and operations by security inspectors from District headquarters constituted a second avenue of control. These inspectors particularly observed methods of handling classified materials and storing documents. District security officials also investigated contractors' personnel recruitment programs, written correspondence, stock registration statements to the Securities and Exchange Commission, and similar activities in which security leaks were likely to occur. Finally, when a contractor terminated his contract with the atomic program, District security officials made

certain that all classified materials were returned to project control or that the contractor provided for their adequate protection.²⁰⁴

Security problems involving firms under contract most frequently arose where these organizations were carrying out large-scale development of project facilities. Such development, as at the Clinton and Hanford sites, inevitably brought overcrowding of local housing, acute labor shortages, greatly increased road traffic, and other adverse changes that placed a severe strain on normal community activities. The resulting public resentment, generally focused on the contractor firms, created an environment in which threats to security were more likely to occur. In the spring of 1943, for example, Du Pont's effort to arrange for housing and other facilities for the thousands of employees who would work on the Hanford project stirred up resentment in surrounding communities, already aroused by the Army's land acquisition program. The spread of rumors, adverse criticism in the local newspapers, and unfounded statements by local officials tended to draw widespread public attention to the project, posing a serious threat to security. Lt. Col. Franklin T. Matthias, the Hanford area engineer, and members of his staff spoke at meetings of service clubs in communities adjacent to the project, in an endeavor to counter the rumors and misinformation concerning Du Pont's role in the project. By these and similar efforts they laid the groundwork for obtaining the support and good will of the local citizenry—an absolute essential to maintaining the security of the project.²⁰⁵

Efforts to maintain good community relations was an important aspect of the District's information security program, which had as its prime objective the forestalling of security breaks, first by anticipating them and second by teaching project personnel how to be "instinctively alert-minded and security-wise." Although the SMI Section had primary responsibility for carrying out the program, employee education in security matters devolved chiefly to the SMI staffs at the branch intelligence polices. Each staff, for example, conducted orientation and refresher sessions for Corps of Engineers personnel; provided each contractor with instructional materials for in-house security education briefings for its personnel; and used

a variety of media—training films, circulars and handbills, payroll inserts, telephone stickers, and editorials in project newspapers—to remind District employees of the importance of unremitting attention to the demands of security.²⁰⁶

Because of the policy of compartmentalization, the quantity and variety of educational subject matter available for training purposes was limited. Most workers had knowledge of only the project activity under way at the site where they were employed and most generally did not even know exactly what was being made in the facility where they worked. And even in some instances, project officials had concocted for employees—those working at the electromagnetic plant—a plausible but inaccurate and misleading explanation of the process involved and the product produced, with the warning that this information was given to them only to help them carry out their jobs. Lacking concrete data on which to base an appeal to employees, security officials had to request that they accept the necessity for strict adherence to secrecy largely on faith and out of a sense of patriotism and loyalty to the men on the fighting fronts.

As did most wartime agencies involved in secret work, the Manhattan District resorted to censorship of various kinds as a means of safeguarding classified information. In the first few months after the Army assumed responsibility for the atomic program, the District and branch security staffs began a cursory review of a few leading daily newspapers and periodicals and gradually enlarged this check of publications until it covered some 370 newspapers and 70 magazines. The censors, several of whom were Women's Army Corps members, were particularly on the lookout for publication of anything that would reveal classified information, attract attention to the project, or furnish an enemy agent or anyone else with knowledge sufficient to determine the nature of the project.²⁰⁷

While review of newspapers, periodicals, and other publications provided some protection against damaging revelations about the project, the fact remained that once such information appeared in print an element of secrecy was lost. Much more effective was a system that prevented publication of sensitive

information. Under the Office of Censorship's "Codes of Wartime Practices for the American Press and American Broadcasters," newspapers, periodicals, and radio broadcasters voluntarily agreed to refrain from discussing certain specified subjects and mentioning certain terms. In February 1943, Vannevar Bush proposed that the atomic energy program be brought under this voluntary censorship. At first, both Gen. Strong, the Army intelligence chief, and Gen. Groves had serious reservations about making the atomic energy project subject to this censorship arrangement, fearing that the results "might be more detrimental than otherwise."²⁰⁸

Finally, military leaders reluctantly agreed to the voluntary press censorship plan, persuaded primarily by the insistence of Nathaniel R. Howard, assistant director of the Office of Censorship and a former editor of the *Cleveland News*, that this was the only way to maintain press security of the project. On 28 June 1943, Byron Price, director of the Office of Censorship, sent out a special request to all editors and broadcasters that they extend the previously issued precaution not to publish or broadcast anything about "new or secret military weapons or experiments" to include:

Production or utilization of atom smashing, atomic energy, atomic fission, atomic splitting, or any of their equivalents.

The use for military purposes of radium or radioactive materials, heavy water, high voltage discharge equipment, cyclotrons.

*The following elements or any of their compounds: plutonium, uranium, ytterbium, hafnium, protoactinium, radium, thorium, deuterium.*²⁰⁹

The aim of censorship was to prevent all mention of the atomic program in the American press; however, on the advice of the Office of Censorship, the District permitted a limited amount of information about certain aspects of the project to appear in newspapers published in communities near the Clinton and Hanford sites. Office of Censorship officials pointed out that complete suppression of information about activities at these locations would actually draw more attention than a policy of judicious release of news of local interest, carefully controlled

so as not to reveal any vital secrets. They cited as an example the land acquisition at Hanford, which required relocation of many people and resulted in court proceedings. Stories on these events in newspapers of the Washington-Oregon region would not violate essential security as long as they did not reveal the purpose of the acquisition or the interconnection of the Hanford project with other parts of the atomic program. Gen. Groves assented to this policy but took the added precaution, suggested by Office of Censorship officials, of having Manhattan District representatives visit the editors or publishers of local newspapers and operators of local radio stations to request their cooperation in maintaining the security of the project.²¹⁰

At Los Alamos, security authorities endeavored to keep all mention of the site and its activities out of the press. Total exclusion was more feasible at the New Mexico installation because of its military administration and geographic isolation from surrounding communities. The policy was reinforced in late 1943 through the use of regular mail censorship and other measures to minimize the likelihood that knowledge of the site would come to the attention of the press.²¹¹

It was inevitable that a voluntary censorship system would not be totally effective, and, on those occasions when some reference to the project or atomic energy occurred in the press or on the radio, the District Security Office and the Office of Censorship took immediate steps to limit its circulation and to run down its origins. A rash of censorship violations occurred in late 1943. A columnist in the *Washington Post* announced that the Senate's Truman Committee was about to investigate a "half-a-billion dollar" War Department project in the state of Washington that was "reported to be one of the largest single projects that's to be built from scratch in the Nation's history." On the same day the *Post* article appeared in the *Spokane Spokesman Review*, and soon thereafter the wire services picked up the news item. Almost simultaneously, several newspapers in Tennessee ran a story on the state's Selective Service that contained a passing reference by the head of the service, Brig. Gen. Thomas A. Frazier, to "the Clinton Engineer Works in secret war production of a weapon that possibly might be the one to end the war." In both

instances, prompt action by the Office of Censorship led to withdrawal of the articles before they had received wide circulation. Subsequent action by the War Department resulted in tracing down the sources of the leaks and in implementing improved security measures to prevent such occurrences in the future.²¹²



Poster used by isolationists to maintain the US policy of neutrality at the beginning of World War II.

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IMPORTANT DATES AND COUNTERINTELLIGENCE EVENTS

COUNTERINTELLIGENCE IN WORLD WAR II
1940-1947

1940	5 January	Navy establishes, in New York, a cover operation to conduct clandestine collection with a worldwide network of operatives and observers (Phillip's organization).
	21 May	President Roosevelt authorizes the FBI to conduct warrantless electronic surveillance of persons suspected of subversion or espionage. Surveillance is to be limited insofar as possible to aliens.
	5 June	FBI-MID-ONI "Delimitation Agreement" further specifies the division of labor in domestic intelligence work.
	24 June	FBI Special Investigations Service (SIS) is formed.
	28 June	The Alien Registration Act (the "Smith Act") criminalizes conspiracy to overthrow the government, requires resident aliens to register, report annually, and provide notice of address changes.
	28 June	Delimitation Agreement signed by War Department, Office of Naval Intelligence and FBI for coordination of activities.
1941	14 May	Military Intelligence Division, Office of Naval Intelligence and FBI adopt "Third Agency Rule"; no intelligence collected by an agency is to be disseminated outside its own agency. Rule does not apply to already established exchanges of information.
	June	KGB codebook and an emergency cipher system obtained by Finns.
	22 June	Germany invades Russia.
	29 June	FBI arrests 29 German military intelligence agents, crippling Germany's clandestine operations in the United States.
	11 July	Coordinator of Information (COI) established by President Roosevelt to collect and analyze all information bearing on national security.
	1 September	A separate Censorship Branch is created in Army's Military Intelligence Division.
	6 September	Army Chief of Staff requests the Secretary of War to approve placing the War Department's undercover intelligence services under COI.

COUNTERINTELLIGENCE IN WORLD WAR II
1940-1947

1941	10 October	Donovan informs the President that the Military and Naval Intelligence Services consolidated their uncover intelligence under the COI.
	7 December	Japanese aircraft attack Pearl Harbor; America enters the war.
	19 December	Office of Censorship created by Executive Order.
1942	5 February	Interdepartmental Committee to consider cases of subversive activity on the part of federal employees established.
	19 February	Presidential Order relocates West Coast Japanese.
	20 February	Through a German double agent, the FBI established radio contact between Long Island, New York, and Hamburg, Germany, and supplied the German intelligence agency with false information up to May 2, 1945, when British forces captured Hamburg.
	20 March	MID's Special Branch begins producing daily "Magic Summaries" analyzing foreign diplomatic messages for the White House and Senior and senior military commanders.
	30 March	Donovan writes to Roosevelt seeking approval of a proposal to have the Joint Chiefs of Staff and COI work more closely together.
	29 May	Registration of foreign agents transferred from Department of State to the Attorney General.
	13 June	Office of Strategic Services is formed and Coordinator of Information is abolished.
	25 June	US Navy drops its Soviet diplomatic SIGINT program and turned it over to the Army.
	27 June	FBI announces arrest of 8 German saboteurs who landed on Long Island. Six are electrocuted and two get long prison terms.
	30 June	Interagency agreement divides signals intelligence duties: Navy assigned to handle naval codebreaking; the US Army's Signals Intelligence Service to handle diplomatic and military traffic; and the FBI works clandestine radio communications.
8 July	President Roosevelt bars all agencies except the FBI and the armed services from code-breaking activities. The services interpret this directive as authorization to deny signals intelligence to OSS.	

IMPORTANT DATES AND COUNTERINTELLIGENCE EVENTS

COUNTERINTELLIGENCE IN WORLD WAR II
1940-1947

1942	23 November	US Senate Committee approves bill to extend federal censorship between the United States and possessions and foreign countries.
	2 December	Enrico Fermi secretly accomplishes a controlled nuclear fission reaction at the University of Chicago gym; in a coded message he informs FDR: "The Italian navigator has entered a new world."
1943	3 January	The Dies Committee on Un-American Activities given permanent status.
	1 February	US Army's renamed Signal Security Agency (SSA) formally begins work on Russian diplomatic traffic.
	1 March	Donovan creates a counterintelligence section in OSS, designated X-2 and appoints James R. Murphy as its chief.
	31 March	X-2 has opened an office in London to conduct liaison with British intelligence.
	10 April	KGB New York resident Vassili M. Zarubin meets CPUSA official Steve Nelson in Oakland and discusses espionage.
	1 May	Development of the atomic bomb transferred to the Army; project becomes known as Manhattan Project.
	20 May	Communist International (COMINTERN) dissolves.
	July	X-2 sets up a Watch List Unit to collect information on all known or suspected agents.
	7 August	FBI receives an anonymous Russian letter naming Soviet intelligence officers in North America.
	October	The first breakthrough in VENONA decryption comes with the discovery of weaknesses in the Soviet cryptographic system.
	31 October	San Francisco KGB residency acknowledges the receipt of a new codebook.
17 December	Quotas replace Chinese exclusion immigration law.	
1944	May	Donald Maclean arrives in Washington as Second Secretary of the British Embassy.

COUNTERINTELLIGENCE IN WORLD WAR II
1940-1947

1944	August	Klaus Fuchs begins work at Los Alamos, New Mexico and transfers information about the A-bomb to Harry Gold.
	November	SSAs Cecil Phillips discovers the new KGB indicator, which is then used to detect “key” duplicated in Trade messages.
	18 November	Donovan suggests to the President that consideration be given to establishing an intelligence organization for the post-war period.
	December	OSS purchases Soviet code and cipher material from Finnish sources; the Roosevelt administration orders the material returned to the Soviet Embassy in Washington.
	15 December	The War Department transfers operational control of SSA from the Signal Corps to MID.
1945	January	David Greenglass, Julius Rosenberg’s brother-in-law, gives Rosenberg information on the A-bomb while Greenglass is on leave from Los Alamos.
	April	Andrei Gromyko nominates Alger Hiss to be temporary Secretary General of the UN.
	12 April	President Roosevelt dies. Harry Truman sworn in as his successor.
	27 April	A US Army Intelligence Committee (TICOM) team finds Russian code and cipher material in a German Foreign Office cryptanalytic center in a castle in Saxony-Anhalt.
	8 May	Germany surrenders.
	16 July	The Manhattan Project detonates the world’s first nuclear explosion, at Trinity, in New Mexico; Soviet agents had warned Moscow in advance.
	15 August	Japan capitulates.
	2 September	Formal end of World War II.
	2 September	Termination of military censorship within the US Army both at home and abroad.

IMPORTANT DATES AND COUNTERINTELLIGENCE EVENTS

COUNTERINTELLIGENCE IN WORLD WAR II
1940-1947

1945	6 September	The War Department authorizes merger of SSA with selected Signal Corps units to form the Army Security Agency (ASA), under MID.
	7 September	Igor Gouzenko, code clerk at the Soviet Embassy, defects to Canada with documents which reveal a major Soviet espionage ring in Canada.
	12 September	US-UK signals intelligence Continuation Agreement extends wartime cooperation in this field.
	25 September	First Eberstadt Committee report proposes creation of intelligence agency and national security council.
	1 October	President Truman disbands the OSS; Research and Analysis function given to Department of State, remainder to Strategic Services Unit, War Department.
	31 October	Office of War Information abolished.
	November	Elizabeth Bentley tells the FBI about her activities as a courier for Soviet espionage rings, leading to follow-up of Whittaker Chambers charges made in 1939.
	7 November	Elizabeth Bentley interviewed at length for the first time by FBI agents about her work for the KGB.
1946	January	USSR recognized as main target of US intelligence interest.
	22 January	Central Intelligence Group set up by presidential directive. Souers named DCI.
	23 February	Secretary of War approves revisions in instructions for handling subversive and disaffected Army personnel. Directs preparation of files on known or suspected subversives and names MID as central office of record.
	March	The first US post-war spy case is brought with the arrest of a Russian, Lt. Redin, in Portland, OR. Charged with espionage and buying "secret" information about the Bikini Island atomic bomb tests from a British Secret Service maritime engineer, he is acquitted.
	4 March	Allan Nunn May, British physicists involved in Atomic Research, arrested.

COUNTERINTELLIGENCE IN WORLD WAR II
1940-1947

1947	January	US Chamber of Commerce publishes <i>Communists Within the Government: The Facts and the Program</i> , warning of “Communist infiltration.”
	5 March	Army Intelligence Division advises field commands that, within policy limits, reports on trends and conditions relating to strikes, racial disturbances and other disloyalties, that may threaten the armed forces, are needed.
	21 March	Executive Order 9835 tightens protections against subversive infiltration of the US Government, defining disloyalty as membership on a list of subversive organizations maintained by the Attorney General.
	16 June	House Un-American Activities Committee (HUAC) begins hearings on Hollywood communists. Indicts 10 Hollywood figures for contempt. A Hollywood blacklist of alleged Communist sympathizers includes 300 writers, directors, and actors.
	26 July	The National Security Act is passed. It establishes the National Security Council (NSC), the Director of Central Intelligence (DCI) and the Central Intelligence Agency (CIA).
	1 September	Col. Carter Clarke briefs the FBI’s liaison officer on the break into Soviet diplomatic traffic.
	16 September	Official separation agreement reached between Army and Air Force relative to their respective responsibilities for conducting CI within the Zone of Interior.
	18 September	The Central Intelligence Agency is established.
	26 September	First meeting of the National Security Council.
	12 December	NSCID-5 reiterates but qualifies DCI’s counterespionage authority to avoid precluding certain “agreed” FBI and military counterintelligence activities.



CHAPTER 2

CHAPTER 2

Magic

Introduction

Herbert O. Yardley was the director of Military Intelligence's cryptanalytic service MI-8 during World War I. When the war ended, Yardley and his staff transferred their code-breaking operation to New York where they continued to operate under commercial cover. This activity became known as "The American Black Chamber" and was funded by the Departments of State and Navy. The Black Chamber's most notable success was breaking the Japanese diplomatic code; the information obtained was used by the US Government during the Washington Naval Arms Limitation Conference in 1921.

In 1929, the new Secretary of State Henry Stimson terminated State's funding for the Black Chamber, which essentially ended the operation. However, the US Army took the Black Chamber files and created its own code-breaking entity, the Signals Intelligence Service under William Friedman. The US Navy also established a Code and Signal Section within the Office of Naval Intelligence in 1924. Both services devoted their efforts to breaking codes in Japanese diplomatic traffic.

The publication of Yardley's book, *The American Black Chamber*, caused the Japanese to change their code and cipher system. They developed their own "enigma-type" machine called "Red," which was used by their Foreign Ministry. In 1937 they began to use a more sophisticated machine, called "Purple" by the Americans. The Japanese entrusted their most sensitive diplomatic traffic to "Purple."

William Friedman and his staff were given the task of breaking the Japanese "Purple" code system. It was not until 1940 that they solved the puzzle. The strain of the endeavor, however, led to a nervous breakdown and Friedman's retirement as a Lt. Col. in the Signal Corps reserve.

With the solution of the Japanese Foreign Office's highest grade cryptographic system, the interception, decryption, and translation on a current basis of secret Japanese worldwide diplomatic messages began. These messages also contained Japanese intelligence activities and collection targets. The information the United States derived from this source, designated "Magic," was highly classified and closely guarded. It went only to a few of the highest-level US officials.

The items selected for this chapter pertain to Japanese intelligence activities during 1941.

Japan Discovers the United States is Reading Its Codes

A series of dashes in the translations indicate that a portion of the original encrypted text was not intercepted, was garbled, or could not be decrypted.

On 5 May 1941, Japanese Ambassador Nomura was informed by his superiors in Tokyo that it appeared the US Government was reading his coded messages. This information was obtained from the Germans by Japanese Ambassador to Germany, Osima, who then informed Tokyo. Although Ambassador Nomura requested additional details, the Germans refused to divulge the source of its information.

Ambassador Nomura conducted an investigation and, on 20 May 1941, informed Tokyo that he confirmed that the United States was reading some of the Japanese codes. He did not reveal his source in the message but indicated he would send the details by courier.

*From: Tokyo (Japanese Foreign Minister)
5 May 1941
To: Washington (Koshi) #192*

According to a fairly reliable source of information it appears almost certain that the United States government is reading your code messages. Please let me know whether you have any suspicion of the above.

*From: Berlin (Oshima)
3 May 1941
To: Tokyo (Matsuoka) #482*

STAAMAA called me this day (evening?) and stating that this request was to be kept strictly secret, he said that Germany maintains a fairly reliable intelligence organization abroad (or—"in the U.S.?"?), and accordingly to information obtained from the above-mentioned organization it is quite (or—"fairly?") reliably established that the U.S. government is reading Ambassador Nomura's code messages, and then asked that drastic steps should be taken regarding this matter.

There are at least two circumstances substantiating the above (suspicion). One circumstance is that Germany is reading our code messages — — —. Regarding this, during my previous residence here, they were known to have a large scale cryptanalytic organization — — (unfinished — — last two-thirds not available)

*From: Tokyo (Matsuoka)
5 May 1941
To: Berlin (Oshima)#370*

Please express our appreciation to STAAMAA for the information in question and ask him if it is not possible to give us the authority for the statement that it has been fairly reliably established that the U.S. government is reading our code messages, so that we might take appropriate action. Reply requested.

*From: Washington (Nomura)
5 May 1941
To: Tokyo (Gaimudaijin) #267*

Most Guarded Secrecy.
Foreign Office Secret.
Re your #192.

For our part, the most stringent precautions are taken by all custodians of codes and ciphers, as well as of other documents. On this particular matter I have nothing in mind, but pending investigation please wire back any concrete instances or details which may turn up.

*From: Tokyo (Matsuoka)
7 May 1941
To: Washington (Nomura) #198*

Regarding your #267.

This matter was told very confidentially to Ambassador Oshima by the Germans as having been

reported to them by a fairly (“rather” or “pretty”) reliable intelligence medium; but to our inquiry they are said to have refused to divulge the basis on which they deemed it to be practically certain.

From: Washington (Nomura)
20 May 1941
To: Tokyo #327

INTELLIGENCE:

Though I do not know which ones, I have discovered that the United States is reading some of our codes. As for how I got the intelligence, I will inform you by courier or another safe way.

Expansion of Japanese Espionage in North and South America

American authorities knew that a widespread Japanese espionage organization was operating in the United States for at least a year before the war. The Japanese decided at the end of 1940 that they had neglected political propaganda in the United States by concentrating their attention to cultural enlightenment. They decided to refocus their efforts to political interests with the hope that this new approach would be favorably received. Special attention was to be paid to American Communist Party operations and the economic and social activities of the Soviet Union, not only in the United States but also in Central and South America.

In addition, Japanese espionage agents were directed to ascertain the relations between the United States and Latin American countries. In the past, the Japanese ignored these countries but, with the changing political climate, they believed it was advantageous to change their policy.

The Japanese desired closer contacts with German and Italian agents, as well as with Japanese residents, who were to be cautioned not to create any suspicion in the minds of US authorities regarding their espionage activities. The day after Ambassador Nomura made his official entrance into the diplomatic

scene at Washington, Tokyo issued new instructions concerning the gathering of intelligence in Canada and the United States. Details of this plan demonstrate that the Japanese were preparing for the worst.

From: New York (Iguchi)
17 December 1940
To: Tokyo (Gaimudaijin) #763

Re your msg. to Wash. #591.

As propaganda and enlightenment organs here, we have the Japan Institute, the Tourist Bureau, and the silk office of the Ministry of Commerce and Communication. Other groups whose importance we cannot ignore for collecting information are the financial adviser, the Army and Navy Inspection Offices, Representatives of Domei, ASAHI, NITINITY, AND YOMIURI, the Bank of Japan, the Specie Bank, Mitsui, Mitsubishi, N.Y.K., O.S.K., the Manchurian R.R. and the OKURA Co. In order to obtain the fullest cooperation from the above it is well to establish an information committee centering around the press attaché.

From: Tokyo (Matsuoka)
5 February 1941
To: Washington (Koshi) #056

Re my #591.

In connection with New York to Tokyo message #763, the business men (including Sumitomo’s representatives) and representatives of newspapers were invited to call here. One of my men discussed the following points with them:

(1) To have the various representatives of business firms engaged in collecting intelligence material.

(2) To have all such representatives abroad (in the United States) cable their opinions and manipulations in so far as they are related to politics, through diplomatic channels so as to maintain secrecy.

We were able to obtain their agreement to cooperate with us in this respect, so please proceed with this program. We have the perfect understanding and agreement of the Army and Navy in this connection. They promise to give us whatever aid they can.

*From: New York (Iguchi)
11 December 1940
To: Tokyo (Gaimudaijin) #762*

1. In view of the fact that our Embassy's propaganda effort in the U.S. has been chiefly confined to cultural enlightenment in the past, which by the very nature of the thing evoked little or no objection, we have been considering a plan since last year to strengthen our political propaganda methods. However, due to the increased vigilance and control exercised over foreign propaganda in general and over the 5th column activities in particular, since the outbreak of the European war, we cannot hope for too great a success in this field of propaganda. Nevertheless, the effect of the recently-signed tripartite agreement will impose a greater necessity for just such propaganda efforts if the present Japanese-American relations are to be maintained. It is imperative, therefore, that we reconsider our efforts



Capt. Herbert O. Yardley

with a view to seeking more effective propaganda methods. While I realize that your office has been giving much thought to this question, I wish to submit herewith my views on the matters.

While cultural propaganda and enlightenment, no doubt, contribute much toward the promotion of amicable relations between Japan and America, the cost is prohibitive. Therefore, I suggest that, wherever possible, this type of propaganda be discontinued.

Political propaganda will meet with a great deal of obstacles which will cast some doubts on its successful outcome. However, we should strive to deal with fundamental problems in order to thwart the counter-propaganda in this country, which is based on the assumption that all foreign propaganda seek to divide the American people.

The set-up of the press attaché should be concentrated on the task of assembling information and of widening the intelligence net and its personnel. Especial effort should be made to establish personal contacts with the members of the press and persons influential in American politics and business. The intelligence net should be so organized as to be able to function even if there should be a severance of diplomatic and commercial relations between Japan and the U.S.

2. In addition to the present work of investigating the activities of the American Communist party and the Chinese by our Embassy, we should constantly keep watch over American politics and the economic and social activities of Soviet Russia in the United States, particularly as they affect Central and South Americas. For this task it is necessary not only to hire Americans, but also to have competent researchers sent from Japan.

3. Although the Tourist Bureau and the Trade Promotion Bureau have been carrying our propaganda in the past, we should consider the inconsistency of having the Tourist Bureau giving out travel information when, today, no American tourists are permitted to travel to Japan.

From: Tokyo (Matsuoka)
20 January 1941
To: Washington (Koshi) #043

Foreign Office secret.

Heretofore, we have placed emphasis on publicity and propaganda work in the United States. In view of the critical situation in the recent relations between the two countries, and for the purpose of being prepared for the worst, we have decided to alter this policy. Taking into consideration the small amount of funds we have at our disposal, we have decided to de-emphasize propaganda for the time being, and instead, to strength our intelligence work.

Though we must give the matter of intelligence work our further study—in this connection we are at present conferring with the intelligence bureau—we have mapped out a fundamental program, the outline of which is contained in my supplementary cable No. 44.

Please, therefore, reorganize your intelligence set-up and put this new program into effect as soon as possible.

Cable copies of this message, as “Minister’s orders” to Canada, Mexico, (a copy to be relayed from Mexico to Mexicali), San Francisco, (copies from San Francisco to Honolulu, Los Angeles, Portland, Seattle, and Vancouver), New York, New Orleans, and Chicago.

From: Tokyo (Matsuoka)
30 January 1941
To: Washington (Koshi) #44

(Foreign Office secret).

(1) Establish an intelligence organ in the Embassy which will maintain liaison with private and semi-official intelligence organs (see my message to Washington #591 and #732 from New York to Tokyo, both of last year’s series). With regard to this, we are holding discussions with the various circles involved at the present time.

(2) The focal point of our investigations shall be the determination of the total strength of the U.S. Our investigations shall be divided into three general classifications: political, economic, and military, and definite course of action shall be mapped out.

(3) Make a survey of all persons or organizations which either openly or secretly oppose participation in the war.

(4) Make investigations of all anti-Semitism, communism, movement of Negroes, and labor movements.

(5) Utilization of U.S. citizens of foreign extraction (other than Japanese), aliens (other than Japanese), communist, Negroes, labor union members, and anti-Semites, in carrying out the investigations described in the preceding paragraph would undoubtedly bear the best results.

These men, moreover, should have access to governmental establishments, (laboratories?) governmental organizations of various characters, factories, and transportation facilities.

(6) Utilization of our “Second Generation” and our resident nationals. (In view of the fact that if there is any slip in this phase, our people in the U.S. will be subjected to considerable persecution, and the utmost caution must be exercised.)

(7) In the event of U.S. participation in the war, our intelligence set-up will be moved to Mexico, making that country the nerve center of our intelligence net. Therefore, will you bear this in mind and in anticipation of such an eventuality, set up facilities for a U.S.–Mexico international intelligence net. This net which will cover Brazil, Argentina, Chile, and Peru will also be centered in Mexico.

(8) We shall cooperate with the Germans and Italian intelligence organs in the U.S. This phase has been discussed with the Germans and the Italians in Tokyo, and it has been approved. Please get the details from Secretary Terasaki upon his assuming his duties there. Please send copies to those offices which were on the distribution list of No. 43.

From: Tokyo (Mausuoka)
5 February 1941
To: Mexico City (Koshi) #239

In view of the critical times we wish to revise our information policy of our offices in South and Central America, along the following lines:

- (1) Investigate the general national strength of the United States.
- (2) Investigate the United States policy towards South and Central America.
- (3) Investigate the extent of south and Central America's participation in the policy of the United States.
- (4) Investigate the extent of competition between Germany, Italy and the United States in Central America.

1. Appoint persons to direct these investigations and report their names.
2. Consider plans to use South and Central America for obtaining information regarding the United States in the event that that country is drawn into war, and have an information gathering machinery ready for operation when that situation occurs.



William Frederick Freidman

3. Keep a close contact with the German and Italian organs (of information).

4. To organize Japanese residents, including newspaper men and business firms for the purpose of gathering information. Care should be taken not to give cause for suspicion of espionage activities.

5. To formulate a suitable plan for dispatching information obtained under any condition.

Relay to Chile, Peru, Panama, Argentina(?), Venezuela(?), and Brazil and retransmit by code to Santos and Ribeiro Preto.

From: Tokyo (Matsuoka)
15 February 1941
To: Washington (Koshi) #073

Re my #43.

The information we particularly desire with regard to intelligence involving U.S. and Canada, are the following:

1. Strengthening or supplementing of military preparations on the Pacific Coast and the Hawaii area; amount and type of stores and supplies; alterations to air ports (also carefully note the clipper traffic).
2. Ship and plane movements (particularly of the large bombers and sea planes).
3. Whether or not merchant vessels are being requisitioned by the government (also note any deviations from regular schedules), and whether any remodeling is being done to them.
4. Calling up of army and navy personnel, their training, (outlook on maneuvers) and movements.
5. Words and acts of minor army and navy personnel.
6. Outlook of drafting men from the view-point of race.

Particularly, whether Negroes are being drafted, and if so, under what conditions.

7. Personnel be graduated and enrolled in the army and navy and aviation service schools.

8. Whether or not any troops are being dispatched to the south Pacific by transports; if there are such instances, give description.

9. Outlook of the developments in the expansion of arms and the production set-up; the capacity of airplane production; increase in the ranks of labor.

10. General outlooks on Alaska and the Aleutian Islands, with particular stress on items involving plane movements and shipment of military supplies to those localities.

11. Outlook on U.S. defense set-ups.

12. Contacts (including plane connections) with Central and South America and the South Pacific area. Also outlook on shipment of military supplies to those areas.

Please forward copies of this message as a "Minister's Instruction" to New York, San Francisco, Los Angeles, Seattle, Portland, (Chicago or New Orleans?), Vancouver, Ottawa, and Honolulu. Also to Mexico City and Panama as reference material.

Japanese Concern About Allied Counterespionage

Not only were the Japanese expanding the activities of their espionage agents in North and South America, but they were also extremely concerned over the success of Allied military counterespionage. Simultaneously with the increase of Japanese military and naval observers in the United States, American military observers in the Pacific were undergoing closer supervision. Furthermore, severe measures were taken to restrict foreign visitors from entering Japan. No visitor, except those traveling under diplomatic passports, could reach Japan without first informing the Japanese authorities of his complete personal history and political leanings.

*From: Tokyo (Matsuoka)
15 February 1941*

To: Rome (Koshi) #300

Under present world conditions, we must redouble our counter espionage activities. To conform with this policy we have decided to further restrict foreign visitors to our shores.

Hereafter, therefore, will you make a thorough investigation of all applicants for visas? Those persons who come under the classifications noted below (including persons who have no nationality) should not be given visas until their names, occupations, object of visit, and other reference material is reported by official communications or by request cables. A detailed description of the personal history and political leanings should accompany the applications of those who come under the category of (2) below. (There will be no change in the procedure which has been in effect in the past, where citizens of the U.S.S.R. and refugees are concerned.)

(1) Officials, military men, and others who are traveling on official business. Possessors of diplomatic passports are excepted.

(2) Newspaper correspondents, magazine writers, and persons connected with propaganda organs.

(3) All others about whose purpose of visit, political leanings, and/or connections you have some doubts.

Japanese Interest in American Labor Unions

Ambassador Nomura received a request from Tokyo on 1 April 1941 to investigate the labor union situation in the United States as a possible obstacle to American unity in the event of war. Inquiry was to be made concerning the attitude of the CIO, the AF of L, the Communist Party, the Socialistic parties, and last but not least, into German and Italian fifth column activities. All this was in conformity with the recent expansion of the Japanese intelligence gathering organization in North and South America.

From: Tokyo
1 April 1941
To: Washington #154

Secret.

It has been reported that recently strikes have broken out in (Chicago?) After you have made a very thorough investigation, please wire me your findings along the following lines:

1. The political motivating forces behind these strikes and their expected development.
2. The extent to which these strikes interfere with national defense organization.
3. The relation between C.I.O.'s anti-ROOSEVELT policies since the elections last year and the current strikes.
4. To what extent is the LEWIS-MURRAY faction using their criticism of the (Cabinet?) and President ROOSEVELT's foreign policy?
5. Recent A.F. of L. attitude.
6. The attitude of the Communist Party to these strikes.
7. In the event of a breakdown of strike mediation, what are the anticipated government measures and what is the C.I.O.'s attitude toward this? In the event of war we think that the Labor Unions will become a major political factor in hindering unity in the United States. In the future arrange to get in touch with the leaders of labor unions, the Communist Party, the Socialist Party, and other anti-ROOSEVELT movements. At the same time, I would like to have you study the possibility of using such a person as (IKU?) O OYAMA.

Furthermore, with regard to German and Italian Fifth Column activities, I gave you instructions in my #546 of mid-November last year, but at this time particularly I would like to have you give the subject your careful attention.

On the authorization of the Foreign Minister, please transmit this message to all of our officials in the

United States with the exception of ---. Please communicate the foregoing to Canada, ---and Mexico for their information.

Reports of Japanese Intelligence Agents in America

On 17 April 1941, Ambassador Nomura requested a secret fund of \$50,000, which prompted the Foreign Ministry to ask about the intelligence organization recently established in North America. Japanese agents were attempting to establish contacts in many fields of American industry and commerce. Great attention was paid to labor disputes and racial conflicts since the Japanese thought that all forces disrupting American unity would be productive sources of intelligence.

From: Vancouver (Kawasaki)
28 April 1941
To: Tokyo #45

Re #180 addressed by the Minister to the Ambassador in Washington.

This office is at present employing a spy (an Irishman with Communist Party affiliations) and is having him collect information of this nature. We intend to send this man in the near future to Prince Rupert and Yukon, inasmuch as progress of the United States-Canada joint defense plans and the question of air connection with Alaska deserve our attention.

From: Los Angeles (Nakauchi)
9 May 1941
To: Tokyo (Gaimudaijin) #067

Strictly Secret.

Re your message #180 to Washington.

We are doing everything in our power to establish outside contacts in connection with our efforts to gather intelligence material. In this regard, we have decided to make use of white persons and Negroes, through Japanese persons whom we can't trust completely. (It not only would be very difficult to

hire U.S. (military?) experts for this work at the present time, but the expenses would be exceedingly high.) We shall, furthermore, maintain close connections with Japanese Association, the Chamber of Commerce, and the newspapers.

With regard to airplane manufacturing plants and other military establishments in other parts, we plan to establish very close relations with various organizations and in strict secrecy have them keep these military establishments under close surveillance. Through such means, we hope to be able to obtain accurate and detailed intelligence reports. We have already established contact with absolutely reliable Japanese in the San Pedro and San Diego area, who keep a close watch on all shipments of airplanes and other war materials, and report the amounts and destinations of such shipments. The same steps have been taken with regard to traffic across the U.S.-Mexico border.

We shall maintain connection with our second generations who are at present in the (U.S.) Army, to keep us informed of various developments in the Army. We also have connections with our second generations working in airplane plants for intelligence purposes.



Japanese encoder

With regard to the Navy, we are cooperating with our Naval Attaché's office, and are submitting reports as accurately and as speedily as possible.

We are having Nakazawa investigate and summarize information gathered through first hand and newspaper reports, with regard to military movements, labor disputes, communistic activities and other similar matters. With regard to anti-Jewish movements, we are having investigations made by both prominent Americans and Japanese who are connected with the movie industry which is centered in this area. We have already established connections with very influential Negroes to keep us informed with regard to the Negro movement.

From: Seattle (Sato)
11 May 1941
To: Tokyo #45

Re your #180 to Washington.

1. Political Contacts.

We are collecting intelligence revolving around political questions, and also the question of American participation in the war which has to do with the whole country and this local area.

2. Economic Contacts.

We are using foreign company employees, as well as employees in our own companies here, for the collection of intelligence having to do with economics along the lines of the construction of ships, the number of airplanes produced and their various types, the production of copper, zinc and aluminum, the yield of tin for cans, and lumber. We are now exerting our best efforts toward the acquisition of such intelligence through competent Americans. From an American, whom we contacted recently, we have received a private report on machinists of German origin who are Communists and members of the labor organizations in the Bremerton Naval Yard and Boeing airplane factory. Second generation Japanese----- .

3. Military Contacts

We are securing intelligence concerning the concentration of warships within the Bremerton Naval Yard, information with regard to mercantile shipping and airplane manufacturer, movements of military forces, as well as that which concerns troop maneuvers.

With this as a basis, men are sent out into the field who will contact Lt. Comdr. OKADA, and such intelligence will be wired to you in accordance with past practice. KANEKO is in charge of this. Recently we have on two occasions made investigations on the spot of various military establishments and concentration points in various areas. For the future we have made arrangements to collect intelligence from second generation Japanese draftees on matters dealing with troops, as well as troop speech and behavior.-----

4. Contacts with Labor Unions.

The local labor unions A.F.of L. and C.I.O. have considerable influence. The (Socialist?) Party maintains an office here (its political sphere of influence extends over twelve zones.) The C.I.O., especially, has been very active here. We have had a first generation Japanese, who is a member of the labor movement and a committee chairman, contact the organizer, and we have received a report, though it is but a resume, on the use of American members of the (Socialist?) Party. ---OKAMARU is in charge of this.

5. In order to contact Americans of foreign extraction and foreigners, in addition to third parties, for the collection of intelligence with regard to anti-participation organizations and the anti-Jewish movement, we are making use of a second generation Japanese lawyer.

This intelligence-----

Japanese Reports From the United States

During the period from 12 May to 6 August 1941, the Japanese showed enormous attention to the movement of American warships. While the question of convoying American ships to England was still pending in Congress, Japan was expanding its intelligence network, especially in America. Fearing that a crisis might be reached before this organization could become well organized, Japan hurried to secure intelligence from its agents in the United States, Germany, and Spain. Mr. Taro Terasaki, recently assigned as Chief of Japanese Intelligence and propaganda work in the United States, warned Tokyo that the US Government was tending toward entrance into the war. For this reason, he emphasized, in a report to Tokyo on 19 May 1941 the importance of securing funds, establishing contacts with influential persons, and acquiring personnel for intelligence work. The Dies Committee and restrictive regulations regarding foreigners and Americans in foreign employ made the task difficult for the Japanese.

Information that the US Navy was interested in requisitioning until September, half of the American Consulate office space at Manila for espionage work, led Mr. Matsuoka, on 1 July 1941 to fear that this was the first step in establishing a special service for British-American-Chinese military liaison. Besides keeping close watch on naval personnel to verify this report, the Japanese kept under surveillance a number of persons who had entered the country as temporary tourists.

From: Washington
 19 May 1941
 To: Tokyo #319

Re your #45 and #180.

I have had Terazaki of Intelligence make an official trip to New York for the purpose of keeping in touch with the Consul-General there, and we have come to the following conclusions.

1. We are of the opinion that Roosevelt's dictatorial attitude is becoming more pronounced and government is leaning toward all-out war. Therefore, we desire that you remit immediately as large an amount as possible so that we may have funds with which to carry on intelligence work in the emergency created by America's entry into the war. For this purpose we assume that Japanese-American relations will continue as at the present.

2. The duties of an intelligence office are becoming increasingly difficult. Because of the existence of the Dies Committee and of the application of the regulations regarding Americans in foreign employ and regarding foreigners resident in America the gathering of accurate secret information is far from easy. This is only one example and there are many other "delicate" problems, so please understand the delay in my answering telegraphic (requests for information).

3. We wish to make Washington and New York one unit and have a unified policy for it. Therefore we wish to get your approval before Terazaki starts for his post. We wish to have Consul Inagaki come here to serve. We feel that we should have here at least one-third of the personnel that they have in Shanghai for intelligence. Therefore, we are looking for temporary employees, (non-career clerks). Furthermore, we wish to have the officer in charge of intelligence visit New York about the 10th of every month.

4. The title of the officer in charge of intelligence will be that of "press attaché." His duties will be as decided in the business conference on March 4th, Article 61(1), as follows:

A. Ordinary investigations and,

B. The development of intelligence.

"A" will of course include the investigation and gathering of secret information on the division in American public opinion regarding the rapprochement in Japanese-American relations based on the peace movement. But we wish to preclude such policies as the strategy being employed in the present negotiations.

5. A summary of the present state of the policy is as follows:

We are making personal contacts on every hand. However, at this place and in New York we are continuing the existing formal contacts and gathering secret information. In addition, to this, the officer in charge of intelligence has contacts with:

(A) J, and W, who are in close touch with the President and his wife.

The President is cultivating power through the "relief workers" and the "W.P.A." and other agencies. In addition to this, since his third term anyone who opposed him becomes the target of his attacks and his dictatorial tendencies are becoming more marked, therefore it is natural that we should pay special attention to those in close touch with him.

One or two items regarding Roosevelt's position: Evidence was brought out in the Senate to the effect that the former Ambassador to England, Kennedy, had not paid his 1932 income tax, but the President maintained silence. According to other secret information, Willkie had a secret understanding with Roosevelt and attacked him in his public speeches more than was necessary as a Presidential candidate and enjoyed scandalizing public opinion, however, had he by any chance become President he would have become a mere puppet of Roosevelt. Again, ---told Terazaki that originally he was an isolationist, but that now in view of the opposition he was keeping silent. Six months from now if he said he were an isolationist he would not be able to go about in safety.

(B) W of the State Department.

When Terazaki was a student at Brown University he became well acquainted with W.

(C) G of the Senate.

When Terazaki was in Brown University he was greatly helped by this G.

(D) The relationship of the "America First Committee" to Lindbergh and W.

Every time Lindbergh makes a speech the German newspapers approve and American newspaper reporters in Germany write it up and American newspapers make a big thing of it so that the impression is conveyed that Lindbergh is an agent of Germany. Because of this, Lindbergh and the Committee are very perplexed and according to W, Lindbergh has been cautioned by the German Embassy. Since then he has been in touch with W.

(E) D, an Irish American.

D told our intelligence officer that a Jewish American Justice of the Supreme Court, Frankfurter, was packing the key posts of the government with Jewish Americans. But that American antipathy toward Jews is increasing to such an extent that eventually anti-Jewish influence would prevail.

(F) Persons with religious affiliations.
(1) Catholic. (2) Protestant. (3) Undecided.

The Catholics are the ones who are concerned in the present negotiations.

(G) The Brown University Club.

This meets regularly once a month and at other times at which times he (Terazaki) is present.

6. Concerning the salary for employing nationals and foreigners. The future is another matter: however, judging from the past unless our general funds are increased it will be impossible to move. We wish to have you cognizant of the actual situation and when

the opportune time comes we wish to take decisive action.

7. Looking at the funds for general intelligence, of the \$30,000 income, only about \$3,900 a year is available for actual development of intelligence and about \$1,800 a year for entertainment and receptions. However, in the decision of the committee held on March 4th of this year regarding intelligence business, and the stipulations of the policy regarding propagation of intelligence, it was variously affirmed that of course the utmost effort would be put forth and that we would need no small sum for expenses. According to the present allotment we will need for the present year the sum of \$500,000 for the development of intelligence. We respectfully request this.

*From: Tokyo (Matsuoka)
1 July 1941*

To: Manila (Riyoji) #191

According to a reliable source of information the United States Navy in your territory is desirous of requisitioning half of the American Consulate office space in the Tourist Bureau Building until September 1st, for vigilance and anti-espionage work.

The above may be part of the plan to establish a special service organ for the British-American-Chinese military liaison chain, therefore, please verify the above report and watch the conduct of the Navy personnel and reply information.

As the source of this information is strictly secret, please exercise caution in making investigations.

Japanese Attempts to Expand Its Naval Intelligence Activities

On September 2, 1941, it became apparent to Tokyo that the expansion of Japanese naval intelligence activities in both North and South America was necessary. Based on a request from naval authorities in Japan, Ambassador Nomura was to insist that a

member of his staff go to Hawaii in the capacity of a courier, though in the light of Japanese-American relations, the selection of an opportune moment for the presentation of this request to the American Government was left to his discretion.

Ambassador Nomura replied that inasmuch as Courier Kuga was returning to Japan by way of the United States, having booked passage on the *President Taylor* sailing from San Francisco on September 6, 1941, the dispatching of a courier to Hawaii was no longer necessary.

No. 295

From: Tokyo (Japanese Foreign Minister)
2 September 1941

To: Washington #520

The Naval authorities have made the following request of us. They would like to have you insist at this time upon a member of your staff going to Hawaii in the capacity of a courier. Now, as to the most opportune moment, in the light of Japan-American relations, they would like to have this matter left up to your Excellency's discretion.

According to what the Naval authorities have to say on the matter, your Embassy staff is well aware of this situation. If this is indeed the case, direct application should be made from Washington rather than from the Home Office. Based on a similar request by the Naval authorities, a courier is being sent to South America. This is for your information.

No. 296

From: Washington (Nomura)
2 September 1941

To: Tokyo #762

Re your #520.

Naval authorities here have filed still another request. Inasmuch as courier KUGA is returning to Japan by way of the United States and has booked passage on the *President Taylor* sailing from San Francisco on the 6th, the matter to which you refer is no longer necessary.

Japanese Foreign Minister Requests Special Intelligence Reports Concerning Pearl Harbor

Japanese naval intelligence reports from Honolulu, though few in number, were in the light of the later attack on Pearl Harbor to grow increasingly significant as December 7, 1941 drew nearer. The significance becomes apparent however, only when reading history backwards.

Concerning Pearl Harbor, Foreign Minister Toyoda on September 24, 1941 directed that in future intelligence reports from Hawaii, Pearl Harbor waters were to be divided roughly into five subareas:

Area A: Waters between Ford Island and the Arsenal

Area B: Waters adjacent to the island south and west of Ford Island. (This area is on the opposite side of the island from Area A.)

Area C: East Loch

Area D: Middle Loch

Area E: West Loch and the communicating water routes.

Furthermore, reports were to be made on warships and aircraft carriers at anchor and, although not so important, those tied up at wharves, buoys, and in docks. The type and classes of vessels were to be designated briefly, and special mention was to be made when two or more vessels were alongside the same wharf.

On September 29, 1941, the details of a special code to be used in referring to the location of American warships in Pearl Harbor was sent to Tokyo through diplomatic channels. "KS" meant the repair dock in the Navy yard; "FV" was the mooring in the vicinity of Ford Island; "FG" designated the location alongside Ford Island; and "A" and "B" indicated east and west sides of "FG" respectively.

No. 356

From: Tokyo (Toyoda)
24 September 1941
To: Honolulu #83

Strictly Secret.

Henceforth, we would like to have you make reports concerning vessels along the following lines insofar as possible:

1. The waters (of Pearl Harbor) are to be divided roughly into five sub-areas. (We have no objections to your abbreviating as much as you like.)

Area A. Waters between Ford Island and the Arsenal.

Area B. Waters adjacent to the Island south and west of Ford Island. (This area is on the opposite side of the Island from Area A.)

Area C. East Loch.

Area D. Middle Loch.

Area E. West Loch and the communicating water routes.

2. With regard to warships and aircraft carriers, we would like to have you report on those at anchor. (these are not so important) tied up at wharves, buoys and in docks. (Designate types and classes briefly. If possible we would like to have you make mention of the fact when there are two or more vessels alongside the same wharf.)

No. 357

From: Honolulu (Kita)
29 September 1941
To: Washington Circular #041.

Honolulu to Tokyo #178.
Re your Tokyo's #083.
(Strictly secret)

The following codes will be used hereafter to designate the locations of vessels:

1. Repair dock in Navy Yard (the repair basin referred to in my message to Washington #48): KS.

2. Navy dock in the Navy Yard (the Ten Ten Pier); KT.

3. Moorings in the vicinity of Ford Island: FV.

4. Alongside in Ford Island: FG (East and west sides will be differentiated by A and B respectively)

Relayed to Washington. San Francisco.

American Officials Search Japanese Business Offices in Los Angeles

An inspection of the NYK, Yokohama Specie Bank, the Sumitomo, the Mitsui, and the Mitsubishi branch offices in Los Angeles by four to seven Treasury Department and FBI officials was reported to Tokyo on August 18, 1941. A thorough and detailed inspection had been made in each office. Not only had the inspectors checked letters of private individuals, but photostatic copies had been made of several thousand documents, although the Sumitomo office had forbidden the photostating of its codes.

Consul Kenji Nakauchi believed that the investigation had been conducted to determine the existence of "subversive acts" in spite of the fact that it was theoretically conducted in conjunction with the freezing order. Official employees of the Yokohama Specie office had been forbidden to enter their offices, or to leave, between 6:00 P.M. and 8:30 A.M. in order to prevent the burning of documents. It had been necessary, Consul Nakauchi disclosed, to secure the approval of the inspectors on all telegraphic communications received or dispatched.

No. 380
 From: Los Angeles (Nakauchi)
 18 August 1941
 To: Tokyo #157

(Part 1 of 2.)
 Re my #142.

Each of the local NYK, Yokohama Specie Bank, Sumitomo, Mitsui, Mitsubishi branch offices were visited by four to seven Treasury Department inspectors on the afternoon of the 16th. Their inspection lasted until late at night. (The inspection of the NYK and the Mitsui offices lasted for -- days.) The permanent staff of each of the branch offices involved cooperated with the inspectors. Thorough and detailed inspection was made in each branch office, even to the extent of inspecting the drawers of all desks. Explanations were requested with regard to various account books. (Japanese and English encodement books?), circular letters from the Bureau of Communications, and relationships with customers. They went even so far as to "check" letters of private individuals. Photostatic copies were made of several thousand documents. The Sumitomo office forbid the photostatting of codes.)

No. 381
 From: Los Angeles (Nakauchi)
 18 August 1941
 To: Tokyo #157.

(Part 2 of 2.)

Though this inspection was under the pretext that it had to do with the investigation conducted in conjunction with the freezing legislation, it seemed as though it was an investigation to determine the existence of "subversive acts." They were particularly cautious regarding any relationships with military persons. Included among the personnel making the above mentioned inspections were F.B.I. men.

Furthermore, no so long ago Treasury officials had wax seals placed on the Yokohama Specie office from 6 in the evening until 8:30 in the morning and official employees have been forbidden to enter or leave the office during that time in order to prevent the burning

of documents. The bank was opened in the morning and closed at night by the inspectors themselves. It was necessary to secure the approval of the inspectors on all telegraphic communications received or dispatched.

Relayed to San Francisco, Washington, New York and ---.

Japanese Authorities Express Concern Over United States' Official Inspection

On August 23, 1941 Financial Attaché Tsutumu Nishiyama in Tokyo wired his opinion regarding the bank inspection conducted by the Treasury Department officials and FBI men. He believed that the American inspection came closer to being a search for "subversive acts" rather than an inspection connected with the freezing order.

Influential persons in the Specie Bank, greatly concerned, asked that an investigation be conducted to ascertain the real purpose of the inspection of American officials.

No. 394
 From: Tokyo
 23 August 1941
 To: Washington #497.

From Financial Attaché Nishiyama (#70).

1. American inspection of Japanese firms and banks comes close to being a search for "subversive acts" rather than an inspection connected with the freezing order. There was a marked difference in the Japanese inspection of American banks. Influential persons in the Specie Bank are much concerned and desire an investigation to ascertain just what the real purpose of the American officials is. Furthermore, the National City Bank is arranging for the Kobe and Yokohama branches to unite with the Tokyo office and is closing out the Dairen office. According to Curtis's explanation the above move is dictated by economic policy as was the case in the Osaka amalgamation

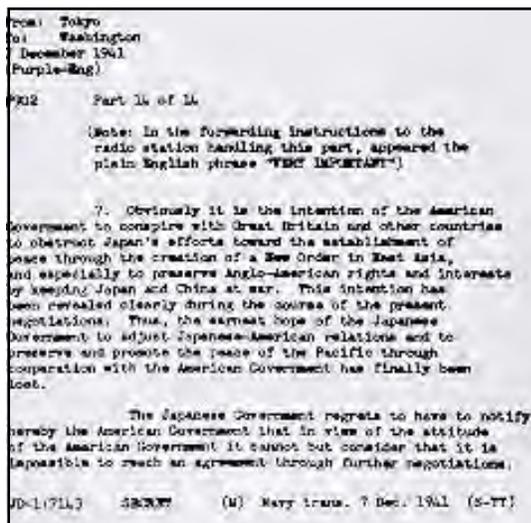
and that there is no other reason for the move. Two or three young Americans will be left in the Tokyo office and the others will be returned home.

2. A proposal has been received from the British-Dutch Bank to exchange commodities for commodities in order to liquidate the ban's accounts and this matter is being pressed by the head of the London branch of the Yokohama Specie Bank. However officials in the foreign office do not look with favor upon pushing negotiations to the solution of this one problem when there are so many other questions pending between Japan and Britain. Also the immediate conclusion of such an agreement would exert an unfortunate influence upon the leadership of public opinion hence orders have been issued not to ratify such an agreement.

(This item is for your information only.)

Consul Morishima Suggests Further Precautions To Ensure Secrecy of Dispatches

Asking that the Japanese Ambassador in Washington investigate the telegraphic situation, Consul Morito Morishima in New York protested that the Western Union Telegraph Company had returned one of his dispatches which had been sent to



The break in US-Japanese relations was reported in this deciphered message.

Vancouver. Furthermore, since code messages from the Consulate apparently had been prohibited, requests for transmissions must have been received from Japanese Consulates in Canada.

No. 386
From: New York (Morishima)
20 August 1941
To: Tokyo #415.

To Ottawa as Circular #67.
Re #161 from San Francisco to Tokyo.

It happened here, too, that when I transmitted my #411 to Vancouver, apparently because code messages from the Consulate have been prohibited, the Western Union Telegraph Company returned the message. Since it must be that requests for transmittals have been received from our Consulates in Canada, please find out exactly what the situation is.

Mr. Terasaki Plans To Confer With "America First" Committee

For the purpose of making secret contacts with members of the "America First" Committee, Ambassador Nomura asked Tokyo on September 6, 1941 to authorize Secretary Hidenari Terasaki to make an official visit to Chicago. Since Mr. Terasaki had been unable to make an official tour to Los Angeles and San Francisco, it was requested also that he be permitted at this time to stop off at San Francisco, Seattle and Los Angeles.

No. 410
From: Washington (Nomura)
6 September 1941
To: Tokyo #789.

Strictly secret.

I would like to have TERASAKI go on an official mission to Chicago in order to make secret contacts with members of the "America First" committee

residing in that city. Please send authorization. At that time, I would like to have him make a study on the spot of the matter concerning OYAMA mentioned in your #154.

Furthermore, TERASAKI was not able to make an official tour to Los Angeles and San Francisco in line with your #349 because he went south to Mexico. At this time should you permit him to stop off at San Francisco, Seattle, and Los Angeles, it would be exceedingly convenient from the standpoint of the work at hand.

Message 154 discussed a plan for Terasaki's visit to Mexico to confer with Japanese Minister there for the development of plans pertaining to the establishment of an espionage net; the focal point of this net to be Mexico City carrying out activities in the United States as well as South America.

No. 410A
From: Tokyo
10 July 1941
To: Washington #349.

Secret outside the Department.
 (To be handled in Government Code.)

Re #18 from New Orleans and #244 from Mexico to this Foreign Minister.

We wish Consul ITO to go to Mexico City. Lately the offices housing the German and Italian Consulates were closed and their intelligence net broken. Intelligence activities in the Americas and suitable liaison are now essential, so we wish Secretary TERAZAKI also to go to Mexico to confer with our Minister there, in order to realize our plans in a concrete fashion based on the policy described in previous messages. We want Secretary TERAZAKI, and him only, to stop off at Quito, Los Angeles, San Francisco, etc. In this connection the points which we would like to bring to your attention are as follows:

1. We will have three routes to Mexico from the United States, consisting of Laredo, Ciudad Juarez and Mexicali. Mexicali in particular is a convenient

point for us on the west coast. In case we need more personnel, we can get them from our Ministry in Mexico.

2. We will establish a Chile route from Mexico by way of Manszanillo and a Brazil route by way of Vera Cruz.

3. Various officials in the United States and Mexico will work out all the details of their own espionage nets, correlate them, and develop a concrete plan for making contacts and exchange on the border.

4. In order to succeed in this objective, ways and means for keeping in contact through telegraphy, telephones, memoranda, and word of mouth will be decided upon and put into effect.

5. These routes are to be established against the day of evil and, while all is calm, nothing must be done which would jeopardize their security; therefore, at present investigate only the feasibility of circulating over them.

6. The expenses are to be paid by the several offices.

Because of its geographical position, Mexico is the main point for intelligence work in Brazil, Argentina and Chile, as well as in the United States. Therefore, before we think of relying too much upon Brazil, Argentina and Chile, let us concentrate on Mexico. However, the other three bases are different. In case the United States joins the war, they would inevitably come under her control, but so long as Mexico does not officially join the war, we can continue our intelligence schemes there. Paralleling these plans of course, if you can also work out a plan for establishing a net with Brazil, Argentina and Chile, it would be excellent groundwork for the establishment presently of an intelligence net. Please transmit this to Mexico City and take with you to New Orleans.

Arrest of Japanese in Possession of Illegal Passports

Tokyo learned on September 6, 1941 from Consul Nakauchi in Hollywood that local immigration officers had arrested Japanese who were in possession of illegal passports. Approximately 100 persons had been taken into custody in California. Since it appeared that "this sort of round-up" would be carried on in the future as well, Mr. Nakauchi declared that when boats became available approximately half of these persons would be given the opportunity to return home.

No. 412
From: Hollywood (Nakauchi)
6 September 1941
To: Tokyo #169.

The local immigration office has gradually undertaken the arrest of Japanese who are in possession of illegal passports. In Los Angeles approximately 50 and in the entire state of California, rough 100 persons are understood to have been taken into custody. All of them have borrowed money to cover bond.

When boats become available approximately half of them will be given the opportunity to return home should they so desire. It seems that this sort of round-up will be carried on in the future as well.

Relayed to Washington and San Francisco.



US Navy-produced Purple Machine

Freezing Order Curtails Japanese Intelligence Activities in America

Readjustments in the Japanese civilian intelligence organizations continued to be the subject of dispatches from Consul Morishima in New York to Tokyo. On September 22, 1941, he said that the following of a more aggressive policy in connection with the Cultural Institute had been impossible because of the freezing of funds. Activities of the Institute had even been curtailed. The Library on Wheels, which had maintained a route hardly worth mentioning would be transferred to the Cultural Institute, and its driver would be dismissed from employment.

No. 424
From: New York (Morishima)
22 September 1941
To: Tokyo #453.

(Part 1 of 2.)

For some time we have been conferring on and considering, in connection with the questions of adjustments to be effected among civilian intelligence organs, the various pending questions relative to the activities of the Cultural Institute. However, with the coming of a new crisis, following the freezing of funds, the execution of a more aggressive policy became, even from the economic standpoint alone, impossible and we have had to curtail the activities of the Institute. We have therefore planned the following:

1. To carry on future activities of the Institute on the basis of a revised plan which will be within the scope of the funds on hand.
2. With this in mind, to hold a conference with civilians once a month for study and discussion.
3. To continue to ---for the purpose of --- and collection of intelligence by civilians.

We are now directing its activities along these lines. However, because of the fact that our propaganda work in this country is now placed under great

handicap, we do not believe that it would matter very much if a man of ----.

----was employed as a secret agent.

No. 425
 From: New York (Morishima)
 22 September 1941
 To: Tokyo #453.

(Part 2 of 2.)

Though matters are as I have outlined above, we in this office are complying with your instructions but in my opinion in view of the fact that the employees are evidencing a critical attitude, I think that the question of a complete shake-up within the office should be postponed for a while.

Accompanying the worsening of the attitude toward Japan, the "library on wheels," since the latter half of last year, has maintained a route hardly worth mentioning. I believe, however, that the distribution of pamphlets for enlightenment purposes will supplement this activity. Though the "library on wheels" will be taken over by the Cultural Institute as long as there are no great changes in the situation I do not believe that much effectiveness can be expected of its work. Therefore, in line with the effects of the freezing legislation we do not plan upon the continued engagement of ----, who drives the "library on wheels" and who had been showing a none too pleasant attitude in the Cultural Institute. We have arranged to cancel all his unfinished business arrangements. (Please refer to my #446). This truck and the books which go with it as well as other things, we plan to place in the custody and under the name of Cultural Institute.

Maj. Yano Arranges Anti-American Espionage

The Japanese officials stationed in the United States were planning an increase in anti-American espionage activities. After receiving instructions from the General Staff Headquarters in Tokyo, Maj. Yano, on

October 10, 1941 was preparing to leave Washington with Japanese codes books for an official trip to Mexico.

No. 471
 From: Washington (UAWRK)
 10 October 1941
 To: Tokyo #201.

In line with instructions from General Staff Headquarters, Major YANO is making an official trip to your place, in order to make preliminary arrangements concerning anti-American espionage. He leaves Washington by plane tomorrow, the 11th, at 9:00 p.m. and is scheduled to arrive at your place at 12:30 p.m. (Mexico time) on the 12th. He is bringing code books with him. I leave everything to your discretion.

(Note: This appears to be an information copy to Tokyo, since the context apparently refers to the Japanese espionage ring being established in Mexico.)

Minister Akiyama Estimates His Espionage and Propaganda Expenditures

After having made a special study of the attitude of the United States, of the nature of the Panamanian people, and of the topography of Panama, Mr. Akiyama, in a dispatch to Tokyo on September 20, 1941 made an estimate of the money needed for enlightenment, propaganda, and intelligence purposes. With a forewarning that the expenditure summary would be "hard to take," he begged that these per month expenses be considered carefully.

The estimate included bonuses for officials or spies assigned to observe the movements of warships or give warning about other matters; running expenses for the Japanese broadcasting office; money for special spies; funds to pay those who tried to obtain information as well as those who achieved results; and a separate fund to maintain contact with newspaper reporters and other agents. In addition,

he listed a special fund for spying in the other countries to which he was accredited. The total estimate amounted to an expenditure of \$730.00 per month.

No. 499

From: Panama (Akiyama)
30 September 1941

To: Tokyo #169

(Part 1 of 2.)

Since taking office, I have made a special study of the attitude of the United States and also of the nature of the people and topography of this section; and as a result have made the following estimate of the amount of money needed for enlightenment and propaganda purposes. This amount is necessary in making contacts for intelligence purposes, and already some expenditures have been made. I know that this will be "hard to take," but beg of you that you will consider the matter carefully and wire me the result (all per month expenses):

1. (a) Bonuses for officials or spies residing at some distance from the Canal who go at night to observe the movement of warships \$70.00

(b) For those who from time to time give warning \$150.00

2. Money to supplement the activities of the Kyowa Company in this country \$100.00

(Part 2 of 2.)

3. Running expenses of our broadcasting office \$50.00

4. Money for special spies \$50.00

5. To follow the principle of paying well those who try as well as those who accomplish results \$100.00

6. For maintaining contacts with newspaper reporters and other agents \$130.00

7. Costs of making arrangements..... \$30.00

8. Money for spying in other countries to which I am accredited \$50.00

The above are for the current fiscal year.

Japanese Military Attaché Requests Expansion of Intelligence Facilities in the United States

Since it seemed evident to Japanese representatives in Mexico that war between Japan and the United States would break out at any time, they advised the establishment of additional facilities to acquire military intelligence in the United States. In the future it would probably be extremely difficult for Japanese agents, either in the United States or in South America to carry on espionage as formerly planned. In view of the fact that after and even before the outbreak of war Japanese agents would be unable to get intelligence concerning the details of military operations, the Japanese Military Attaché in Mexico advised that additional advisors, particularly with air and technical backgrounds, be sent immediately to the attaché's office in the United States to increase facilities for gathering intelligence.

(Comment: This message was not translated until May 3, 1945)

No. 626

From: Mexico City (MXMRK)
15 October 1941

To: Tokyo (SUMMER)(Vice-Chief,
General Staff) #179.

(2 parts -- complete.)

According to the impression I received as the result of the conference of attaches and advisers in America, it is expected that war will break out between Japan and the United States. In order to gather operational intelligence in preparation for that, it is thought necessary that the attaché's office in the United States

(because of the withdrawal from New York) be now given at least two more advisers (particularly air and technical specialists).

Part 2

If you consider the limitations to the espionage which can be carried out against the United States by the attaches in South America, you will see that they will be able, after the outbreak of war between Japan and the United States (and before that too, of course), to do no more than learn of general, easily discovered activities. It will be particularly difficult to get intelligence concerning the details of military operations. Also, we in Mexico will be able to get only a small amount of intelligence. Consequently, we must work, before the withdrawal of our attaché in the United States, to increase our facilities for gathering intelligence. Thus, the general situation is like that in the United States, in regard to an insufficiency in attaché's office personnel.

Secretary Terasaki Established Net in South America

As a result of the conference of Mr. Terasaki with the Japanese Ministers of Argentina, Brazil, and Chile, Tokyo was informed on August 22, 1941 that the establishment of an intelligence network in Latin America had been proposed to secure information in the United States. Spies would be placed within the United States, American propaganda as revealed in printed matter and radio broadcasts would be analyzed, and intelligence secured from sources in Latin America would be collected and evaluated.

No. 643

From: Santiago
21 August 1941

To: Buenos Aires #62.

(Part 1 of 3) (Message to Tokyo #230)
From TERASAKI.

The results of my conference with the Ministers to Brazil, Argentina, Chile, and— — —are as follows:

1. We propose an (intelligence) set-up in Latin America in order that we might secure intelligence on the public opinion of the United States, her situation militarily and diplomatically. The method by which this is to be accomplished is roughly as follows:

a. We propose the establishment of spies within the United States. From these we shall obtain secret intelligence.

(1) This set-up shall perform the duties of collecting and evaluating information obtained from the offices and personnel of American ministries in Latin America.

(2) It shall study the effectiveness of the propaganda contained in American and Latin American printed matter and radio broadcasts.

(3) It shall collect and evaluate intelligence secured from persons with whom they are in close contact, as well as the offices of third-powers in Latin America.

(4) It shall collect and evaluate intelligence secured from individuals and government offices in Latin American countries.

2. Though we plan for the organization of an intelligence net and the distribution of agents necessary for the operation of these proposed steps, in light of current affairs when anything of great importance arises, we, of course, will put every detail into operation with the effectiveness with which it is carried out in spy stories.

Japanese Espionage Network Begins Operations

In line with the establishment of an efficient Japanese spy organization in South America on 22 August 1941 by Mr. Terasaki, the Japanese intelligence coordinator for the Americas, all Japanese offices in North America were ordered to give their immediate attention to the selection of qualified espionage agents. Among the spies was a

seaman who was to be placed with some prominent steamship company servicing North American ports.

Foreseeing difficulties in selecting reliable individuals and in checking information derived from foreign countries, Mr. Terasaki emphasized the necessity of Japan's spending vast sums to procure men and administer the whole intelligence network. Combating American counterespionage activities presented a problem since FBI agents were known to be attempting to gain the confidence of those employed in the office of the Axis nations. He urged, therefore, that all Japanese agents be selected with care.

Each Japanese office in South America was to be equipped with radio sets capable of receiving US domestic broadcasts. Moreover, a central listening post would be located possibly in Brazil, where a secretary proficient in English shorthand would be on duty at all times. It was learned later that American broadcasts would not reach beyond 1,000 miles. This made it impossible to establish a post either at Buenos Aires or Rio de Janeiro to listen to broadcasts made in the United States.

Subscriptions to American papers and magazines were to be procured in the name of a South American for analysis by trained Japanese agents. Important spy centers were to be located in Brazil, Argentina, Chile, and Colombia, the latter country was of importance because of the nearness to the Panama Canal. It would be necessary, therefore, to enlarge the telegraphic sections of all Japanese offices and to use the intelligence sources supplied by the local Domei news agency, special correspondents, and Spanish and Portuguese language correspondents. Japanese merchants would be employed to keep the organization informed of economic conditions in the United States. If the Axis diplomatic staffs were ordered out of the country before the Japanese, their German and Italian informants would be hired. Not only were Latin American spies to be used, but also those who lived in Spain and Portugal, since it would be possible, should Mexico enter the war, to relay information from Mexico to Spain where it could be retransmitted to Japan.

No. 652

From: Santiago
17 September 1941

To: Washington #65.

(Circular.) (In 3 parts --complete.)
Santiago to Tokyo #261.

(Separate wire.)

Regarding paragraphs 1 to 3-a of my message #231.

All of our offices in North America should give their immediate attention to the selection of spies. They should choose only those who are best qualified for the job and have them go to work on collection of information and, if possible, liaison. The offices in Latin America shall accept those reports from them in which they can place credence. If it is possible to obtain the services of an informant who has been a seaman, it might be a good plan to try and get him a job in a steamship company. (There is one who falls in this category in New York. It would be very much to our interest if a job could be found for him in some steamship company which as a North American service.)

It must be borne in mind, of course, that it is exceedingly difficult to select individuals who can be reliably utilized. Moreover, it is very difficult to check any information from a foreign country. Therefore, it is of primary importance that we make up our minds to spend vast sums of money.

It is a known fact that the F.I.B. (F.B.I.?) is making a practice of trying to get its men into the confidence of those in the offices of the Axis nations. Please note this point carefully and exercise the utmost caution in making the selections.

The matter contained in (b) of the above referred section, would be next to impossible to put into effect. However, if there is one with whom very close relations have been maintained in the past, it may be that he could be utilized.

With regard to (c) of the same section, each office should be equipped with good radio sets of the middle wave band. They shall be used to listen to domestic broadcasts in the United States. The central listening post shall be located, let us say, in Brazil, where one who is proficient in shorthand of English shall be on-duty at all times.

The leading U.S. newspapers and magazines shall be subscribed to now in the name of some foreigner. These shall be thoroughly perused (even to the society columns) and carefully analyzed.

The intelligence officers referred to in section 4 of the same message shall be stationed in Brazil, Argentina, Chile, Colombia, (the last mentioned is looked upon as a very important post by our Army and Navy, with a view to obtaining information about Panama, as you are already aware), and Mexico.

To fulfill all of these duties, the telegraphic section of all of those offices concerned will have to be considerably enlarged. This is at present the most important actual step to be taken.

As sources of supplies for the above mentioned intelligence personnel, the present sources of Domei news agencies and others of our special correspondents shall be utilized. We shall also make indirect use of the Spanish and Portuguese language correspondents.

Since it will be of interest to keep abreast of the economic conditions in the United States, we shall maintain close contact with our merchants who in turn will keep themselves advised through local native merchants who have access to the information in the United States.

Should the German and Italian diplomatic officers be ordered out of a country before the Japanese, we shall make arrangements to take over their informants.

The informants referred to above shall not be limited to Latin Americans but shall also include those who reside in Spain and Portugal. (Should, for example, Mexico get into the war, our informants in Mexico shall relay their information to those in Spain and Portugal who in turn shall pass it on to Japan.)

Relayed to Washington. Mailed to Rio de Janeiro and Buenos Aires.

No. 653

From: Buenos Aires (Tomii)
26 September 1941

To: Washington #15

Re #261 sent from Chile to the Foreign Minister.

According to what the specialists say — — — — broadcasts do not reach any point beyond 1000 (miles?). I understand that even with a good receiving set it is impossible to listen in here or in Rio to broadcasts made in the United States.

Japanese Naval Officials in Mexico Disapprove of Furnishing General Intelligence

To Foreign Minister Togo's inquiry whether the office in Mexico had begun the work of furnishing general information, Ambassador Miura replied that he had discussed this matter with his Naval Attaché and had subsequently wired the Chief of Special Service Section of the Naval General Staff. Although at present they were waiting a reply, he pointed out that because of the necessity of maintaining the security of the "L" organ, the naval authorities disapproved of furnishing general information. He asked that the Japanese Foreign Office discuss this matter with Navy and subsequently wire its decision.

Eight days later Foreign Minister Togo declared that general intelligence was to be distinguished from naval intelligence in that it was used for reference purposes by the Foreign Office. He was instructed to reorganize his office immediately for the collection of general intelligence.

No. 260
From: Tokyo
28 October 1941
To: Mexico #218.
(Strictly Secret.)

Have you begun the work of furnishing general information? Please wire me the results.

No. 261
From: Mexico (Miura)
28 October 1941
To: Tokyo #427.
(Secret.)
Re your #218.

After talking the matter over with the Naval Attaché here, we wired #57 to the Chief of the Special Service Section of the Naval General Staff, and we are present waiting for a reply. Since, for reason of the necessity of maintaining the security of the "L" organ, the naval authorities are not in favor of furnishing general information, will you please take the matter up again with the Navy and wire me the reply.

No. 262
From: Tokyo
5 November 1941
To: Mexico City #225

Re your #427.

General intelligence in contradistinction to Naval intelligence is used for reference purposes by the Foreign Office. Therefore please reorganize your office immediately along the line of my communication No. 953.

No. 263
From: Mexico City (Miura)
5 November 1941
To: Tokyo #432.

Re your # 225.

Your communication No. 953 has not arrived. Please wire the gist of it immediately.

Ambassador Nomura Sends Representatives to "America First" Meeting

Ambassador Nomura informed Tokyo that he had rushed Secretary Terasaki to New York on October 30 for the meeting of the America First Committee. There the intelligence agent has met _____ (Comment: DoD withheld name). Secretary Terasaki asked _____ (Comment: DoD withheld name) to tell Colonel Lindbergh, who was for "America First," that the United States was about to fight with Germany concerning its policy of "Britain First" in the Atlantic, and with Japan under its policy of "China First" in the Pacific. He commented on the fact that a crisis was at hand between Japan and the United States and that the American people did not understand the reason for such a war, although, fundamentally, it would be due to the China problem. Secretary Tarasaki had further stated on this occasion that it was a mistake to think that Japan would give in if it were driven into a tight corner by the United States. It was necessary to view realistically the situation in the Orient, since it was most inconsistent to fear a southward push by Japan and at the same time to cut off her petroleum supplies.

No. 374
From: Washington (Nomura)
1 November 1941
To: Tokyo #1027.

Secret outside the Department.

As the American First Committee was meeting in New York on the night of 30 October, I rushed Terasaki up to New York on that date. He met with (an associate of officials of the Committee). (As the American First Committee is being watched by the F.B.I. this must be kept strictly secret.) After commenting on the fact that a crisis is right at hand between Japan and the United States he told ---- that he would like to have him tell Colonel Lindbergh, who is for America first, that, while the American people do not understand the reason for such a war, it has to do with the China problem, that the United

States is about to fight with Germany over her policy of Britain first in the Atlantic, and with Japan over her policy of China first in the Pacific. --- consented and later the same evening he said that he had told him.

On this same occasion Terasaki also strongly asserted that it is a mistake, based on a misunderstanding of the Japanese psychology, to think that Japan will give in if she is driven into a tight corner by the United States, and that even as the United States is adopting a realistic policy in regard to Central and South America, it is also necessary to take a realistic view of the situation in the Orient, and that it is most inconsistent to express fear of a southward push by Japan, while at the same time cutting off petroleum supplies.

Relayed to New York.

No. 387

From: San Francisco (Muto)
9 November 1941

To: Washington Circular #282.

San Francisco to Tokyo #285.

The F.B.I. investigation of --- (who was president of the committee concerned last year, at the time when the organization was dissolved) and others connected with the organization is being continued.

The F.B.I. has seven able investigators on this job, so that it would seem as though they considered the case an important one.

Although judging from the type of investigation, it would seem as though they were most interested in gathering evidence to be used against --- and ---, it also is apparent that the Department of Justice feels the necessity of looking into this case, due to the numerous statements being made by the Dies Committee regarding Japanese propaganda in the United States. It also may be that they hope to make this the excuse for demanding recall from the United States of all Japanese Consuls-Generals and Consuls to Japan.

2. A rigid investigation of --- is being carried on. As he is officially registered as a foreign correspondent for the ---, there is little danger of his being indicated (prosecuted). During the examination he will no doubt have to prove that he was hired by the --- at \$350 per month. Therefore, please arrange matters there so that if --- should wire to "GO" of the --- for a confirmation of the above, "GO" is to wire back to --- this effect.

Frequency of Ship Movement is Left to Discretion of Consul

Since intelligence reports of battleship movements were made once a week, and the vessels could have traveled far from the vicinity of the Hawaiian Islands in that interval, Consul Kita was instructed by Tokyo to use his own judgment in reporting such movements. In addition, the Consul was asked to note the entrance or departure of capital ships and the length of time they remained at anchor. This dispatch of November 28 was translated on December 8, 1941.

According to a dispatch transmitted on November 29 and read by United States translators on December 5, Tokyo requested that, in addition to giving reports on ship movements, Japanese officials in Honolulu report even when there were no ship movements.

No. 287

From: Tokyo (Togo)
28 November 1941

To: Honolulu #119.

Secret outside the Department.

Intelligence of this kind which are of major importance, please transmit to us in the following manner:

1. When battleships move out of the harbor if we report such movement but once a week the vessels, in that interval, could not only be in the vicinity of the Hawaiian Islands, but could also have traveled far. Use your own judgment in deciding on reports covering such movements.

2. Report upon the entrance or departure of capital ships and the length of time they remain at anchor, from the time of entry into the port until departure.

No. 288

From: Tokyo
29 November 1941

To: Honolulu #122.

We have been receiving reports from you on ship movements, but in future will you also report even when there are no movements.

Japanese Continue To Watch Navy Maneuvers

From December 1 to December 6, 1941, Japanese intelligence dispatches were transmitted regularly to Tokyo. On December 1 a significant dispatch reported that ship maneuvers were held approximately 500 nautical miles southeast of Honolulu, with the battleships leaving Tuesday and returning Friday or leaving Friday and returning Saturday of the following week. It was noted that the fleet had never sailed westward or headed for the "kaiui" straits northward; the sea west of the Hawaiian Islands was not suitable for ocean maneuvers. The estimate of distance was based on the fact that fuel was plentiful, long-distance high speed possible, and the guns could not be heard at Honolulu.

No. 290

From: Honolulu (Kita)
1 December 1941

To: Tokyo #241.

(In 2 parts complete.)
Re your #119.

Report on the ship maneuvers in Pearl Harbor:

1. The place where practice maneuvers are held is about 500 nautical miles southeast of here.

Direction based on:

(1) The direction taken when the ships start out is usually southeast by south and ships disappear beyond the horizon in that direction.

(2) Have never seen the fleet to westward or head for the "KAIUI" straits northwards.

(3) The west sea of the Hawaiian Islands has many reefs and islands and is not suitable as an ocean maneuver practice sea.

(4) Direction of practice will avoid all merchant ship routes and official travel routes.

Distance based on:

(1) Fuel is plentiful and long distance high speed is possible.

(2) Guns cannot be heard here.

(3) In one week's time, (actually the maneuvers mentioned in my message #231 were for the duration of four full days of 144 hours), a round trip to a distance of 864 nautical miles could be reached (if speed is 12 knots), or 1152 miles (if speed is 16 knots), or 1440 nautical miles (if speed is 20 knots) is possible, however, figuring on 50% of the time being used for maneuver technicalities, a guess that the point at which the maneuvers are held would be a point of about 500 miles from Pearl Harbor.

2. The usual schedule for departure and return of the battleship is: leaving on Tuesday and returning on Friday, or leaving on Friday and returning on Saturday the following week. All ships stay in port about a period of one week.

No. 291

From: Tokyo (Togo)
2 December 1942

To: Honolulu #123.
(Secret outside the department.)

In view of the present situation, the presence in port of warships, airplane carriers, and cruisers is of utmost importance. Hereafter, to the utmost of your

ability, let me know day by day. Wire me in each case whether or not there are any observation balloons above Pearl Harbor or if there are any indications that they will be sent up. Also advise me whether or not the warships are provided with anti-mine sets.

Mr. Fuji Changes American Ship Maneuver Signals

On December 3, 1941, Ichiro Fuji informed the chief of the #3 section of Military Staff headquarters that he wished to change his communication signals for American ship maneuvers. Signal one would mean that the battleship divisions included some scouts and screen units and were preparing to sortie; signal two that a number of carriers were preparing to sortie; signal three that all battleship divisions had departed Hawaii between December 1 and 3; signal four that several carriers had departed between December 1 and 3; signal five that all carriers had departed between December 1 and 3; signal six that all battleship divisions had departed between December 4 and 6; signal seven that several carriers had departed between December 4 and 6; and signal eight that all carriers had departed between December 4 and 6.

A house on Lanikai Beach would be used as a signal station and would show lights during the night. One light in the window between 8 and 9 P.M. would denote signal one, one light between 9 and 10 P.M. would mean signal two, and so on; two lights between midnight and 1 A.M. would signify signal five, and so on. It was further explained that if there was a star on the head of the sail of the Star Boat it would indicate signal one, two, three, or four; if there was a star and the Roman numeral III, it would indicate signal five, six, seven, or eight.

Also used at night would be the attic window of the Kalama House, located on the east coast of Oahu, northwest of Lanikai. A similar system was to be used; for example, if the window was lighted between 1900 and 2000, it would indicate signal three, between 2000 and 2100 signal four, and so on.

In addition, signals would be transmitted through the regular broadcast station in Honolulu. For

example, if a radio advertisement read, "Chinese rug for sale, apply P.O. Box 1476," it would indicate signal three or six, whereas the advertisement, "Beauty operator wanted, apply P.O. Box 1476," it would indicate signal five or eight.

In case the light or broadcast signals could not be sent from Oahu, the signals would be given by bonfire daily on Maui Island until the Japanese "EXEX" signal was received. The signal bonfire would be located at a point halfway between lower Kula Road and Haleakala Road and would be visible from seaward to the southeast and southwest of Maui Island. If the fire was seen between 7 and 8 P.M., it would indicate signal three or six; between 8 and 9 P.M., signal five or eight.

No. 292
 From: Honolulu (Kita)
 3 December 1941
 To: Tokyo #245.

From Ichiro Fuji to the Chief of #3 Section of Military Staff Headquarters.

1. I wish to change my method of communicating by signals to the following:

- a. Arrange the eight signals in three columns as follows:

Meaning and Signal

Battleship divisions preparing to sortie:

- 1, including scouts and screen units
- A number of carriers preparing to sortie: 2
- Battleship divisions all departed between 1st and 3rd: 3
- Carriers, several departed between 1st and 3rd: 4
- Carriers, all departed between 1st and 3rd: 5
- Battleship divisions, all departed between 4th and 6th: 6

- Carriers, several departed between 4th and 6th: 7

- Carriers, all departed between 4th and 6th: 8

2. Signals

a. Lanikai Beach. House will show lights during the night as follows:

Signal

- One light between 8 and 9 p.m.: 1
- One light between 9 and 10 p.m.: 2
- One light between 10 and 11 p.m.: 3
- One light between 11 and 12 p.m.: 4

b.

- Two lights between 12 and 1 a.m.: 5
- Two lights between 1 and 2 a.m.: 6
- Two lights between 2 and 3 a.m.: 7
- Two lights between 3 and 4 a.m.: 8

Part 2.

c. Lanikai Bay, during daylight.

- If there is a "star" on the head of the sail of the Star Boat it indicates signals 1, 2, 3, or 4.

- If there is a "star" and a Roman numeral III it indicates signals 5, 6, 7, or 8.

d. Lights in the attic window of Qualm House will indicate the following:

Times Signal

- | | |
|----------------|---------------|
| - 1900-2000: 3 | - 2200-23—:6 |
| - 2000-2100: 4 | - 2300-2400:7 |
| - 2100-2200: 5 | - 0000-0001:8 |

e. K.G.M.B. Want Ads.

A. Chinese rug etc. for sale, apply P.O. box 1476 indicates signal 3 or 6.

B. CHICH..GO farm etc. apply P.O. box 1476 indicates signal 4 or 7.

C. Beauty operator wanted etc. apply P.O. box 1476 indicates signal 5 or 8.

3. If the above listed signals and wireless messages cannot be made from Oahu, then on Maui Island, 6 miles to the northward of Kula Sanatorium at a point halfway between Lower Kula Road and Haleakala Road (latitude 20-40N, longitude 156-19W), visible from seaward to the southeast and southwest of Maui Island) the following signal bonfire will be made daily until your EXEX signal is received:

Time and Signal

- From 7-8: 3 or 6
- From 8-9: 4 or 7
- From 9-10: 5 or 8

(COMMENT: This message was sent on December 3, 1941 but was not translated by American cryptanalysts until after the attack on Pearl Harbor.)

USS Lexington Departs Hawaii

Noting that three battleships had been at sea for eight days, Consul Kita said that the vessels returned to port on Friday morning, December 5. On the same day, the Lexington and five heavy cruisers left port. In port on the afternoon of December 5 were eight battleships, three light cruisers, and sixteen destroyers, while four ships of the Honolulu class were in dock.

No. 296

From: Honolulu (Kita)
5 December 1941

To: Tokyo #252.

(1) During Friday morning, the 5th, the three battleships mentioned in my message #239 arrived here. They had been at sea for eight days.

(2) The Lexington and five heavy cruisers left port on the same day.

(3) The following ships were in port on the afternoon of the 5th:

- 8 battleships
- 3 light cruisers
- 16 destroyers

Four ships of the Honolulu class and — — — were in dock.

(Comment: At sea near the end of the first week in December was the carrier USS *Lexington* accompanied by three cruisers and five destroyers on a combined search, which took them to the south and westward. - Battle Report, p.8.)

Consul Kita Notifies Tokyo of Balloon Barrage Defenses

On December 2, 1941, Tokyo directed the Japanese Consul at Honolulu to wire day-by-day reports concerning observation balloons above Pearl Harbor, or any indication that they would be sent up. In view of the present situation, the presence of battleships, carriers, and cruisers was of utmost importance, Foreign Minister Togo declared. He asked also that he be advised whether or not the warships were provided with antimine (torpedo) nets. This dispatch was not translated until December 30, 1941.

In accordance with these orders, the Consul informed Tokyo on December 6 that 400 or 500 balloons had been ordered in America and that their use was being considered in the defense of Hawaii and Panama. He reported, however, that, as far as Hawaii was concerned, no mooring equipment had been set up at Pearl Harbor nor had the troops been selected to man them. Furthermore, there were no indications that any training for the maintenance of balloons was being undertaken.

In addition, it was difficult for him to imagine that the Hawaiian defenses actually possessed any balloons. Moreover, there were limits to the balloon defense of Pearl Harbor. He imagined that in all probability there was considerable opportunity left for a surprise attack against Pearl Harbor, Hickham,

and Ford. He added that he thought the battleships did not have any torpedo nets, but he would investigate the details further.

No. 297
From: Honolulu
6 December 1941
To: Tokyo #253.

Re the last part of your #123.

1. On the American continent in October the Army began training barrage balloons, but it is understood that they are considering the use of these balloons in the defense of Hawaii and Panama. Insofar as Hawaii is concerned, though investigations have been made in the neighborhood of Pearl Harbor, they have not set up mooring equipment, nor have they selected the troops to man them. Furthermore, there is no indication that any training for the maintenance of balloons is being undertaken. At the present time there are no signs of barrage balloon equipment. In addition, it is difficult to imagine that they have actually any. However, even though they have actually made preparations, because they must control the air over the water and land runways of the airports in the vicinity of Pearl Harbor, Hick, Ford and We, there are limits to the balloon defense of Pearl Harbor. I imagine that in all probability there is considerable opportunity left to take advantage for a surprise attack against these places.

2. In my opinion, the battleships do not have torpedo nets. The details are not known. I will report the results of my investigation.

Last Intercepted Intelligence Report Before Pearl Harbor Attack Lists Ships in Port

In an intercepted intelligence dispatch transmitted on December 6, 1941 from Hawaii, the last before the Japanese attack on Pearl Harbor, the Japanese Consul reported that a number of battleships and one submarine tender had entered port on the evening of December 5. Nine battleships, three light cruisers,

three submarine tenders, and 17 destroyers were at anchor, and four light cruisers and two destroyers were lying at the docks. The heavy cruisers and airplane carriers had left Honolulu. It appeared that no air reconnaissance was being conducted by the fleet air arm.

(Comment: Berthed in Pearl Harbor were eight of the nine battleships of the US Pacific fleet, nine cruisers, and a third of the Fleet's destroyers. Battle Report, p 6.)

No. 298

From: Honolulu
6 December 1941

To: Tokyo \$254

1. On the evening of the 5th, among the battleships which entered port were ——and one submarine tender. The following ships were observed at anchor on the 6th:

9 battleships, 3 light cruisers, 3 submarine tenders, 17 destroyers, and in addition, there were 4 light cruisers, 2 destroyers lying at docks (the heavy cruisers and airplane carriers have all left).

2. It appears that no air reconnaissance is being conducted by the fleet air arm.

Inaccuracy of Japanese Intelligence Reports

Since it was obvious at this time that Japan was attempting to obtain a total picture of military and naval strength in the Philippines, we well as last-minute information of ship movements and troop allocations, the accuracy of their spy reports may be gauged by comparing the information with an estimate of the strength of US air forces in the Philippines on November 27, 1941, as released by the Office of the Chief of Naval Operations. Japanese agents estimated that 1,283 military and 26 naval planes were based in the Islands (the former was later very slightly raised). Since according to the American estimate, 43 Navy planes and 298 Army planes were

based in the Philippine Islands, our air strength in the Islands was greatly overestimated: there were 17 more Navy planes than were reported but 985 fewer Army planes than were listed by Japanese agents.

No. 332

27 November 1941

U.S. AIR FORCES IN THE PHILIPPINES

NAVY

Type and Strength

- PBY-4 (Patrol): 14
- PBY-4 (Patrol): 14
- SOC-3 (Scout Observation): 4
- SOC-1 (Scout Observation): 2
- J2F-4 (Utility): 3
- SOC-1 (Scout Observation): 2
- SOC-2 (Scout Observation): 2
- 052U-2 (Observation): 2

TOTAL: 43

Two squadrons of OS2U airplanes, 24 in all, are being sent to the Philippines as soon as practicable. It is expected that they will be shipped from San Pedro in January, 1942.

ARMY

- B-18 (Heavy Bomber): 18
- B-17 C&D (Heavy Bomber): 35
- P-35A (VF): 52
- P-40B (VF): 30
- P-40E (VF): 117
- O-46A (VO): 7
- O-49 (VO): 3
- O-52 (VO): 10
- A-27 (Dive Bomber): 9
- A-39 (Combat): 1
- C-49 (Combat): 1
- P-26A (VF): 15

TOTAL: 298

In addition to the above 57 type A-24 dive bombers have been shipped to the Philippines this month, and further extensive reinforcements have been approved for complete delivery by February, 1942.

No. 306
 From: Manila (Nihro)
 1 November 1941
 To: Tokyo #722.

1. The TON, MADDO, HON, 7 destroyers, 8 submarines and 3 minesweepers entered port on the 31st. But the TON left again on the morning of the 1st, destination unknown.

2. On the morning of the 2st the President Cleveland and President Madison left port loaded with American soldiers whose time was up, (number uncertain).

3. According to reports received from what we believe are reliable sources the number of American military and naval plans in the Philippine Islands is as follows:

(a) Military Planes

- Large, bombers, 29.
- Scout planes, 324.
- The same, B type, 62.
- Fighters, 317.
- The same, B type, 62131
- Pursuit planes, 302.
- The same, D type, 69.
- Training planes, 49.
- Total, 1283.

(b) Naval planes

- Large flying boats, 26.

4. Ships in port on the 1st: MAD, BAKE, PIES, HON, BEER, 9 destroyers, 3 submarines, WOHOTOSU, 3 minelayers. In Cavite: REI, PASU, 2Z.

5. According to a report from the De La Rama steamship company two of their ships, the Dona Estaban (1616 tons), and the MADBUKARU (191 tons), had been requisitioned by the local American Army.

No. 316
 From: Manila (Nihro)
 10 November 1941
 To: Tokyo #746.

Re my #722, first part of part 3—the number of large attack planes, latest models, 4-motored B-19's, is 32.

Re my #727, the black soldiers are American Negroes.

Japanese Official Analyzes Roosevelt's Domestic and Foreign Strategy

On November 12, 1941, a Japanese intelligence official in Washington sent Tokyo a report on the Roosevelt administration's method of dealing with the Japanese-American situation. In an effort to aid in the defeat of Germany, President Roosevelt had inaugurated military, economic, and industrial measures, which would eventually lead America into complete war. By assisting Great Britain, it had already entered the conflict on the high seas. While the US Army was not yet equipped to fight a war with Germany on land, for the present at least, the US Navy could engage German warships on the high seas. Nevertheless, in spite of the fact that President Roosevelt had almost dictatorial powers in regard to Congress and the military officials, the American people were not in complete sympathy with his policies. For example, on 10 November 1941, the *Times Herald* had stated that Roosevelt was as much a dictator as Hitler or Stalin. Furthermore, the American First Committee was secretly working to impeach President Roosevelt. On 30 October 1941 at Madison Square Garden, 8,000 members of the America First Committee gathered as a demonstration

against the foreign policies of the present American Government.

In Washington, a former American Ambassador demanded that President Roosevelt be forced to resign his position as President by means of a referendum. He even went so far as to state that President Roosevelt might easily die during this disastrous period in the nation's history. This statement drew great applause from the audience. Apparently, the Japanese intelligence official went on to say, the move to impeach President Roosevelt was widespread and was initiated by many varying factions. An editorial in the *Times Herald* on November 4, 1941 warned that it would be impossible for Congress to impeach President Roosevelt because of the whip he held over the Army and Navy. Nevertheless, the editorial in this and other papers did mention the possibility of President Roosevelt's being impeached at some time, and the Japanese intelligence official believed this to be extremely significant.

As an indication that the American people were not entirely behind President Roosevelt's aid to Britain, the Japanese official cited the occurrence in Detroit when Ambassador Halifax was pelted with eggs. The American public as a whole had begun to view the prospect of war in its unprecedented aspects and after the sinking of the *Reuben James*, the country received a great shock. Although President Roosevelt took advantage of this sinking to declare an unlimited national emergency, in his speech on October 27, 1942, he did not stress foreign questions but placed his emphasis almost entirely upon America's internal problems.

No. 86

From: Washington (Nomura)
12 November 1941

To: Tokyo #1077.

(Part 1 of 4.)

From the Intelligence Official.

1. The ROOSEVELT administration is dashing along the road of military, economic, and industrial reconstruction with the object of defeating the Nazis.

So far as war on the sea is concerned, the United States has already entered the conflict. Even if ROOSEVELT should now decide to leave the Nazis be, he is already in too deep. Even though he tried to do a 180 degree turn, his economic reconstructionists would not let him. Therefore, it can be said that the United States is following the one road to complete war.

2. It is true that the American army is not yet equipped, but even if war were declared against Germany, no more than the present ocean fighting would be necessary and, therefore, such a declaration is possible. The reason why things are not going so well for the administration in this connection, however, is because the people are not complete behind it.

ROOSEVELT has the full support of the government, the military, and the Congress and is tantamount to a dictator (on the 10th, the *Times Herald* said in an editorial that ROOSEVELT is a dictator in no way less than HITLER or STALIN). The people, however, most certainly do not support ROOSEVELT. During the last two or three weeks this has been particularly evident. Let us look into some concrete examples: According to reliable reports the leaders of the America First Committee are secretly endeavoring with all their ingenuity to impeach ROOSEVELT. The stronger government pressure against it becomes, the more belligerent does this committee grow, and it may well be that the time will come when they will resort to force. The pressure of the government against the America First Committee is also becoming fierce. On October 30 in New York, there was a meeting of this committee, but they could not make any radio broadcasts. ROOSEVELT's own life is in grave danger. On that night in Madison Square Garden, the immense crowd totally 8,000 filled the building to overflowing.

No. 86
 From: Washington (Nomura)
 12 November 1941
 To: Tokyo #1077

(Part 2 of 4.)

At a mass meeting in Washington, ----, a former Ambassador, made a scathing attack on the ROOSEVELT regime and demanded a referendum against this deliberate drift toward war. On that occasion he said that at this so fateful moment in the nation's history Roosevelt might die. These were words of profound meaning and drew great applause from the audience. The Times Herald in an editorial said that the President holds the whip over the Army and Navy and has the full support of the Government. Therefore, it will be impossible for the Congress to impeach him. The editorial said, however, that some believe that he will be impeached, in any case, later on. Now, for papers in their editorials to use the word "impeach" cannot be overlooked as something light. Furthermore, pickets in front of the White House recently carried placards on which were written the words "Impeach the President". Another thing, some days ago in Detroit, Ambassador HALIFAX was pelted with eggs. Again the sinking of the Reuben James gave the popular spirit of this country a great shock and filled the people with a gloomy foreboding. In his speech on October 27th, ROOSEVELT did not stress foreign questions so much as he did internal matters. This is to be regarded as a declaration of internal warfare whereby ROOSEVELT whipped from its scabbard the sword of an unlimited national emergency.

No. 88
 From: Washington (Nomura)
 12 November, 1941
 To: Tokyo #1077.

(Part 3 of 4.)

2. The congress, as I said, is supporting ROOSEVELT. True enough, the Senate approved the entrance of armed merchantmen into the war zones; however, the actual figures were 50 to 37, and this

could not, by any means, be called a crushing defeat of the opponents. This also may be regarded as a reflection of public opinion.

Things being as they are in the country, in order to dispel the dilemma and to condition the people for a war against Germany, it may be now that a counter-hand will be played. I mean to say, many people in the United States fear the German war machine frightfully. However, they know how we have fought so hard in China for four years and figure that we are about worn out. They also figure that we are weak in materials. They do not think that we could resist them very much and optimize over how quick we could be to come to our knees.

If we scrutinize this psychology closely, we find that the ROOSEVELT administration, although it does not want a two-ocean war, would probably not do anything to prevent the outbreak of a war with Japan, depending on how we Japanese act. Perhaps a point-blank declaration of war might be made. Then the people's thirst for blood could be stimulated, an unlimited emergency declared, the America First Committee dispersed, and all opposition crushed. Then they figure the popular mind might turn favorable for a war with Germany. In other words, we Japanese would be merely the tool with which the American administration prepares the way for coming to grips with the Reich.

4. What will happen if the United States and Japan come to blows? Well, Germany now has a vast occupied territory and is in the most favorable position to talk peace. England is already complaining that the United States is not sending her enough help. Germany, of course, does not want a long war, and she may suddenly, on unexpectedly generous terms, conclude peace with England. I mean to say that while the United States would be at grips with us, American aid to England would naturally slow down and give Germany a chance to make a separate peace with Great Britain. Germany will certainly do her best to achieve this feat.

No. 89

*From: Washington (Nomura)
12 November, 1941*

To: Tokyo #1077.

(Part 4 of 4.)

The New Deal failed, and the opposition to ROOSEVELT within the country became unmanageable. Just then the European war took a more lively turn through Germany's invasion of the Netherlands. ROOSEVELT, who is well-versed in international questions, joined the war then and there. It might be said that HITLER's attack on the Netherlands caused ROOSEVELT to enter the struggle immediately. Japanese-American relations are now at identically that same pass. I mean to say that a war with Japan would put the people squarely behind ROOSEVELT and make him a dictator. He knows fully that if he has to fight, there will be a suitable opportunity which would not admit delaying war. Furthermore, in view of Japan's foreign policy, it can be seen that our relations with the United States have reached such a pass that a decision on war is about the only thing that could raise them from the dead. Judging from internal conditions in the United States, for the foregoing reasons there is no hope for a thorough-going pact at the present time. It would be better to devise some relatively easy small-scale makeshift of a temporary nature laying stress on economic matters. Germany will keep sinking American ships and the President's position will become harder and harder, so as soon as a show-down with Germany is inevitable, then we can get a full-fledged pact. Again, if we do have to fight the United States, we could do this much better after she is at war with Germany.

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CHAPTER 3

CHAPTER 3

Counterintelligence in the Office of Strategic Services

Introduction

The Office of Coordinator of Information (COI) was established on 11 July 1941. It was announced to the public as an agency for the collection and analysis of information and data. Actually, through COI and its successor, the Office of Strategic Services (OSS), the United States was beginning its first organized venture into the fields of espionage, propaganda, subversion and related activities under the aegis of a centralized intelligence agency.

In themselves, these various functions were not new. Every war in American history has produced different examples of the use of spies, saboteurs, and propagandists. Every major power, except the United States, has used espionage, for example, in peace as well as in war, for centuries. The significance of COI/OSS was in the concept of the relationship between these varied activities and their combined effect as one of the most potent weapons in modern warfare.

The concept evolved from two missions performed for President Roosevelt in 1940 and 1941 by the man who guided COI/OSS throughout its existence—William Joseph Donovan.

The establishment of the COI met particularly vigorous opposition from the Army and Navy on the ground that the new agency might usurp some of their functions. Therefore, it was decided to establish COI as a part of the Executive Office of the President. The new order was not designated as either a military or an executive order; it referred to Roosevelt's position as President, as well as commander in chief, and expressly reserved the duties of his military and naval advisors. It deleted the previous reference to the Army in appointing Donovan as Coordinator.

COI was renamed OSS in June 1942 with its director reporting to the Joint Chiefs of Staff. The British asked FBI Director J. Edgar Hoover to appoint a Bureau officer to run a new counterintelligence (CI) organization to handle foreign CI, which Donovan had agreed to house within OSS. When Hoover rejected this request, the British asked Donovan to set up a CI section. On 1 March 1943, Donovan created the CI section, known as X-2, and placed James R. Murphy in charge. Murphy and X-2 were given access to ULTRA, Magic and ICE. ICE was the OSS cryptonym for the British MI6 cryptonym ISOS, the decoded and translated German Abwehr (Military Intelligence) message traffic.

This chapter provides the written correspondence by Donovan, President Roosevelt, and others on the creation of COI/OSS, its eventual dissolution after the war, and reports on X-2.

The Coordinator of Information

The White House
July 11, 1941

By virtue of the authority vested in me as President of the United States and as Commander in Chief of the Army and Navy of the United States, it is ordered as follows:

1. There is hereby established the position of Coordinator of Information, with authority to collect and analyze all information and data, which may bear upon national security, to correlate such information and data available to the President and to such departments and officials of the Government as the President may determine; and to carry out, when requested by the President, such supplementary activities as may facilitate the securing of information important for national security not now available to the Government.

2. The several departments and agencies of the Government shall make available to the Coordinator of Information all and any such information and data relating to national security as the Coordinator, with the approval of the President, may from time to time request.

3. The Coordinator of Information may appoint such committees consisting of appropriate representatives of the various departments and agencies of the Government, as he may deem necessary to assist him in the performance of his functions.

4. Nothing in the duties and responsibilities of the Coordinator of Information shall in any way interfere with or impair the duties and responsibilities of the regular military and naval advisers of the President as Commander in Chief of the Army and Navy.

5. Within the limits of such funds as may be allocated to the Coordinator of Information by the President, the Coordinator may employ necessary personnel and make provision for the necessary supplies, facilities, and services.

6. William J. Donovan is hereby designated as Coordinator of Information.

Franklin D. Roosevelt

Memorandum for the Chief of Staff

Subject: Undercover Intelligence Service

1. The military and naval intelligence services have gone into the field of undercover intelligence to a limited extent. In the view of the appointment of the Coordinator of Information and the work which it is understood the President desires him to undertake, it is believed that the undercover intelligence of the two services should be consolidated under the Coordinator of Information. The reasons for this are that an undercover intelligence service is much more effective if under one head rather than three, and that a civilian agency, such as the Coordinator of Information, has distinct advantages over any military or naval agency in the administration of such a service.

2. In the event or the immediate prospect of any military or naval operations by United States forces in any part of the world, however, the armed forces should have full power to organize and operate such undercover intelligence services as they may deem necessary.

3. The Coordinator of Information has indicated in conference that he is prepared to assume the responsibilities indicated in Paragraph 1 above.

4. A memorandum similar to this is being submitted to the Chief of Naval Operations by the Director of Naval Intelligence.

5. Action recommended:

That the Secretary of War approve the recommendations contained in Paragraphs 1 and 2, above, so far as the War Department is concerned.

September 6, 1941

APPROVED

By order of the Secretary of War
G.C. MARSHALL
Chief of Staff

by/S/ W.B. Smith
Col., G.S.C., Sec. W.D.G.S.
Noted-Chief of Staff
W.S.B.

/S/ SHERMAN MILES
Sherman Miles
Brigadier General, U.S. Army
Acting Assistant Chief of Staff
G-2, noted by Sec. War 9/9/41
E.H.B.

Memorandum for the President

*From: The Coordinator of Information
October 10, 1941*

By joint action of the Military and Naval Intelligence Services there was consolidated under the Coordinator of Information the undercover intelligence of the two services. In their memorandum the reasons stated for the action are:

1. That such a service is much more effective under one head rather than three, and
2. A civilian agency has distinct advantages over any military or naval agency in the administration of such a service.

This consolidation has been approved by the Secretary of War and the Secretary of the Navy.

In making this consolidation effective, it is necessary to do the following:

Send to a given country a man who is essentially an organizer. The function of this man would be to set up agents of information who would be able to supply him with information.

(a) During the period our diplomatic corps is accredited to that country; and

(b) To be in a position to continue sending reports in event diplomatic relations are severed.

Vital considerations in making this plan effective are security and communications. Therefore, it will be necessary for our representatives to have:

(a) Status for his protection;

(b) Use of the diplomatic pouch;

(c) Establishment of a line of communications, both by radio and other means, that will endure after the particular country has been closed to us diplomatically.

Contents of a Letter From Attorney Gen. Francis Biddle to Col. Donovan

9 March 1942

I have been advised that you have appointed General David P. Barrows as Coordinator of Intelligence and Information on the West Coast. I am further advised that the Directors of Military and Naval Intelligence have not been informed of the purpose or reason for General Barrows designation to this post.

The intelligence services have been carrying on a carefully coordinated program built upon a complete exchange of pertinent information and the carrying out of mutual undertakings in carefully defined fields of responsibility. Close personal liaison is constantly maintained. Therefore, there would be no reason for the designation of a Coordinator.

I would appreciate if you would let me know your purpose in designating General Barrows and your intentions and program with reference to this Coordination. I am somewhat surprised that this appointment was made without prior discussion with the regularly constituted intelligence services.

Donovan's Reply to the Attorney General

16 March 1942

1. No one has been designated as (your quote) Coordinator of Intelligence and Information on the West Coast.

2. Some weeks ago we did designate, as one of our representatives on the West Coast, General David P. Barrows, a distinguished and respected citizen of San Francisco.

3. The whole question of the selection of representatives on the West Coast was discussed with General Miles, Admiral Wilkinson, and Mr. Hoover, by Colonel Buxton and myself at lunch on the 2nd of December 1941. Colonel Buxton went immediately to the West Coast for the purpose of selecting a representative. While there, he told the Army and Navy officials, and also Mr. Pieper, the F.B.I. representative, that Barrows was under consideration.

4. Colonel Buxton, upon his return from the West Coast, discussed the matter with Colonel T.B. Bissell, General Lee's assistant.

5. Admiral Wilkinson sent a message to San Francisco informing his people of the designation.



William Donovan, Head of the OSS.

6. No attempt of any kind has been made to have any representative of ours there invested with authority over other services or to coordinate their activities, interfere with them, or impinge upon their prerogatives. Our written instructions to General Barrows, as to all others, concerning your department relate only to the duty of turning over to your office any information concerning subversive activities which might come to his attention. This is a duty incumbent upon him not only as our representative but as a private citizen.

7. There has never been any misunderstanding regarding General Barrows on the part of either ONI or MID in San Francisco, and there is no reason for any misunderstanding on the part of your Department.

Memorandum (No. 360) for the President From William J. Donovan

March 30, 1942

There has been submitted to you by the Joint Chiefs of Staff a proposed order which would bring more closely together the office at the Joint Chiefs of Staff and our agency. They have told me that this matter has been taken up with Harry Hopkins for submission to you.

I hope you will approve the order. It exactly conforms to your original directive to me, both in name and function—but which was finally modified at the instance of the Army and Navy. The present proposal comes at their instance. The services now seem to have confidence in our organization and feel that we have in motion certain instrumentalities of war useful to them. For these reasons, and in order more closely to integrate with the armed forces the various elements that we have been developing, they recommend the signing of the order.

On March 16 (my memorandum No. 334) I briefly tried to describe to you how our principal units supplement and support one another. I think it essential that both chiefs of Staff, under your direction as Commander-in-Chief, should have these services

at their disposal. These would be welded into one fighting force every essential element in modern warfare. You will note that they have even provided for the Commandos.

I am glad to concur in the recommendation at the Joint Chiefs of Staff, because I believe this is a sensible and necessary step toward the more effective use of all modern war weapons.

Donovan Letter to the President

*The President
The White House
April 14, 1942*

My dear Mr. President:

I talked with Sam Rosenman yesterday and was disturbed as well as surprised by the conversation. Disturbed because it indicates that since you have not signed the order pertaining to our alignment with the Office of the Joint Chiefs of Staff, as a supporting agency, it must be that you have not yet become convinced, as I am, of the necessity for some such alignment. The conversation was further disturbing because of my strong feeling that the preparation of



William Egan Colby, Director of CI who served in OSS 1943-1945. DCI, 4 September 1973 - 30 January 1976.

any plan involving political and subversive warfare must heavily involve those entrusted with the protection of subsequent forms of warfare.

If this war has taught us anything, it has taught us the need for unification of all efforts—some new—which play a part in modern warfare. It was for this reason that I wrote you on March 4th outlining fully the reasons for leaving the present efforts of our office coordinated into one effective whole. I would particularly call your attention to this paragraph:

Now that we are at war, foreign propaganda must be employed as a weapons of war. It must march with events. It is primarily an attack weapon. It must be identified with specific strategic movements often having effectively it must be allied with the military services. It must be to a degree informed as to possible movements. The more closely it is knit with the intelligence and the physically subversive activities of the Army and the Navy, the more effective it can be. All of these necessitates security. In point of fact the use of propaganda is the arrow of initial penetration in coordinating and preparing the people and the territory in which invasion is contemplated. It is the first step—then Fifth Column work, then militarized raiders (or “Commandos”) and then divisions.

It was for these same reasons that I concurred with the Joint Chiefs of Staff in their request for aligning our office with them Further deliberation, far from causing me to change my mind, has only served to make me more convinced that the successful prosecution of this war demands such unification of all the forces of war.

Let me add on this: at the very outset of our present relationship, it was agreed that I would deal directly with you. Due to your continued support and confidence, we have been able to set up for you an instrument of modern warfare, which, if left unimpaired, will mean for you a weapon of combined operations which will be able to stand against any similar weapon of the Axis. In doing this we have not usurped the function of or encroached upon the domain of the Army, Navy, or State Department. I am sure you believe that I have no such intention. But I feel it is now my duty respectfully to urge that

this weapon which has been so carefully prepared over the last eight months, which has already begun to demonstrate its usefulness, and which has won the respect of some who were skeptical at the outset, shall not be disturbed at home before it shall be put to its really crucial work abroad.

Respectfully,
/s/ William J. Donovan

Presidential Military Order Establishing the Office of Strategic Services (OSS)

12 June, 1942,

By virtue of the authority of the vested in me as President of the United States and as Commander in Chief of the Army and Navy of the United States, it is ordered as follows:

1. The Office of the Coordinator of information, established by order of July 11, 1941, exclusive of the foreign information activities transferred to The Office of War Information by executive order of June



Allen Welsh Dulles, Director of CI who served in OSS office in Bern, Switzerland, 1942-1945. DCI, 26 February 1953 - 29 November 1961.

13, 1942, shall hereafter be known as the Office of Strategic Services, and is hereby transferred to the jurisdiction of the United States Joint Chiefs of Staff.

2. The Office of Strategic Services shall perform the following duties:

a. Collect and analyze such strategic information as may be required by the United States Joint Chiefs of Staff

b. Plan and operate such special services as may be directed by the United States Joint Chiefs of Staff.

3. At the head of the Office of Strategic Services shall be a Director of Strategic Services who shall be appointed by the President and who shall perform his duties under the direction and supervision of the United States Joint Chiefs of Staff.

4. William J Donovan is hereby appointed as Director of Strategic Services.
The order of July 11, 1941 is hereby revoked.

Franklin D. Roosevelt
Commander in Chief

General Order 13 Establishing a Counterintelligence Division in the Secret Intelligence Branch of the OSS

1 March 1943

There is hereby created a Counterintelligence Division in the SI branch of intelligence service of OSS.

James R. Murphy is designated as the head of this division. The functions of the Counterintelligence Division shall be:

1. To collect from every authorized source appropriate intelligence concerning espionage activities of the enemy.

2. To take such action with respect thereto as may be appropriate, and to evaluate and disseminate such intelligence within OSS as may be necessary, and to exchange such information with other agencies as may be appropriate.

The Counterintelligence Section shall be provided with such personnel and facilities as may be required. All geographic functional desks, sections, and branches of OSS are directed to cooperate in all respects with the CI Division and to furnish it with all information or material relating to its field of activity.

William J. Donovan

General Order Establishing the Counter Espionage Branch of the Intelligence Branch of the Intelligence Service of OSS

15 June, 1943

The provisions of General Order number 13, issued 1 March 1943, are hereby rescinded and there is established under the Deputy Director, Intelligence Service a Counter Espionage Branch which should be referred to by members in conversation and in communication of OSS as X-2 branch.

The functions of the Counter Espionage Branch shall be...

1. To collect from every authorized source appropriate intelligence data concerning espionage and subversive activities of the enemy.
2. To analyze and process such intelligence in order to take appropriate action, and to exchange such intelligence with appropriate authorized agencies.
3. To institute such measures as may be necessary to protect the operational security of OSS, and to prevent the penetration of our espionage and other secret activities.
4. To cooperate with the counterintelligence agencies of the United States and our allies, and afford

them timely information of enemy attempts at penetration or subversive action from areas in which X-2 is authorized to operate.

5. To prepare secret lists of subversive personalities in foreign areas for the theater commanders and other such government agencies as the director may prescribe. The X-2 branch shall be provided with such personnel and facilities as may be authorized. All geographic and functional desks, sections and branches of OSS are directed to cooperate in all respects with the X-2 branch and to furnish it with all information or material relating to its field of activity.

There should be close coordination between S.I. and X-2 branches. The chiefs of the S.I. and X-2 branches will exchange operational information to the extent necessary to affect coordination of the operation of both branches.

The X-2 branch shall furnish to the S.I. branch any intelligence which is not exclusively of X-2 interest, and the S.I. branch shall refer promptly to the X-2 branch intelligence of interest to the latter branch.

X-2 officers operating in foreign areas shall be under either a SSU officer or an OSS mission chief. The X-2 branch may, with the permission of the chief of S.I. employ S.I. field representatives in connection with its work in the field. In such event X-2 activities so conducted shall be kept separate by such field representatives and communications with respect thereto will be subject to examination of the chief of S.I. and the appropriate desk head.

Practices and procedures with respect to the working arrangements between the S.I. and the X-2 branches shall be adopted in consideration between the chiefs of these branches and approved by the Deputy Director-vice...Intelligence Service.

The X-2 branch shall maintain its own separate liaison and separate channels of communication within existing OSS facilities.

The X-2 branch shall establish and maintain its own files and records and shall locate its registry functions in close proximity to those of the S.I. branch in order

that there may be a central area for S.I. and X-2 information.

James Murphy is designated chief of the Counterespionage branch.

William J. Donovan

**Extract of Memorandum from
Brig. Gen. William J. Donovan to
Maj. Gen. W. B. Smith**

17 September 1943

1. The National Interest requires such an organization.

(1) National Policy is formulated in the light of information concerning the policies and activities of other nations.

(2) Each nation in defense of its institutions and its people, must have an independent intelligence service to guide its policy in peace as well as in war.



William Joseph Casey, Director of CI who served in OSS from 1943; Chief of the Special Intelligence Branch in European Theater of Operations, 1944-1945. DCI, 28 January 1981 - 29 January 1987.

(3) Reliance cannot be placed either on the continuance or the impartiality of intelligence voluntarily furnished to one nation by another, however friendly. Such service may be interrupted and even if not discontinued, it is found to reflect, in its evaluation, as ours would, the bias and color of national interest.

2. All major nations other than ours have such agencies.

With the exception of the United States, all of the major nations have had, prior to the war, intelligence services, including secret, separate in large measure from their military establishment.

Such agencies are a recognized and accepted part of the machinery of government. They have kept their respective Governments informed of current political activities, and long prior to the war, they recruited and trained personnel, provided them with suitable cover, and placed them in political enemy countries; established networks and communications, and laid the groundwork for actual operations in time of war.

3. Position of the United States in this respect prior to World War II.

(1) The intelligence agencies of the United States were not geared to the demands of a World War. They had been caught unprepared. There was no over-all general intelligence service which collected and analyzed information on which decisions should be made and plans formulated. There was no coordination of our various agencies of information, nor of the information itself. There was no Secret Intelligence nor Counterintelligence Service for working in enemy territory. There were no plans to meet those needs.

(2) Five months prior to the outbreak of war, a Committee of Cabinet members was appointed by the President to inquire into the matter. That committee consulted with the writer of this paper who studied the problem, and prepared a report with certain recom-

mentations which were accepted and put into effect by Presidential order.

These recommendations were based upon certain:

4. Requirements for a long-range Strategic Intelligence Service with Subversive Attributes.

(1) That the intelligence services of one nation should be kept independent from that of any other nation, each with its own agents, communications, and transportation—for the following reasons:

(a) *Security.* The disclosure of one will not necessarily involve damage to another.

(b) *Verification.* If networks are truly separate, it is improvable that information simultaneously received from two chains, springs from a single source.

(c) *Control.* The effectiveness of intelligence work is dependent upon performance—at least insofar as it is not subject to the power of another to terminate it. The danger that its operation may be terminated by the act of another means subordination.



Richard McGarrah Helms, Office of Strategic Services and its successors 1943-1947. DCI, 30 June 1966 - 2 February 1973.

(2) That a long range intelligence service should include an overall collection of political, economic, sociological, and psychological information.

(3) That a branch of such a service should obtain information by secret means.

(4) A Counterintelligence Service is necessary for the protection of primary services.

(5) That a Research and Analysis Branch should be established, composed of men of technical and professional competence—research specialists with extensive knowledge of areas in question, and trained to critical appraisal of information.

(6) That it should have access to short-wave radio as a strategic weapon of attack and exploitation, knit into military plans and strategy.

(7) That it should have under its direction morale and physical subversion.

(8) That it should have no concern with combat or operational intelligence, except to furnish information required.

(9) That there should be:

1. Independent communications by pouch and code.
2. A separate budget and unvouchered funds.
3. Passport privileges.

(10) That its Director should be a civilian, and its personnel should be recruited largely from civilian life. They should be men whose professional or business training has given them vision, imagination, alertness, initiative, and experience in organization. The organization which was set up based on these concepts became known as:

5. The Office of Strategic Services

It is useless to relate the difficulties and vicissitudes of this organization in finding acceptance of its services by those who needed it most. For the purposes of this paper it is necessary only to say that it has been able to realize in large part the above named requirements, and today is a living organism which can be adapted to a permanent plan or as a design for a new but similar agency.

SHAEF (INT) Directive No. 7 (Counterintelligence)

Appendix "B"
Special Counterintelligence Units
(With Paragraphs not pertinent to this text omitted)

General

1. Information relating to enemy secret intelligence services in enemy, enemy-occupied and neutral territory is available in LONDON main in Section V or MI 6 X-2 Branch of OSS, but also, in other departments such as MI-5 and MI-14(d), War Office. Owing to the special nature of this information and the great discretion required in its use, it is not suitable for passing to the CI Staffs through normal intelligence channels. Special CI Units will therefore be supplied by Section V of MI 6 for attachment to British Army Group and Army Headquarters and by X-2 Branch of OSS for attachment of US Army Group and Army Headquarters. These units will act as a channel for passing information to CI Staff, about enemy secret intelligence services and will advise them as to its use.

2. All producer departments of information of this type in LONDON will work in close collaboration and will pass their information to MI6/OSS for transmission, of necessary, to SCI units.

Duties

5. The Duties of SCI units in the planning stage are:

(a) To assist in the preparation of all available information about enemy secret intelligence services in the form required by the CI Staffs.

(b) To advise CI Staffs in the selection of the immediate counterintelligence targets and in the method of dealing with them to ensure the maximum intelligence results.

6. The duties of the SCI units in the field are:

(a) To distribute and interpret to the CI Staffs all counterespionage information received by them from LONDON and from other SCI units, and advise as to its most effective and secure use.

(b) To afford the maximum protection to special sources of secret counterespionage information,.

(c) To advise CI Staffs in the selection of counterespionage targets whose capture is likely to yield material of value.

(d) To assist CI Staffs in the examination of captured enemy documents or material of special counterespionage interest.

(e) To assist CI Staffs in the interrogation of captured enemy agents.

(f) To pass to LONDON all information on enemy secret intelligence services collected in the field, including such captured documents and other material as is no longer required in the field.

(g) To serve as a direct channel between each Army group HQ for information on enemy secret intelligence services collected in the field.

(h) To serve as a channel between the Army Groups and from Army Groups to LONDON for any other counterintelligence information which cannot be passed through normal service channels.

Employment of SCI Units

7. SCI Units are normally attached to the CI Staffs of a Headquarters and are directly responsible to the Chief CI Staff Officers.

8. Although not technically forming part of the CI Staff, the officers of SCI units will work in closest liaison with the component subsections of the staff. The functions of the SCI units are advisory and not executive. Executive action on information supplied by SCI units is the province of the CI Staffs and CI personnel.

9. SCI units will normally pass their information direct to the appropriate sub-section of the CI Staff. However, in furtherance of the responsibility to safeguard special sources (see para 6 (b) above), they will have the right to withhold any particular item of information derived from such sources from any but the Chief CI Officer, and represent to him the necessity for prohibiting or limiting action upon it, where action or unrestricted action might prejudice the security of these sources. The ultimate decision as to whether action is or is not to be taken in the field will rest with the A C of S (G-2) or the BGS (I) of the Army Group except when an express prohibition to take action is issued by MI6 or OSS in LONDON.

10. Personnel of SCI units should not be employed in any area where there is danger of capture and therefore of interrogation by the enemy. They should normally move with the HQ to which they are attached.

11. It may often be profitable to attach CI personnel to SCI units for short periods of training for special tasks, e.g., seizure and inspection of CI documents. Personnel of SCI units may also accompany CI personnel on such tasks subject to the proviso in the preceding paragraph.

12. Personnel of SCI units are specially qualified and must not be employed on any other counterintelligence duties.

Communications

13. SCI units are furnished with special communications and codes and are not normally dependent on Army Signals.

14. Each SCI unit will be in direct communication with its LONDON Headquarters, and all units within

the same Army Group Zone will be in direct communication with each other. In addition, each unit with an Army Group Headquarters will be in direct communication with the unit at the other Army Group Headquarters.

Other paragraphs pertinent to SCI units are cited below:

Section IX: The Handling and Disposal of Known and Suspect Enemy Agents

1. The first responsibility of Counterintelligence staffs in the theater of operation is the detection and apprehension of enemy agents. Detailed planning of measures against the Germany Intelligence Services (GIS) must be undertaken well in advance. Such plans will be based upon information supplied by SCI units and will be formulated in consultation with officers of these units. While SCI units will render advice and furnish information, executive action is the responsibility of CI Staffs and personnel.

3. Whenever GIS personnel are captured, SCI officers must be notified and afforded the earliest opportunity to interrogate them. All documents, records, or equipment of GIS personnel captured will be turned over to SCI units for examination. SCI units will be consulted as to the disposal of each individual case. It is only by making the fullest use in this way of SCI units that the maximum information can be obtained and the detection and arrest of other agents secured.

8. The field interrogation of arrested enemy agents should be carried out immediately. The more important cases should, upon advise of SCI officers, be returned to the U.K. for further and more specialized interrogation at the MI5 Interrogation Centre in LONDON.

Section X: Counter-Sabotage

5. *Enemy Sabotage Agents.* Information from special sources covering the sabotage activities of enemy agents who will be made available to CI Staffs by SCI units, will advise on the action to be taken in respect to such agents.

6. Any captured saboteur known or believed to be an enemy agent will be handled in the same manner as other enemy agents (see Section IX).

7. *Liaison With MI5* Counterintelligence Staffs at Headquarters, Army Groups, will maintain direct liaison with the counter-sabotage section of MI5. MI5 will furnish the CI Staffs with all available information of enemy sabotage methods and equipment, and with advice as to measures for the prevention and detection of sabotage and interrogation of saboteurs. CI Staffs will similarly notify MI5 of sabotage developments discovered in the field. Where necessary such information will be passed through MI6 (V), LONDON, and the SCI units in the field.

Section XI: Channels of Counterintelligence Information

2. Procedure for handling information collected in the field.

(c) SCI units at Army and Army Groups will pass back direct through their special communication channels to MI5 (V)/OSS (X-2) information unsuitable for transmission by Army Signals. MI6 (V)/OSS (X-2) will undertake the collation and the further distribution of this information where necessary, to the other departments in LONDON or WASHINGTON and will pass to the Coordination Section, SHAEF, such detailed routine information as will be necessary for maintaining the personality cards up to date, and any summaries which will be required by SHAEF.

3. Procedure for the distribution of information in the field.

(b) All further information or requests for information addressed from departments in LONDON and WASHINGTON to formations in the field, and which are suitable for transmission by normal Army channels, will be routed through the Coordination Section, SHAEF. Information concerning the operation of SCI units or which is not suitable for

transmission by normal means, will be routed through MI6 (V)/OSS (X-2).

7. Channels of Counterintelligence Information.

(a) MI6 (V)/OSS (X-2) pass information relating to hostile secret intelligence services direct to SCI units attached to Army Groups in the field through their own special communications.

**Contents of Gen. Donovan's
Memorandum to President Roosevelt,
Dated 18 November 1944**

Pursuant to your note of 31 October 1944, I have given consideration to the organization of an intelligence service for the post-war period.

In the early days of the war when the demands upon intelligence services were mainly in and for military operations, the OSS was placed under the direction of the JCS.

Once our enemies are defeated the demand will be equally pressing for information that will aid us in solving the problems of peace.

This will require two things:

1. That intelligence control authority reporting directly to you, with responsibility to frame intelligence objectives and to collect and coordinate the intelligence material required by Executive Branch in planning and carrying national policy and strategy.

I attach in form of a draft directive the means by which I think this could be realized without difficulty or loss of time. You will note that coordination and centralization are placed at the policy level but operational intelligence (that pertaining primarily to Department action) remains within the existing agencies concerned. The creation of a central authority thus would not conflict with or limit necessary intelligence functions within the Army, Navy, Department of State and other agencies.

In accordance with your wish, this is set up as a permanent long-range plan. But you may want to consider whether this (or part of it) should be done now, by executive or legislative action. There are common sense reasons why you may desire to lay the keel of the ship at once.

2. The immediate revisions and coordination of our present intelligence system would effect substantial economies and aid in the more efficient and speedy termination of the war.

Information important to national defense, being gathered now by certain departments and agencies, is not being used to full advantage in the war. Coordination at the strategy level would prevent waste, and avoid the present confusion that leads to waste and unnecessary duplication.

Though in the midst of war, we are also in a period of transition which, before we are aware, will take us into the tumult of rehabilitation. An adequate and orderly intelligence system will contribute to informed decisions.

We have now in the Government the trained and specialized personnel needed to the task. This talent should not be dispersed.

Counter-Espionage (X-2)

This section was taken from the official history of OSS. The text has been slightly edited.

Counterespionage (CE) is a distinct and independent intelligence function. It embraces not only the protection of the intelligence interests of the government it serves, but, by control and manipulation of the intelligence operations of other nations, it performs a dynamic function in discerning their plans and intentions, as well as in deceiving them. An effective counterespionage organization is therefore an intelligence instrument of vital importance to national security.

The development of a secret intelligence organization makes protective counterintelligence

inevitable. However, to confine such activity to its protective aspects would be to eschew the development of the affirmative phases of counterespionage, which give it its unique and distinct value.

A counterespionage organization usually develops slowly. Basic to it is the vast body of records, which is the key to its operations and which normally takes years to accumulate. A second requirement, however, no less vital, is skilled personnel familiar with the intricate techniques by which the intelligence efforts of other nations may be controlled and directed.

The United States lacked these basic factors. At the outbreak of the war, its counterintelligence activities were performed by several agencies and departments of the government and the armed forces, principally FBI, G-2, and ONI. Fortunately, the domestic security problem, most important at that time, was efficiently handled by the FBI, which kept itself alerted to threats from beyond US borders by liaison with Allied security services, chiefly those of the British. With respect to areas outside the Western Hemisphere, however, the United States had virtually no security protection. Also, the divisions of interest of the various American organizations concerned with counterintelligence and the limitations upon their several missions had resulted in incomplete and duplicative records, which were scattered and uncoordinated. The lack of complete past and current records of enemy espionage organizations, their personnel, and activities made the effective prosecution of counter-espionage seem impossible.

The development by COI/OSS of a secret intelligence organization to operate outside the Western Hemisphere made it obvious that it would be necessary to establish a security organization for its protection. It is, of course, inevitable that a secret intelligence agent in a foreign area will attempt to acquaint himself with the intelligence activities and undercover personnel of other nations operating in the same area. This, however, provides only localized and uncoordinated knowledge. Furthermore, it does not take advantage of the affirmative possibilities inherent in the possession of such knowledge, if it is coordinated with related data and supported by an efficient centralized organization.

It was widely recognized that centralization was the key to counterespionage. This may be said to be true of secret intelligence generally. When it became apparent in early 1942 that SI would have to set up some form of security organization, the question of centralization was raised. By midsummer, the subject had been discussed by COI/OSS, not only with other agencies and departments of the government, but with the British Security Coordination. Such discussions stimulated the move to establish a CI division in SI.

The British had been sharing with COI, G-2, FBI, ONI, and other interested agencies certain counterespionage information. Experience gained in unraveling Axis espionage and sabotage organizations had developed a high degree of efficiency in the coordinated net of security services, which the British had long maintained. In addition, they had built up over many years one of the essential instruments for CE work—a comprehensive and current registry on hostile and suspected persons and on their organizations and relationships. Nothing remotely like it on overseas CE intelligence was available to American agencies. Nor could such a body of records be produced except after decades of extensive operations. Therefore, the British were particularly anxious that the handling of the information, which they made available to the American services should be consonant with the highly specialized CI techniques they had evolved. This demanded carefully trained specialists, solely concerned with CE material loosely coordinated with US agencies.

In August 1942, therefore, representations were made by the British, which strongly suggested an arrangement between the British and American agencies that would provide a more restricted and secure channel for the handling of CI information. If such an arrangement was concluded, the British indicated that they would be willing to make available all the CI information in their possession. The significance of this offer to the development by the United States of a counterespionage organization cannot be overstated. The United States was given the opportunity of gaining in a short period extensive CE records, which represented the fruits of many decades of counterespionage experience. Furthermore, the British offered to train American personnel

in the techniques essential to the proper use of those records and the prosecution of CE operations.

The proposed arrangement envisioned the establishment of a civilian CE organization within OSS—in short, an American entity similar to MI6(V) and MI5, the British services for overseas and home security respectively, both of which were civilian services only nominally under military control. Following preliminary discussions in the United States, Donovan designated one of his special assistants to proceed to London in November 1942, where he worked out with the British arrangements whereby a small liaison unit of the projected CE organization would be stationed in London. Procedure for transmission of the CE material to the United States also resulted from these discussions.

At that time it was intended that the new CE unit to be established within OSS should become the exclusive link between British and American CE services. FBI, however, had long maintained a close and cordial liaison with British security services, particularly MI5, in the interests of American security in Western Hemisphere. It was therefore agreed that FBI, in view of its jurisdiction over CE in Western Hemisphere, would continue its independent liaison with British services insofar as exchange of CE information relating to that area was concerned.

Definitive arrangements having been concluded, a Counterintelligence Division within the SI Branch of OSS was established by General Order No. 13 of 1 March 1943. Arrangements were made to send four officers and four secretaries to London for the sole purpose of preparing the British channels to the United States. This group arrived in London by the end of March. The American offices of the Division were established in the OSS headquarters in New York City, which adjoined the offices of the British Security Coordination. CE material from overseas and from Washington was received through the British in New York and was indexed and carded by the CI Division there. The New York office served as headquarters for the new Division for some six months.

As the CI Division of SI expanded, realization of the full possibilities of counterespionage, together with

certain problems of relationships both within OSS and with various British agencies, made it evident that the ultimate development of the CE function would not be possible if its divisional status was maintained. In the first place, counterespionage, as explained above, serves a greater purpose than the protection of secret intelligence activity. Secondly, the British SIS and their domestic and foreign security services were totally separate and distinct organizations between which rivalry existed. Also, COI/OSS policy had been from the beginning to maintain complete independence in the secret intelligence field, whereas close cooperation and collaboration with British CE were essential to the CI Division. As has been noted, it is doubtful that the activity could have been more than nominal during the war years had not the cooperation of the British been offered and advantage taken of the unique opportunity thus presented.

An additional factor which complicated the position of the new Division as a part of SI was that the approach to Controlled Enemy Agents (CEA) necessarily had to be functional, in effect, as opposed to the geographic setup of the SI desks; that its Registry (which formed its major activity in the United States) had to be completely separate; and that CE security problems were distinct from those of a secret intelligence service.

In view of these factors, it was proposed that the Division be given independent status as one of the intelligence branches. In this proposal SI concurred on 15 June 1943. Therefore, General Order No. 13 was rescinded and a new order issued to create the Counterespionage Branch (X-2) of the Intelligence Service of OSS.

X-2 was therefore free to develop the possibilities of CE in the protection of the security of American intelligence activities abroad, as well as the protection of national interest in foreign areas. In addition, the Branch was in a position to take advantage of long British experience and knowledge of the techniques of manipulating enemy agents and therefore to enter the intricate field of CE operations.

The London office of X-2 soon became, and remained for the duration of hostilities, the base for the control of CE operations in Europe. The broad liaison established in London, consequent upon the

elevation of X-2 to branch status, diminished the significance of the relations with the British in New York. Further, the arrangements for carding and processing of incoming material in New York, useful while the American carders were in the tutorial stages and needed the help of their British colleagues, became awkward when that stage had passed. Much of the material arrived initially in Washington, had to be transmitted to New York, for a short time, and then returned to the permanent and central X-2 Registry in Washington. In addition, CE material had to be screened from the mass of information flowing into other OSS branches in Washington, and such material could not be conveniently sent to New York for carding. Therefore, in September 1943, the research work in New York was discontinued and the files transferred to Washington. The move facilitated the work of X-2, tightened the unity with which the Branch operated, and placed the control of the Branch closer to the central authority of OSS.

By September 1943, X-2 was therefore in a position to address itself to the job of developing a major security organization in the remaining period of the war.

Organization

In January 1944, by the end of the formative period, it was possible for X-2 to lay out a firm plan of branch organization. An assistant Chief, who served as head of the office in absence of the Chief, dealt with current policy problems. The Administrative and the Liaison Officers, together with a Deputy Chief, reported directly to him.

The Administrative Officer was responsible for all budget and finance matters, the procurement of office personnel, arrangements for home and overseas travel, and other administrative functions.

The Liaison Officer established and maintained channels for the exchange of intelligence with other branches of OSS, with ONI, G-2, FBI, State Department, Office of Economic Warfare (OEI), X-B, and other American and Allied agencies.

The Deputy Chief had charge of the procurement of military and civilian personnel for overseas duty; for the headquarters services to overseas operations

and research; for the training, indoctrination and briefing of all personnel; and for the organization of field offices and field communication procedures. He had under him a field procurement and training officer.

The Deputy Chief was assisted by an Executive Officer whose main concern was the four offices, which handled Security, Planning, Personnel, and Training.

Headquarters intelligence activities were organized under an Operations Officer and a Director of Research who reported to the Deputy Chief.

The Operations Officer was responsible for all overseas operations; for all routine functions in connection with procurement for overseas personnel; for cover, communications, and other like arrangements.

The Director of Research supervised the work of the “geographical” desks—divided on the basis of theaters of war—where reports were processed and marked for carding and for distribution. He also supervised the Traffic Index and Registry Section, which maintained the card index system of enemy agents, organizations and their relationships, maintained files of documents and cables, and received, recorded, and dispatched all X-2 documents. Under him were four desks for special studies: The Enemy Intelligence Organization Section—which produced overall studies for use in operational planning and for the information of field personnel—the Watch List Unit, the Insurance Intelligence Section, and a CE/Smuggling Section. The X-2 Art Unit was added to these special sections a year later.

The first drastic change in the early arrangements for handling the intelligence (Registry-Desk) activities in the Washington headquarters came in April 1944, when the Divisions of Operations and Research were abolished. Their functions, hitherto separated, were combined under geographic area offices, supervised by Theater Officers. The Carding Section was discontinued as a unit, and its files were divided among the geographic area offices. Thereafter, the carding was done under the immediate direction of the area intelligence officers. The alphabetical control card file, which showed the location of all

personality cards, was located in the X-2 Registry. The Office of Special Studies continued as an independent unit on the same level as the Theater Offices and reported directly to the Deputy Chief. The former Director of Research was made Coordinator of Analysis to assist him.

A further change was made in November 1944 with the creation of the Office of Executive Assistant to the Chief of the Branch. This officer was given authority to act in the name of the Chief over the entire Washington X-2 organization. At the same time, a Chief Intelligence Officer was appointed to supervise the work of all intelligence personnel, this eliminating the Office of the Deputy Chief.

The Office of Special Studies was abolished, as was that of the Coordinator of Analysis. These functions were placed under the Chief Intelligence Officer, as were those of the Theater Officers. A vetting Officer was placed on this staff, and the X-2 Registry was taken from the administration office and put under his direct control. This adjustment placed all research activities—intelligence reporting, the making of intelligence records processing, and the like—under the direction of the Chief Intelligence Officer. One of the purposes of the change was to bring headquarters handling of intelligence into line with that of the London War Room, which had been set up to assist SCI units with armies and army groups in the field after D-day.

The reorganization symbolized the fact that the field offices, controlled and directed in the beginning by the area desks, were largely self-sufficient. The executive function was on the receiving end, either of requests for services, which could be handled by administration or for information, which could be produced by a staff intelligence officer.

Registry

One of the main coordinating CE instruments is the body of records—of foreign, enemy or potential enemy personnel, organizations, relationships, activities, known plans—kept by the registry section. In a certain sense, the organization exists to produce its files of current, tested, and readily available information and to apply them to the protection of national interests. It is, therefore, at once an end and

means of all CE activities, being the focal point at which all lines of such activities meet. It thus provides the basis for the coordination, which is essential. The files provide leads for the field, which in turn produces material for the growing accumulation of data in the files. The CE registry may supply data useful in illuminating decisions on the application of national policy in certain areas or for the light it can throw on the problems met by CE workers in the field. No positive intelligence collecting agency can operate safely for long without the protection CE files can afford to its agents.

CE cases may take years to mature. Items in the files that have every appearance of being dead can suddenly become of primary importance. Thus it is known that enemy organization will normally plant as many "sleeper" agents as they can to be alerted and used at a later date. It is well in all cases to go on the old CE axiom: "Once an agent, always an agent—for someone." Such individuals may not be important in themselves, but they will in due time be visited by and call attention to more significant figures.

The assembling of CE records is usually a long and expensive business. The European intelligence services—because of the geographical, industrial, military, and political situation of their states vis-à-vis their neighbor states—have been forced to recognize the significance of security information. They never go out of business, and they regard the money laid out for keeping up their files as money well spent. CE operations cannot be mounted quickly and still be made to yield useful returns.

Liaison with other government agencies and the intelligence services of friendly governments and, on occasion those of unfriendly ones, provides a valuable source of CE information. This is particularly true in time of crisis or of war when mutual interest can be served by exchange of information, thus the X-2 liaison in Washington with FBI, G-2, ONI, State Department, Office of Censorship, Treasury Department, Foreign Economic Administration (FEA) and Office of War Information (OWI), was carefully maintained throughout the war. The reports passed on by other branches of OSS also added valuable material to the files. The richest sources, however,

were those opened to the Branch by the British, and, in varying degrees, by other Allied services.

Like control of the enemy's pouches messages, the interception, when possible, of his telephoned, telegraphed, or wireless messages provided positive and security intelligence of the highest value. A CE organization inevitably secures—especially in wartime from captured agents—information very useful to the cryptographic department of its government; in turn, such relevant information as those departments pass on is used to protect the security of national interests. Interchange of mutual services apart, there is normally in all major intelligence systems a close tie, based on security considerations, between the overseas CE organization and the departments that work on codes.

The improvement of the mechanics of the Registry, and of the related processing of reports by intelligence desks, was a matter of constant concern to X-2. The efficiency of the CE Registry is an index of the efficiency of the organization that exists to produce and apply it; any maladjustments in the organization of the headquarters office is felt there seriously; maladjustment in the Registry, in turn, reacts on the work of the liaison section and on the operations of the agent network. The basic principle that the CE registry must be separate from other intelligence registries and be served by people trained in CE methods and procedures was recognized at an early date; when an independent section of the OSS Registry within X-2, manned by Branch personnel, was established. It took some time, however, to get the Registry and desk arrangements running smoothly. Such arrangements aimed at a full and free flow of information from and to the field, a speedy, accurate recording system, and an organization of the records which would at once reflect the worldwide unity of the agency and make all items easily available. In the beginning, the Registry-desk problems arose chiefly from a lack of experience and of trained personnel.

The Branch Chief was able to announce in September 1945 that X-2 had received a total of more than 80,000 documents and reports and 10,000 cables, yielding a card file of some 400,000 entries. Lists, reports, and studies based on this material had been

distributed to US departments and agencies, to Allied organizations, and to X-2 offices in the field. In the period 1 April 1944 to 1 April 1945, for example, X-2/Washington distributed 2,780 classified reports, ranging from overall studies to reports of more usual length, to government departments and agencies.

Personnel Procurement and Training

The Personnel Procurement and Training and the Administrative Sections were faced with multiple difficulties, which inevitably grew out of the rapid expansion of the Branch in the first six months. The task of carrying through the necessarily slow processes of contacting, checking, assessing, indoctrinating, training, and briefing more than 200 CE workers and subsequently dispatching a large percentage of them to the field was particularly formidable in view of the Branch's rigid security standards. The strictness of the procedural and security arrangements of a CE machine, the tightness of allotments of Army and Navy personnel during those months, the shortage of transportation, and other elements in the wartime situation restricted freedom of choice and movement.

With settlement of policy and practice with respect to recruiting and training and the acquisition of a larger number of more experienced officers in the Washington field office to help with the program, the



Percy E. (Sam) Foxworth, Special Agent in charge, FBI, New York City.

training of the 400 recruits, later added to X-2, became more manageable. A formal indoctrination course, which followed attendance at the assessment school, was set up in June 1944 for overseas personnel. It was given in part in the headquarters offices and in part at a staging area in New York City while personnel awaited transportation to the field. A month later a program was established for the training of headquarters officers and secretarial workers.

Inter-Branch Relations

All matters of inter-Branch policy were determined in Washington. Questions arising on matters within the jurisdiction of the London office were decided in Washington on information from London. As the field operational control office, London was vested with the authority to make decisions necessary for field operations in Europe, North Africa, the Balkans, and the Middle East.

Problems of adjustment were inevitably numerous in the first few months—especially those that involved interpretation of the basic principles of X-2 to other branches of Special Operations (SO) and to other agencies.

The peculiarities of a CE organization were for a time not fully understood within OSS and the necessity for special X-2 arrangements was not at first acknowledged. The need for separateness of its Registry was one such matter. Unique CE security regulations, especially with respect to cable communications, was another.¹ Also, Special Training (ST) had originally based its curricula on the special needs of SI and SO, and changes, which were necessary for the adequate training of X-2 personnel, could only be brought about slowly. Misapprehensions as to the close relations between X-2 and the British services were not infrequent. For the last months of 1943, then, the establishment of Branch policy in these respects was one of the main preoccupations of the Branch Chief and his assistants.

The definition and adjustment of such policy decisions in terms of the organization and work of the Branch were constant. Frequent adjustments within the frame of established policies were called for by management difficulties that arose from forces beyond the control of the Branch—the regulations of other

services and the like—and by those that came from the necessarily exploratory and tentative character of the organizational pattern during a period of very rapid expansion.

Liaison With Other Agencies

One of the chief activities of X-2/Washington was the transmission of CE information to other user agencies and for that reason the Liaison Section was one of its busiest units. In addition to responsibility for arrangements within the Branch to expedite liaison with Allied services, the Section maintained continuous liaison with State Department, G-2, ONI and FBI, as well as with Air Intelligence (A-2), the Office of Censorship, FEA, OWI, Treasury (including the Bureau of Narcotics, Secret Service, War Refugee Board, Foreign Funds Control, Bureau of Customs, Bureau of Internal Revenue), and such other governmental departments and bureaus as were interested in CE information. It also maintained the American contact with British counterintelligence and British Imperial Censorship.

In the year before the German collapse, more than 3,000 reports were disseminated to Washington agencies. Of these, 682 went to the Office of Censorship, 410 to FBI, 977 to G-2, 480 to State, and 125 to ONI. In addition to such disseminations, X-2 made available to FBI a list of approximately 5,000 documents of an intelligence nature from its records. The liaison with FBI was concerned largely with the exchange of information on the overseas background of persons of interest to the Bureau; with intelligence regarding enemy agents who might operate in the United States; and with the coordination of policies and arrangements for the handling of certain double agents prior to their departure from Europe for the United States.

Special Units

A Watch List Unit was set up in July 1943 to collect for dissemination to the US Office of Censorship, British Imperial Censorship, and French Censorship all CE information derived by X-2 from the communications of known or suspected agents. The Unit listed all names of such agents and their cover addresses, letter boxes, or mail drops so that enemy communications could be intercepted and surveyed. It was possible for the Unit to pass on to the censorship

offices with which it cooperated studies not only on persons and organizations but also on methods of secret communication. In turn, it received like information from those offices.

An Insurance Unit was established when X-2 headquarters were in New York, and its work was directed from there throughout the existence of the Branch. Its function was the detection of enemy intelligence activities operated through insurance cover. As its work progressed, it evolved into an X-2-SI unit, with its most profitable investigations those of a secret intelligence nature. Never a large unit—it was staffed by six officers who were insurance experts—it did impressive work. For example, its London office secured, after other American intelligence investigations had failed, information valuable to the military, naval, and especially air commands with regard to the Far East, as well as Europe. The procurement of such information illustrated once more the intelligence principle that the richest intelligence on an area frequently can be gathered at a point outside that area.

A CE Smuggling Unit, planned toward the end of 1943, was designed to coordinate information on smuggling from all available sources because of the frequent tieup between that activity and espionage. It was hoped that such a unit, surveying, for instance, the smuggling traffic between Iberia and South America, could produce for OSS, FBI, and other American intelligence agencies studies on the relations between various Fascist intelligence systems, their communications, etc. Actually, this promising plan came to nothing because of a shortage of officers. As a result, the geographical desks had to deal piecemeal with such problems as they arose.

An X-2 Art Looting Investigation Unit was established in the second half of 1944, when it became apparent that the Germans intended to carry on with plans for subversive action after the cessation of hostilities and were making arrangements for a supply of funds during the post-hostilities period. It was known that various sorts of treasure, in the form of items of small bulk but great value (jewels, paintings, objects d'art), which could be converted into money, had been stolen or otherwise acquired and were being stored at various places in Europe. The Allies appoin-

ted the Roberts Commission and the McMillan Commission to advise the US War Department and the British War Office, respectively, on questions involving the return of such objects to their rightful owners. X-2 was primarily interested in the people who would attempt to dispose of works of art of this kind, as a source of information on current and future activities and plans of the enemy. The staff of the Art Looting Investigation Unit, which was related to the commissions mentioned above, worked under the direction of the London office.

OSS Field Security

The rapid growth of CE files, resulting from Washington and London liaison and from field operations, made it possible by early summer of 1944 for X-2 to be increasingly useful to OSS field security at a time when SI and other OSS operations ramified on the European Continent. Pursuant to a directive from Donovan, X-2 took over the CE investigation of a large number of new categories of OSS personnel: In July 1944, 677 names were vetted;² in August, 1,167. Field stations of American agencies, other than OSS, had recourse to X-2 files for the vetting of employees, especially in enemy territory under American control, as did foreign offices of the State Department in connection with visa applications and arrangements for the entry of members of foreign missions to the United States. Such work was performed under the supervision of an X-2 Vetting Officer.

By 1944, also, careful studies of prisoner-of-war lists were undertaken through liaison with the Captured Personnel and Materials (CPM) Branch of MIS, with increasingly interesting results. Subsequently, an arrangement was made whereby an interrogation officer from CPM was assigned to X-2 for CE liaison. He was briefed by X-2 from its files so that CPM could use the material without endangering the security of sources. Relations with the office of the Provost Marshal General were maintained to locate prisoners of war in order that identifications of certain prisoners as known or suspect agents could be supplied.

Field Operations

The principal function of CE was to penetrate the enemy's or potential enemy's closely guarded

undercover intelligence services in order to discover his intelligence objectives. Knowing the enemy's aims, it was the further function of CE to neutralize his intelligence efforts or control and direct them to its own purposes.

One of the principal methods by which this was accomplished was the manipulation of double agents, that is to say, captured agents who would be persuaded to continue their activities for the enemy, ostensibly in good faith but actually at the direction of X-2. Various forms of pressure were brought to bear upon such agents, depending upon the particular situation. Generally, however, the motivations of self-interest and self-preservation were sufficient. A second standardized form of double-agent operation would be the case of an agent recruited by X-2 and infiltrated into enemy territory to induce the enemy to employ him as an agent and return him to Allied territory.

In both of the above basic types of double-agent operations, there were varying benefits from the stand point of intelligence. The controlled agent could call for supplies or money. His reports to the enemy could attract replies, which revealed not only actual or projected enemy intelligence activities, but enemy intentions of greater magnitude. Further, such a controlled agent could serve as a magnet to draw other enemy agents into the CE-controlled network.

Such operations naturally required the utmost delicacy in handling. The two basic types of operations mentioned above were subject to an infinity of variations and adaptations, depending upon the particular circumstances. On occasion, operations involving controlled agents became extremely complicated. The enemy, of course, engaged in the same types of activity. Thus, an enemy agent might be infiltrated into Allied territory to seek employment as an agent. His objective would be to return to enemy territory, ostensibly working for an Allied service, but actually operating for the enemy. Such an agent might be tripled, if his real purpose were discovered when he sought employment with Allies.

Another variation would be a captured agent who might agree to be doubled, that is, to continue ostensibly operating his radio or other channel of

communication for the enemy while under Allied control. If the enemy realized that such an agent had been "turned," he might try to feed the Allies deceptive material in the form of questionnaires. However, if it were realized that the enemy was aware of Allied control, the agent might be quadrupled in an intricate operation of deception and counter-deception. On occasion, the operation might become too complicated, whereupon it would be dropped.

One of the principal uses of double agents was to feed the enemy such seemingly good information from a given area that he would feel no need of sending additional agents to the region. In this fashion, X-2 could gain complete control of the intelligence, which the enemy received from a particular area.

There were infinite variations in methods of manipulating agents. They depended solely upon imagination, ingenuity, and judgment. The value of success in such operations was, of course, great. Control of the enemy's intelligence instruments provided an important channel of deception; examination of the enemy's intelligence questionnaires to agents gave an indication of what he wished to know and thereby provided a basis for deducing his plans and intentions.

A primary principle was not to induce open defections on the part of enemy agents. If the enemy were aware that one of his agents had defected to the Allies, not only was an important channel of deception and a source of information closed, but the enemy would be inclined to send other, and perhaps more successful, agents to the region in question.

The actual operations of X-2 were, of course, carried out in the field. It was the function of the Washington headquarters to receive and preserve in usable form the fruits of field operations. The Washington Registry, however, made many field operations possible. The central Registry, in which was collected all available data concerning enemy intelligence organizations, agents, and subagents, as well as organizational and individual relationships, provided the coordinating instrument, which was vital to success in counterespionage. Those files did not lose their value at the conclusion of the given operation, or of a war.

Individuals or relationships, which have seemed dormant for a long period, may become active again and provide the key to detection of widespread intelligence activities.

The uncoordinated fragments of enemy subversive personality lists, which had existed in June 1943 when the Branch was established, had by 1945 grown to a registry of some 400,000 carded names. These records, together with those of the FBI, provided a foundation for American security intelligence.

By October 1945, when OSS liquidated, X-2/Washington had become the headquarters for a widespread net of overseas stations, with a total of some 650 personnel. London was operational headquarters for North Africa, Western Europe, the Balkans, and the Middle East, with missions in France, Belgium, Italy, Germany, Austria, Switzerland, Sweden, Spain, Portugal, Rumania, Bulgaria, Hungary, Greece, Turkey, Syria, and Egypt. CE work in India, Burma, Ceylon and China had been organized around headquarters in New Delhi, Myitkyina, Kandy, Kunming, and Shanghai, each of which reported directly to Washington.

In addition to the valuable files of CE intelligence kept current by these stations and the reports resulting from liaison, X-2 had developed two other major elements of an effective CE organization: A pool of trained and experienced personnel and a net of relationships, principally in the form of basic agreements and operating contracts, with Allied counterespionage services at home and abroad.

Virtually all of the X-2 staff had received extensive CE operational training and experience in cooperation with Allied specialists in such work, both in the United States and overseas. The high success of a number of exclusively conducted X-2 operations in the field indicates the degree to which the staff of the Branch benefited from this experience.

In the two years and four months of its existence, X-2 worked out firm agreements with the FBI, G-2, and the State Department. In London, the basic operating agreement that was negotiated in 1943 with MI6(V) was supplemented by a scarcely less important agreement with MI5 in early 1944. X-2 thus

gained full access to the experience and extensive files of both the external and internal British CE services. Similar working agreements were concluded with the French services. Liaison contacts were established with the competent services in liberated countries, notably Belgium, Holland, Denmark and Norway. Basic agreements with the military, for example, SHAEF, AFHQ, Com Z, and 6th and 12th Army Groups, implemented by SCI units had prepared the way for X-2 to service the occupation authorities after the collapse of Germany. Similar agreements in the Far East had opened up an additional field of operations.

Starting at a late date, X-2 developed a CE organization for wartime service, which could take its place among the major security services of the world. No small part of the credit for making this achievement possible was due to the records and experience made available by the British. In the course of exploiting that opportunity for wartime purposes, the United States assembled the elements of an effective CE service.

(b) X-2/London

A Counterintelligence Division of SI, organized March 1943, became the Counter-Espionage (X-2) Branch of OSS by June of that year. Despite the late start, by 1945 the United States had acquired an experienced group of professionals in the complicated techniques required for the protection of US services abroad. The advance was made possible by the extensive cooperation of British MI6 (Section V) and MI5.³

The British Services

From the beginning of the war, the British had urged creation of such a service either in OSS or jointly between OSS and the FBI. After it had been formed, the British carried out a thorough policy of offering the new section complete access to files in London, sources, secret methods, procedures, and knowledge of the personnel, organization, and operations of what was probably the world's most experienced and efficient, and therefore most carefully safeguarded, security system.

Characteristic of the apprentice training offered OSS by the British was that given to some X-2

members in the double-agent section of MI5(B). These officers were assigned desks in the offices of that section and had free access to the files of double-agent cases, to the traffic of current ones, and to the officers who had directed or were directing such cases. Normally, in the course of their study, they met both double and controlled enemy agents whom the British were operating, helped to gather the "chicken feed," which was to be transmitted to the Germans, and learned the relationship between the section to which they were attached and the other intelligence organizations which shared the exploitation of double-agent networks. One American officer was given a desk in the room of the director of the double-agent section and was made party to all conversations and conferences on problems arising in connection with management of current British cases, some of which were of a long-range character and therefore involved the highest security. When the secret methods of the British agencies were fully understood, the importance of the security risk they took was appreciated as overwhelming.

It was on this basis that X-2/London opened offices adjoining those of the British and began in March 1943 to learn the job. It became obvious early that London would have to be the center of X-2 operations in Europe, North Africa, and the Middle East due to the presence in London of other Allied counterespionage services and the sources of intercepted material, which were available only there. It was clearly impossible to transmit in a short time the vast stores of CE material in the British Registries, made available to X-2 through its liaison with MI6(V). Until the Washington CE files had grown from liaison sources, and from X-2's own subsequent field operations, to something like the quantity of those in London, action on cases of American interest would have to be handled by the group stationed in England.

This decision was not intended to, and did not, stop the flow to the United States of CE material of all classifications. The accumulation of CE files in the OSS Registry by the end of the war attested to the steady and voluminous flow of CE reports and studies from the London desks to those in Washington. It did mean, however, that, on the whole such material would be of use there chiefly for information purposes and for organization into a basic American registry of CE

intelligence relating to areas outside the Western Hemisphere.

Other Liaisons

The prime necessity of maintaining a direct and close coordination, not only with the British but with other Allied CE agencies was another important consideration in centering American overseas CE headquarters in London—at least until the last stages of the war. The headquarters, files, and staffs of the Free French, Norwegian, Dutch, Belgian, Polish, Czech, Greek, and Yugoslav Governments were located in London, as were those of the French Service de Securite Militaire. The eagerness of the chiefs and officers of these services to cooperate with the Americans provided an opportunity that no American CE group could disregard.

Liaison with the French was closer than that with other agencies, although it never reached the level of that with the British. British counterespionage agencies were unwilling to admit the French services and reserved joint operation to X-2 only.

Source material came not only from Allied counterespionage services but also through liaison with SHAEF Evaluation and Dissemination Section, Combined Services Detailed Interrogation Center (U.K.), London Military Documents Center (the earlier Military Intelligence Records Section), War Department, War Office, War Crimes Commission, Special Operations Executive (SOE), Admiralty, FBI, ONI and US Army Central Registry of War Criminals and Security Suspects.

Training

CE schooling of the more formal kind supplemented the apprentice training. From the earliest days, English and French officers from London headquarters or from the field shared their experiences with X-2 personnel in frequent formal training talks. The subjects of these talks ranged from notes on communications, office procedures, and the like to analyses of the overall CE situations in certain areas. One series illustrated the interrogation methods of the Germans (by men who had been interrogated by them) and of the English (by men who had conducted the interrogations of enemy agents). Such English establishments as central registries, interrogation

centers, and training schools were open to X-2 officers for observation visits. Another principal element in the X-2/London training was the schooling that grew out of the day-to-day association with colleagues in the British and other Allied CE services.

Desks

X-2 was first organized on a regional basis to match British opposite numbers: (1) The Western European section was established with three main desks, French (including Belgian and Dutch), German, and Swiss; (2) the Iberian section included Spanish, Portuguese, Italian and—through 1943—North African desks; (3) The Scandinavian; and (4) the Middle Eastern sections (established during the first quarter of 1944) handled the affairs of their areas under an arrangement of one desk each. American CE interests in Eire were covered by an officer who made visits to Dublin at regular intervals and kept close liaison with the section of MI5 that dealt with British security problems in southern Ireland.

In May 1944, Reports section was added to these and placed under an officer whose responsibility was the supervision of all X-2/London reporting procedures.⁴

The work of these desks comprised the bulk of X-2 activity: carding, collating, and interpreting all reported items of CE information in terms of the centralized intelligence available in land through the London registries; preparing notes for the field based on these studies, embodying information, suggestion, and direction; answering specific inquiries of field officers; preparing, for Washington and the field, handbooks, and other overall studies of the CE situation, enemy organizations, and enemy methods; disseminating relevant intelligence items to other Allied agencies; and conducting liaison with other OSS, American, British, and Allied offices.

X-2 also personally checked SI agents against the British files, as well as employees of other US agencies. Such vetting had disturbed SI/X-2 relations for some time, because SI feared that the tracings would reveal its agents to the British services. Growing recognition by the other branches of OSS that such revelations could be avoided and that the benefits received from that service were valuable

enabled X-2 to carry out more fully the directives of the Joint Chiefs of Staff and of the Director, OSS, to safeguard the undercover operations of the other branches in the field. Further evidence of profitable cooperation between SI and X-2 was the preparation by the X-2/French Desk, in July 1944, of CE briefs used for SI agents who were dispatched into five areas in France during that month. As the armies advanced, X-2 also conducted interrogations of SI agents who had been overrun by the armies and had been returned to England.

Preparing Special Counterintelligence Teams (SCI)

In preparation for the invasion of Europe, the X-2 intelligence sections for the areas to be occupied had two main tasks: the gathering of as great a store of basic counterespionage files as possible from the registries of the British and other Allies; the preparation of a machine consisting of Special Counterintelligence teams⁵ for work with invading armies, and a headquarters War Room to support their operations.

These tasks were clearly parts of the one main purpose: the liquidation of the enemy intelligence and subversion services. The earlier operations, from neutral countries and newly gained footholds in Africa and on the Continent, aimed at drawing a tight intelligence ring about the periphery of enemy-occupied and dominated Europe; those that accompanied the attack of the armies applied in the field the stores of intelligence so far gathered toward the neutralization and control of enemy services.

There was in London a startlingly large and accurate mass of data on individual enemy agents and their organizational relationships, on channels of communication and the like; it was possible not only to list and map enemy offices and operational stations, communications chains and training schools, but also to pinpoint the location of individuals and of related groups of the German satellite undercover agencies. This information had been gathered from the activities of Allied CE stations in neutral countries, the surveillance of known enemy chains, the operations of double agents and controlled enemy agents, the interrogation of defected or captured enemy agents, censorship sources and various other means. The SCI

teams carried this information to the field with them—information, which they, and the CIC teams of the armies, exploited with results that expanded at times in almost geometrical progression: the swift capture and interrogation of one pinpointed agent led to the identification and location of one, two, or three others, who each might yield like identifications in his turn.

Members of the SCI teams to accompany American armies in the field were trained and briefed in the X-2/London office, and, for a group of selected officers, in the double-agent section of MI5 (B). The training consisted of formal lectures on enemy organizations and their relationship; the study of CE files of invasion areas; classes in codes and communications procedures; work with desk personnel in the preparation of SHAEF cards, target lists, and the like; land discussion and study group meetings with experienced British and American officers.

To supply a stream of information to SCI and CIC teams in the field, a series of cards was prepared by MI6 (V) and X-2. These were file cards, edited in a standard style, on which were summarized in a complete but compact form all information available from all sources on a single enemy or suspect personality. Cross references to organization and personal relationships were contained in the data given or were specially noted. A maximum use of symbols and abbreviations made it possible to pack the cards with information, so that reference to related cards could provide the basis for a quick but fairly thorough interrogation. Additions were to be made to these cards as new information came in; when need arose, amended new cards were to be printed and distributed. The cards were produced in several colors: data on persons connected or believed to be connected with the Abwehr or the Sicherheitsdienst (the main target of Allied CE agencies) were printed in pink cards; those on political quislings and collaborationists, on buff; those on friendly persons, on white. The Evaluation and Dissemination Section (EDS), which was set up by SHAEF to collect and collate information on the Nazi Party, police, paramilitary organizations, etc., received the pro forma of the pink cards assembled by X-2 and MI6(V), and printed and distributed them to the CI staffs.

War Room

In late April 1944, the training of the SCI units and Western European Desk's arrangements to serve them, were tested in a three-day field exercise carried out, together with SI and SO units, at Horsham under simulated battle conditions. An analysis of the weakness of the liaison and communications methods, brought out under this test, indicated the need of more standard procedures, which were accordingly prepared and published in May. The document fixed the terms under which a joint British and American headquarters' Western European Desk, to be known as the SCI War Room, was to operate, and defined the relationships between SI, SO, and X-2 with respect to the handling of agents, the interchange of information, and the interrogation of certain categories of persons. The plan established two separate organizations in Chief of Staff to the Supreme Allied Commander (COSSAC). One of these was the Evaluation and Dissemination Section (EDS) to compile, analyze, edit, and distribute (a) the semi-overt type of counterintelligence (on collaborationists, police, political papers, etc.), and (b) such secret intelligence as MI6/X-2 furnished it for production and distribution in the form of handbooks and pink SHAEF cards. The other was the so-called SCI War Room, an unofficial arrangement completely under the control of MI6/X-2 for the purpose of servicing SCI unites in the field and EDS in London.

The SCI War Room contained master maps pinpointing all known German agents and espionage centers, including "national" subagents of Allied-controlled German agents. It was a headquarters desk, geared to serve as the operational and intelligence base for the units with the armies. In the period before the liberation of Paris, it handled all requests, even for supplies, from the field.

Besides the normal desk work of receiving, processing, carding, and distributing the mass of information from all sources and preparing target lists and studies for the unites, it answered queries for checks on arrested or suspect agents, assisted with fuller information for field interrogations, and arranged with field units for shipment to the UK interrogation centers of enemy agents of importance or special promise as double agents. By September 1944, X-2 began to receive and distribute through the

War Room copies of the valuable "020 Reports"⁶ (on the interrogation of enemy agents at Camp 020, the chief British interrogation center for agents apprehended in the United Kingdom or brought there from other countries). Until a special Vetting Desk was set up at the end of 1944, the War Room had also the task of carrying through security tracings on an increasingly large number of SI agents recruited in the files as military operations progressed.

Reorganization

In early March 1945, a reorganization of the War Room and desk system was accomplished, which (a) made of the War Room a broader and less secure agency, and (b) gave to the desks the job of handling double agents. The desks were now organized, not according to countries within the SHAEF area of responsibility, but according to branches of the German intelligence services.

The SHAEF G-2 Joint Counterintelligence War Room was to work directly for the SHAEF Counterintelligence Branch (CIB) staffs during the last phase of military operations and through the liquidation period that would follow the collapse of Germany. It was based on the large and efficiently staffed MI5 registry, together with that of MI6, and a number of posts in it were assigned to MI5 officers, secretaries, and clerical help. The French services were also admitted to participation.⁷ The Director and Deputy Director were attached to SHAEF and were not responsible to their respective Services. The War Room had neither concern with the running of agents, although it did receive relevant information produced from such operations nor was it responsible for German activities outside the SHAEF area except for Austria, which, by special agreement, was to be the concern of the War Room during the occupational phase.

The new War Room was looked upon by the CIB staffs as part of their own machine, and they had recourse to it constantly for information on the German intelligence services and guidance in the conduct of their operations. This relationship made for a diffusion of information on enemy intelligence personnel and organizations to lower field units, which had hitherto known little or nothing about them. The War Room assisted in training and briefing interro-

gators assigned to American Interrogation Centers, a number of whom came to London for study and conference. It also sent to the field overall studies on enemy sabotage activities and methods, although none was prepared on such general topics as types of agents employed, missions, cover stories, etc.⁸

At the same time, it was decided that the London headquarters' handling of double-agents cases should be done, not by the War Room, but by the appropriate desks of X-2 and MI6(V), with the understanding that information derived from double-agent sources necessary for the operations of the CI staffs would be transmitted to the latter in a secure form by the War Room staff.

Desks were also relieved of the manual work of producing or amending SHAEF cards, by an arrangement that had all checking and processing, as well as the making of new entries on cards, done by a staff of expert women at the Registry. The translation, evaluation, and distribution of all in-coming captured documents were managed by a single section under the direction of an experienced officer, who supervised the production of English precis of relevant documents and of accession lists of all documents for officers of the interested desks. That officer also supervised Registry action on his material. Such work as overall studies, including the London weekly survey of the CE situation for SHAEF, was taken care of by a small section of expert editors.

The most striking of the new features, however, was that the desks were assigned, not to the study of the GIS in certain areas, but to that of highly particular sections of the Abwehr or the Sicherheitsdienst themselves. Thus the several desk officers could become final experts on assigned sections and subsections of the German Intelligence Service (GIS). Given that concentration of specialty, an officer could have at his command all the information available on his subject and could, therefore handle more business more effectively in a day than he could if his interests were more dispersed and the necessity of refresher reading on various kinds of scattered cases necessary. Such functional arrangement of targets was an ideal one for a CE agency since the targets were not areas, but enemy undercover agents and operations themselves. Normally the area desk was the only

workable solution to the problem of world coverage; the final integration of data had to take place in general study sections working with registry files. In 1945, however, the enemy undercover agencies were concentrated in a small enough area to permit desk specialization.

An X-2 London Desk

A typical desk history, through the various reorganizations, was that of the German Desk, which began its work in January 1944. As was true of all the London desks, its first activities centered chiefly on the job of building up its basic file of records from the large accumulations of the counterpart British desk. It focused on the enemy undercover organizations in Germany, which for the purposes of the Desk, included Austria.

In August, of 1944, the Polish, Czechoslovak, and Swiss desks were incorporated into a German Desk, in preparation for a German War Room to service SCI teams and the field stations, before and after the German surrender. Actually, no such War Room came into full operation for the season that the joint Z-2/MI5/MI6 SHAEF, G-2 Counterintelligence War Room came into being in time to deal with the mass of work on the arrests, interrogations, and the like, that came with the decline and collapse of the German military strength. The new arrangement left to the Desk the management of all special cases and the processing and distribution to Washington of the reports transmitted to it by the War Room on German cases. Lists of suspect persons, organization studies of the GIS, and area target lists and similar material made in preparation for the support of the field teams in Germany were, despite the change, distributed to the field.

Targets list, worked out from sources ranging from Top Secret material to German telephone books, were found to be highly useful to Theater-Forces (T-Forces) and CIC teams, which went into towns and cities with the first army units. Such raids yielded in turn, from captured documents and the speedy interrogations of captured GIS personnel, fuller and more recent information of target ahead. A staff of the German section in the Paris office worked on this project exclusively. Its lists, produced and distributed at top speed, were, when time allowed, supplemented and

corrected by cabled and pouched notes drawn from the London files of the German Desk and of the War Room. Headquarters could, by this time, draw on fully checked and detailed interrogation reports of captured or defected German officers and agents of high grade. Toward the end of the fighting and after, only the more highly placed and more knowledgeable members of the GIS could be given thorough interrogation. They would yield more information of the significant personnel in the echelons below and above them, with the least expenditure of time and energy.

The German Desk collaborated with the War Room, not only in making target lists, but in the preparation of studies and reports on the methods and techniques of German intelligence services, recent changes in the relationships among branches of the various German services, their plans for long-range resistance, sabotage and intelligence operations, and related activities.

During the period of settlement after VE-Day, the Desk served the X-2 staffs at Wiesbaden, Frankfurt, Munich, Salzburg, Berlin, Stuttgart, and Bremen. All special cases handled by these stations were directed by the London German Desk.

The SHAEF War Room aimed at rapid self-liquidation as possible. By the end of the summer of 1945, the German intelligence services had disappeared as organizations. By that time, too, the Counterintelligence Branch (CIB) staffs were in a position, with the information provided by the War Room, to take over much of the work hitherto done by that unit. In September 1945, it was terminated, and X-2 London remained the controlling center for US counterespionage operations in Europe.

The War Room had been an arrangement for the servicing of the mobile CE units that mediated between the London registries and the CIB staffs with armies and at army groups. However, much CE data one X-2 filed unit might carry with it, it was unlike SI or SO field units in its continued dependence on the central registries. Swift recourse to the full information in the central files was a prime requisite for counterintelligence and counterespionage operations. Control had to rest at the center in which the registries were located.

The only serious division of authority occurred in September 1944, when a Paris office was established to coordinate, under London direction, US counterespionage in France. Despite the difficulties inherent in this division, the office and the SCI teams offered an excellent opportunity for many of the X-2/London personnel to test independently, in actual field operations, their extensive British training.⁹

Insurance Unit

The Insurance Unit had been established in Washington under COI and continued under Z-2 because of the counterespionage value of its researches.¹⁰ The London unit was initiated in February 1944 to tap British insurance companies for intelligence on firms in enemy territory. Its main product, however, was positive secret intelligence, and its chief liaison within OSS was with the Research and Analysis Branch (R&A). Outside OSS, it worked with FEA and other American and British agencies responsible for assembling economic intelligence and target information for Army, Navy, and Air Force commands from the files of insurance and other commercial sources in the United Kingdom.

Before writing, for example, a fire policy, an insurance company must make decisions based on thorough studies of the locations to be insured: buildings, docks, warehouses, industrial plants, and related installations. No company will consider insuring a building unless it has complete blueprints of the construction plan, details of wiring and hundreds of other facts, which can be evaluated only after a complete study of the physical composition of the area. Obviously, such detailed and current information was of great intelligence value. An exhaustive indexed library of such material—architects' or insurance engineers' plans, detailed inspectors' reports, copies of fire insurance schedules, photographs of establishments, waterfronts and towns, harbor town, street, water supply, police land fire plans, city and telephone directories, and the like—provided current, checked data of a kind that only large chains of expensive agents could have gathered at great risk and with much uncertainty.

At first, the Insurance Unit's chief problem was that of care in approaching the British companies. It was important to know by how many intelligence

research agencies they had already been approached and how thoroughly their sources of information had been canvassed. It took some time and much tact to discover that the FEA mission, which was cooperating with a Far East Foreign Service officer attached to the American Embassy, had by one means exhausted available sources.

The Unit's first liaison was with the Fire Officers Committee, a group of senior officers of insurance firms, which had been providing the RAF with material for target folders on industrial objectives on the Continent. Through this Committee, it was possible to examine files which turned up items of value on the Far East that had never been collected before. The discovery led to an arrangement to index methodically, through one project, all such information on each area of the Far East, in the files of all the companies in London engaged in international business. The manpower problem was solved by the companies providing clerical help, which would work under direction of the Insurance Unit. A system of symbols and of protected channels assured the security of the operation.

From the beginning, the Unit forwarded material to Washington, for the R&A Branch there, and carried out research on industrial and other installations in Far East at R&A request. The work led to direct liaisons with various Far East divisions of the British services and agencies, including Navy Intelligence Division-21 (the collection agency for Inter-Services Topographical Department, ISTD), which had contact with some two thousand British firms with interests abroad and had indexed the materials available in the UK for all prominent firms with Far East interests. The liaison made the files of NID-21 available to the unit and opened the way to profitable direct liaison with various sections of ISTD itself. ISTD, in turn, developed like liaisons with Ministry of Economic Warfare and with A-13(c) 1 of the Air Ministry. The Unit had a channel to the War Office through the geographic section of R&A. Thus, by June 1944, it was sending Far East material reproduced by it to OSS/Washington and to FEA through FEA/London. It was, in like manner, distributing information to ISTD, NID-21, Ministry of Economic Warfare (MEW), A-13(c)1, and to the Ministry of Home Security, (which prepared target folders for the strategic

bombing of Europe and, later, of the Far East, particularly Japan).

An example of the kind of service the Unit was able to give Washington was the reply to a questionnaire calling for detailed information on 94 installations and activities in the Hong Kong area. The Unit returned answers on 64 items. Much of its information came from insurance sources; other important items were obtained through its liaisons. The War Office handed to the Unit complete engineering details of railway lines. The Admiralty provided complete plans and up-to-the-minute intelligence reports on naval installations. ISTD made available all its information on both topographical and economic matters and also introduced the Unit to the British Crown agents, who opened their files to the Unit. NID-21 approached all commercial firms known to have interests in the area for relevant data.

The Unit also maintained coverage of the European Theater. For example, it provided important intelligence for the Eindhoven airborne operation of September 1944. Through its index, the Unit knew that buildings in Eindhoven, which were on the Allied priority list had been insured by London companies since 1926. Complete and accurate plans of the entire area were speedily made available to the Allied military authorities.

Establishment of Central Intelligence Agency

Substantive Authority Necessary in Establishment of a Central Intelligence Service

In order to coordinate and centralize the policies and actions of the Government relating to intelligence:

1. There is established in the Executive Office of the President a central service, to be known as the _____ as head of which shall be a Director appointed by the President. The Director shall discharge and perform his functions and duties under the direction and supervision of the President. Subject to approval of the President, the Director may exercise his powers, authorities and duties through such officials or agencies and in such manner as he may determine.

2. There is established in the _____ an Advisory Board consisting of the Secretary of State, Secretary of the Treasury, the Secretary of War, Attorney General, the Secretary of the Navy, and such other members as the President may subsequently appoint. The Board shall advise and assist the Director with respect to the formulations of basic policies and plan of the _____.

3. Subject to the direction and control of the President, and with any necessary advice and assistance from the other departments and agencies of the Government, the _____ shall perform the following functions and duties:

(a) Coordination of the functions of all intelligence agencies of the Government, and the establishment of such policies and objectives as will assure the integration of national intelligence efforts;

(b) Collection either directly or through existing Government Department and agencies, of pertinent information, including military, economic, political, and scientific, concerning the capabilities, intentions and activities of foreign nations, with particular reference to the effect such matters may have upon the national security, policies, and interests of the United States.

(c) Final evaluation, synthesis and dissemination within the Government of the intelligence required to enable the Government to determine policies with respect to national planning and security in peace and war, and the advancement of broad national policy;

(d) Procurement, training and supervision of its intelligence personnel;

(e) Subversive operations abroad;

(f) Determination of policies for and coordination of facilities essential to the collection of information under subparagraph (b) hereof;

(g) Such other functions and duties relating to intelligence as the President from time to time may direct.

4. The _____ shall have no police or law enforcement functions, either at home or abroad.

5. Subject to paragraph 3 hereof, existing intelligence agencies within the Government shall collect, evaluate, synthesize and disseminate departmental operating intelligence, herein define as intelligence required by such agencies in the actual performance of their functions and duties.

6. The Director shall be authorized to call upon departments and agencies of the Government to furnish appropriate specialist for such as may be required.

7. All Government departments and agencies shall make available to the Director such intelligence material as the Director, with the approval of the President, from time to time may request.

8. The _____ shall operate under an independent budget.

9. In time of war or unlimited national emergency, all programs of the _____ in areas of actual or projected military operations shall be coordinated with military plans and shall be subject to the approval of the Joint Chiefs of Staff. Parts of such programs which are to be executed in a theater of military operations shall be subject to the control of the Theater Commander.

10. Within the limits of such funds as may be made available to _____ the Director may employ necessary personnel and make provision for necessary supplies, facilities and services. The Director shall be assigned, upon the approval of the President, such military and naval personnel as may be required in the performance of the functions and duties of the _____. The Director may provide for the internal organization and management of the _____ in such a manner as he may determine.

Executive Order 9621

Termination of the Office of Strategic Services and Disposition of Its Functions

By virtue of the authority vested in me by the Constitution and Statutes, including Title 1 of the First War Powers Act, 1941, and as President of the United States and Commander in Chief of the Army and the Navy, it is hereby ordered as follows:

1. There are transferred to and consolidated in an Interim Research and Intelligence Service, which is hereby established in the Department of State,

(a) the functions of the Research and Analysis Branch and of the Presentation Branch of the Office of Strategic Services (provided for by the Military Order of June 13, 1942), excluding such functions performed within the countries of Germany and Austria, and;

(b) those other functions of the Office of Strategic Services (hereafter referred to as the Office) which relate to the functions of said Branches transferred by this paragraph. The functions of the Director of Strategic Services and of the United States Joint Chiefs of Staff, relating to the functions transferred to the Service by this paragraph are transferred to the Secretary of State. The personnel property, and records of the said Branches, except such thereof as is located in Germany and Austria, and so much of the other personnel, property and records of the Office and the funds of the Office as the Director of the Bureau of the Budget shall determine to relate primarily to the functions are transferred to the said Service. Military personnel now on duty in connection with the activities transferred by this paragraph may, subject to applicable law and to the extent mutually agreeable to the Secretary of State and to the Secretary of War or the Secretary of the Navy, as the case may be, continue on such duty in the Department of State.

2. The Interim Research and Intelligence Service shall be abolished as of the close of business December 31, 1945, and the Secretary of State shall provide for winding up its affairs. Pending such abolition:

(a) the Secretary of State may transfer from the said Service to such agencies of the Department of State as he shall designate any function of the Service,

(b) the Secretary may curtail the activities carried on by the Service,

(c) the head of the Service, who shall be designated by the Secretary, shall be responsible to the Secretary or to such other officer of the Department of State as the Secretary shall direct, and,

(d) the Service shall, except as otherwise provided in this order, be administered as an organizational entity in the Department of State.

3. All functions of the Office not transferred by paragraph 1 of this order, together with all personnel, records, property, and funds of the Office not so transferred, are transferred to the Department of War; and the Office, including the Office of the Director of Strategic Services, is terminated. The functions of the Director of Strategic Services and of the United States Joint Chiefs of Staff, relating to the functions transferred by this paragraph, are transferred to the Secretary of War. Naval personnel on duty with the Office in connection with the activities transferred by this paragraph may, subject to applicable law and to the extent mutually agreeable to the Secretary of War and the Secretary of the Navy, continue on such duty in the Department of War. The Secretary of War shall, whenever he deems it compatible with the national interest, discontinue any activity transferred by this paragraph and wind up all affairs relating thereto.

4. Such further measures and dispositions as may be determined by the Director of the Budget to be necessary to effectuate the transfer or redistribution of functions provided for in this order shall be carried out in such manner as the Director may direct and by such agencies as he may designate.

5. All provisions of prior orders of the President which are in conflict with this order are amended accordingly.

6. This order shall, except as otherwise specially provided, be effective as of the opening of business October 1, 1945.

Harry S. Truman
The White House
September 20, 1945

**Recommendations from the
Bureau of the Budget,
Dated 20 September 1945**

Many of the specific changes to internal organization that are indicated from a consideration of the conclusion are of interest or concern only to one department. Recommendations applicable to a single department are presented in broad terms only when they are of general interest to illustrate the broad principle involved. Recommendations, concerning proposed change or action of common or over-all concern, are, however, presented to some detail.

The greater portion of this section of the report is thus devoted to the proposed central coordinating machinery. This should not lead to the assumption that the creation of central machinery is view as the most important step to be taken. Of far greater importance is the creation of strong departmental organizations particularly in the State Department, and the separation of security intelligence operations from the more basic intelligence operations especially in the State, War, and Navy Departments.

**More Widespread Understanding
of Intelligence**

Throughout this memorandum it has been noted how vital to a more adequate Government-wide foreign intelligence program is a more wide-spread understanding of what intelligence is, how it is produced and how the intelligence agency relates to and serves the action-taking or policy-determining groups. No specific recommendation is possible.

**Conduct of the Intelligence Operation at the
Departmental Level**

Each department (and in some cases subdivision of department) which has important responsibilities

in international matters including our national defense, or which has public responsibilities for providing foreign information should provide for a competent foreign intelligence operation.

The kind of facilities which will be required in the various departments and their size will vary. Except in the case of departments with major responsibilities, such as the State Department, the facilities can be quite small.

In each case however, some provision must be made for the following functions:

1. The careful determination of the departments' actual requirements. This determination will require the development in each department of a Planning Staff. The requirements of the department of a Planning Staff will need to be expressed in accordance with a standardized terminology and classification of intelligence and will need to be stated in sufficient detail to guide reporting, either by activities of the department itself or of other departments on which on which the department may rely for information.

2. The systematic cataloging and utilization of all possible sources to supply the needed information or intelligence.

3. The thorough analysis and evaluation of information through research techniques. In this way new information is tested against the accumulated knowledge and established facts of the past and a complete and digested picture is available in which each pertinent piece of relevant information is present and in the right place with the whole so interpreted that conclusions can be drawn and trends are visible.

4. Careful dissemination of the resultant evaluated product rather than the mere distribution of incoming reports 'of interest'. The intelligence office must be responsive to the needs of its department and see that those needs are supplied in full and when needed. On the other hand, it must protect the department from the voluminous flood of casual, unrelated, and unevaluated reports or scraps of information. Just as one expects its statistical office to analyze, tabulate, and summarize data and point to its significance, so in

its search for knowledge and foreign nations, peoples, conditions or events it must look to its intelligence office to do a similar job on the raw material of foreign information.

Our wartime experience has shown that the need for foreign information and intelligence in any department far exceeds the ability of its intelligence office to secure or produce without the utilization of facilities that exist elsewhere. In each case therefore, whether the intelligence facilities provided in a department are large or small, the responsibilities of such groups would include not only responsibilities of their departments but to total Government program as well. In the latter category are responsibilities such as (1) to participate in the planning of a Government-wide program, (2) to interpret the needs of their agencies to the other agencies of which they may rely for evaluated summary intelligence, (3) to review the adequacy obtained through the competency of result with respect to intelligence obtained through other agencies, (4) to serve as the liaison point between their agencies and the intelligence groups of other agencies. In general, the departmental intelligence units should only establish such independent facilities for collection, evaluation or dissemination as are constant with their role in a Government-wide program.

The success of our post-war intelligence operation rests on the creation within the State Department of an intelligence operation with responsibilities such as those stated above. The creation of a centralized intelligence operation in State Department would not only provide that Department with facilities it has long needed. In addition it would serve to provide the place where leadership of Government-wide intelligence activities would be centered.

The intelligence operations of the Army and Navy Departments need to be readjusted to post-war needs. The war has been responsible for an emphasis on current news as exemplified in daily situation reports and on operational intelligence as reflected in large scale order—of battle operations. Neither the organizations nor organization nor the staffing have been fully developed to serve the purposes of active Army and Navy Department participation in interdepartmental discussion of high future policy. In

the Navy Department as an illustration, the entire intelligence mission is stated to be in support of the fleet. In neither of the two Departments has sufficient emphasis been given to research and analysis nor has provision been made for all available information to be brought together at one point for evaluation. Further, as already pointed out both still permit an over-emphasis on security intelligence to interfere with the full development of more basic intelligence.

Other Departments such as Commerce and Agriculture need to recast their intelligence organizations so as to become participating groups in a total Government-wide foreign intelligence program.

Separation of Security Intelligence Activities

The security intelligence activities either at home or abroad, serving internal security purposes should be separated organizationally from the more basic intelligence activities, except for the mutual exchange of highly evaluated and summarized reports of general import (not merely of “cases”). It is further recommended that an integrated security program including the security intelligence activities that support it be planned for the Government as a whole.

The implementation of the first recommendation will require action in a number of departments, not necessarily simultaneously.

In the State Department, for example, the creation of new central intelligence facilities should not be accompanied by a transfer of activities now centered in the Office of Controls in the Division of Foreign Activities Correlation.

In the Navy Department some separation had been undertaken by the creation of new intelligence facilities in the Office of the Commander of Chief apart from the Office of Naval Intelligence which is the principal Navy Department organization concerned with security and security intelligence. These new facilities offer the possibility of becoming the nucleus for an expanded basic intelligence operation in the post-war era when the needs for strictly operational intelligence will be greatly curtailed irrespective of whether the Office of the Commander in Chief is retained is or not. The role of NO, however, as the central staff agency for security matters is not clear, and a number

of related activities, not only in Bureaus and Auxiliary Services but in the Office of Chief of Naval Operations itself, are not now coordinated under a single head or staff unit.

In the War Department, too, some separation has resulted from the reactivation of the Office of the Provost Marshal General. The predilection for continuance in field of security intelligence, however, still permits the Military Intelligence Service to become too engrossed with matters that could be further centralized outside MIS. Further, because of its organizational placement the PMG cannot be fully effective as a staff agency to coordinate all security matters. In both the War and Navy Departments the separation of the security intelligence operation and the more basic foreign intelligence operation should be furthered and the security intelligence and the various forms of internal security operations be more closely coordinated.

The implementation of the second recommendation will require the creation of an interdepartmental coordinating committee described below.

Coordination of Intelligence and Security Operations

To insure that the intelligence and security activities of the Government, carried on by a number of agencies, fulfill all the national requirements, that they are developed as a total program producing the maximum result with a minimum of duplication, overlap and confusion and that adequate planning is accomplished for their expansion in any future emergency, it is recommended that two interdepartmental groups be organized under the leadership of the Department of State.

To one group, which would consist of the Assistant Secretaries of State, War, Navy and Commerce, would compose an Interdepartmental Intelligence Coordinating Committee. It would be concerned with developing an integrated Government-wide foreign intelligence program. It also would be concerned with planning for the future.

The other group, consisting of the Assistant Secretaries of State, War, Navy and Treasury and the Assistant Attorney General, would compose an

Interdepartmental Security Coordinating Committee. It would be concerned with developing an integrated Government-wide internal security program and of an integrated Government-wide security intelligence program. It also would be concerned with planning for the future.

These two groups by direction of the President and by means of planning conducted by permanent staff of their own working through sub-committee including representatives of any agency of interest either as customer or contributor, would develop a series of specific operating plans. These plans would serve as common directives for the assignment of operating responsibilities among the departmental intelligence and security agencies. The manner in which such planning would be conducted will be the same in both the security coordinating committee and in the intelligence committee, and is described below.

Except as directed later under 'Conduct of Central Operations' the committees would have no responsibilities for the production of intelligence itself nor for the conduct of operations. Rather their responsibilities would consist of the following.

1. To develop a detailed and clear statement of the national intelligence objectives and requirements, including those of all departments and agencies.
2. To determine the means in terms of actual operations for meeting the national intelligence and national security requirements.
3. To assign, through a series of specific operating plans, operating responsibilities to the various departments.
4. To review the adequacy and economy of the total intelligence program of the Government and of the total security program of the Government.
5. To develop plans, legislation and other instruments in readiness for the adjustment of the intelligence and the security programs in the event of emergency or other changed conditions.

The above list of responsibilities describes in effect the steps in planning. The visible result of such planning and, therefore, the principal concern of the committee would be the operating plan itself. Each operating plan when issued would reflect the determination of the appropriate committee under each of the first three continuing an long range responsibilities shown above, i.e., the requirements, the means for their accomplishment, and the specific operating assignments allocated to the various departments and agencies. When issued, the specific operating plans would be directives to the department and agencies. When issued, the specific operating plans would be directives to the departments and agencies would adjust their operations to conform to them.

Production of High Level Intelligence

The need to provide for some facilities to serve groups at a level above the departments themselves is one which should be anticipated but action is not now recommended.

With principal intelligence activities of the Government being carried on in the departments in accordance with a planned and coordinated program, such intelligence as may be needed at the top of the Government can be produced through or secured from the intelligence operations in the department. The State Department would provide the principal facilities for bringing to bear on any high level problem the total intelligence available anywhere in the Government.

Should it later be found, however, that independent facilities are desirable to serve the President in the occasional instance in which he may wish direct and immediate access to the intelligence involving a matter of high decision, these facilities, which should be organized in his own office, can be small and need not engage in large scale initial research and analysis on original raw material.

Conduct of Central Operations

The strengthening of intelligence activities in the departments and agencies and their coordination by a central planning staff are the principal means of providing a total operation serving the total national needs. Central facilities should not be created, therefore, to engage in operations which can be performed at the departmental level.

The planning conducted by the two coordinate committees may result in a decision that some types of operation may be found to be practicable only if operated centrally or under strong day to day central direction. It is recommended that any such services as is determined to require centralization, be conducted as an interdepartmental service under the appropriate coordinating committee.

Memorandum for the Director of the Strategic Services Unit

Subject: Transfer of OSS Personnel and Activities to the War Department and Creation of Strategic Services Unit

26 September 1945

By letter from the Deputy Chief of Staff dated today, you have been designated to represent the War Department in the transfer of those OSS activities which will come to the War Department in their continued operation. I shall recommend that the Secretary of War confirm this designation as requested by you.

These activities will become for the time being, as a matter of War Department organization, subject to the authority of my office and for convenience will be referred to as the Strategic Services Unit. This assignment of the OSS activities, so to be transferred to the War Department, is a method of carrying out the desires of the President, as indicated by representatives of the Bureau of the Budget, that these facilities of the OSS be examined over the next three months with a view to determining their appropriate disposition. Obviously this will demand close liaison with the Bureau of the Budget, the State Department and other agencies of the War Department, to surveying that the facilities and assets of OSS are preserved for any possible future usefulness to the country. However, any integration of its activities with those of other agencies of the War Department should proceed only after consultation with the Bureau of the Budget and State Department, in view of the desire of the President (expressed in his letter of 20 September to the Secretary of State) that the Secretary of State take the lead in surveying the whole

field of intelligence operations during the next few months. Obviously the whole subject is one for careful and cooperative study and analysis of the functions now being performed by OSS.

In the meantime, the continuing operations of OSS must be performed in order to preserve them as a going operation. As you know the staff of my office is too small to exercise detailed supervision over an enterprise of the size of the OSS activities to be subject to your control. It is not desirable to increase that staff. Accordingly on matters of administration, I expect that you will conform, as fully as is practicable, with applicable War Department policies and regulations and will consult and coordinate your actions with the appropriate War Department agencies.

I am particularly anxious that you keep the Budget Fiscal and Accounting officers of the War Department fully advised of the activities of the Unit and arrange to obtain their assistance and guidance to the fullest practicable extent. In general, I expect you to keep not only my office, but also the Deputy Chief of Staff, advised of your plans and activities so that he may be in a position to furnish to the Secretary of War and to me advice and recommendations.

Major questions of policy should be discussed with my office. I am particularly anxious that my office be kept informed as to proposals for the disposition of particular substantial operations, facilities or assets of the present OSS organization. I think you should inaugurate a system of periodic written reports of progress and outlines of future plans, of which copies should be furnished to the Deputy Chief of Staff.

I desire that the status of the assets to be taken over by the War Department as of 1 October 1945 be carefully checked by the proper Budget and Fiscal Officers of the War Department, to the extent that they deem necessary, and as you know, instructions for such check, by inventory and otherwise, have been given.

If you require additional assignment of staff from the War Department, I expect that you will ask for the assignment of the necessary personnel and make direct arrangements with Deputy Chief of Staff for such assignment.

This memorandum is furnished for your information and guidance as an expression of my general views as to policy

John J. McCoy
Assistant Secretary of War

Memorandum for the Brig. Gen. John Magruder, USA

*War Department
Washington, DC
27 September 1945*

By Executive Order dated September 20, 1945, the President terminated the Office of Strategic Services, effective 1 October 1945; transferred certain of its personnel, records, property and funds to the Department of State; and transferred the remaining functions, personnel, records, property and funds to War Department. You are hereby appointed as the representative of the Secretary of War and War Department to exercise, administer, and operate (with power of delegation and successive redelegation where appropriate) the functions, personnel, records and property which have been, or will be, transferred to the War Department and the Secretary of War under the Executive Order and to administer all funds allocated to you by the Budget Officer of the War Department, such operations to be known as Strategic Services Unit. Subject to the authority of and policies determined by the Assistant Secretary of War, and such persons as he may designate, you will continue the program of liquidation of those activities and personnel so transferred which are no longer necessary or desirable, and persevere as a unit such of these functions and facilities as are valuable for permanent peacetime purposes, or which may be required by Theater Commanders or occupational authorities to assist in the discharge of their responsibilities.

You will report to and receive instructions from the Assistant Secretary of War or such persons as he may designate. Subject to the authority of the Assistant Secretary of War or of the persons designated by him, you may have direct contact with

any of the appropriate offices of the armed services or government departments as may be necessary for the proper performance of your duties.

I would appreciate your informing all of your personnel of the importance which I attach to the achievement of the objectives set forth in this memorandum.

/s/ Robert P. Patterson
Secretary of War

Contents of Memorandum Signed by Gen. Magruder

26 November 1945

1. This memorandum is written to clarify a problem which has gradually developed over the last six months concerning the handling by representatives of SI and X-2 Branches of material dealing with foreign intelligence services. It is of sufficient importance to warrant this statement of policy which you will refer to the principal field representatives of SI Branch (in particular the Reporting Board) and X-2 Branch for their positive guidance.

2. It is to be understood that all information concerning foreign intelligence services falls within the exclusive jurisdiction of the X-2 Branch, regardless of source. Such information includes, but is not necessarily limited to, intelligence concerning individuals, structure, plans and operations of such services. This means that X-2 Branch has the sole responsibility for processing and disseminating intelligence of this character. All such information originating with SI will be given to X-2 in the field with only such preliminary processing as may be required for the protection of sources. The local representative of X-2 will determine what field distribution, if any, will be made. He will, of course, respect any requests by SI for special handling of reports originating with that Branch when the security of a source may be at stake. Counterespionage intelligence handed over to X-2 will be forwarded through X-2 channels to Washington for checking, supplementing, and for dissemination. SI will make

no dissemination of such material unless specifically authorized by X-2.

3. The handling of counterespionage information in any other manner not only short-circuits the extensive machinery of central records, staff experience and counterespionage contacts which have been built up by X-2, but in many cases may result in the discrediting of counterespionage material, the blowing of penetration operations and agents, and the loss of operational value which such information may have X-2 field work.

4. It should be emphasized that this places upon X-2 Branch the active responsibility to present to SI in Washington and in the field, by proper briefing of field operatives or through the preparation and delivery of written material, all information concerning foreign intelligence systems and agents which is necessary for the planning and protection of SI operations and useful for their implementation. Information delivered to SI for such purposes will not be disseminated outside SI. If circumstances require, SI field personnel will be originally briefed by X-2 Washington prior to departure for the field, with the added expectation that secure arrangements for supplemental and emergency briefings by the X-2 field representative will be made.

5. In accordance with the basic directives of SSU, X-2 will continue to deliver to SI for processing and dissemination all intelligence collected by X-2 which is not counterespionage in nature. As to certain foreign organizations, political or economic in character, but also engaged in or furnishing a cover for subversive activities (for example the Falange, Anti-Fascist League, Communist Party and certain Refugee organizations) it is recognized that both SI and X-2 may have legitimate interests. Both Branches will collaborate closely in the preparation of reports and studies concerning such organizations. Dissemination will be special and limited when the X-2 field representative requests such handling for specific security reasons. The "Communist Party" as used here does not mean the Russian Intelligence System as such; the Russian Intelligence system is understood to be of X-2 interest in accordance with the provisions of paragraph 2 above. When items of positive intelligence are delivered to SI in the field or

in Washington by a representative of X-2 Branch, his statement of the necessity of source protection will be honored and his instructions, if any, with regard to special dissemination will be followed. SI source protection will be similarly respected by X-2 as to any counterespionage information collected by SI.

**Gen. Donovan's Letter to the Director
of the Bureau of Budget,
Harold D. Smith**

As our liquidation proceeds (Donovan states) it will become increasingly difficult to exercise our functions so that we have found it necessary to set up a liquidating committee with procedures and controls to provide for the gradual elimination of our services in step with orderly reduction of personnel.

It is our estimate, however, with the strictest economy of man-power and of funds the effectiveness of OSS as a War Agency will end as of January 1, or at latest February 1946, at which time liquidation should be completed. At that point I wish to return to private life. Therefore, in considering the disposition to be made of the assets created by OSS, I speak as a private citizen concerned with the future of his country.

In our government today there is no permanent agency to take over the functions which OSS will have then ceased to perform. These functions while carried on as incident to the war are in reality essential in the effective discharge by this nation of its responsibilities in the organization and maintenance of the peace.

Since last November I have pointed out the immediate necessity of setting up such an agency to take over valuable assets created by OSS. Among these assets was establishment for the first time in our nation's history of a foreign secret intelligence service which reported information as seen through American eyes. As an integral and inseparable part of this service there is a group of specialists to analyze and evaluate the material for presentation to those who determine national policy.

It is not easy to set up a modern intelligence system. It is more difficult to do so in time of peace than in time of war.

It is important therefore that it be done before the War Agency has disappeared so that profit may be made of its experience and "know how" in deciding how the new agency may best be conducted.

I have already submitted a plan for the establishment of centralized system. However, the discussion of that proposal indicated the need of an agreement upon certain fundamental principles before a detailed plan is formulated. If those concerned could agree upon the principles with which such a system should be established, acceptance of a common plan would be more easily achieved.

Accordingly, I attach a statement of principles, the soundness of which I believe has been established by study and by practical experience.

Principles—The Soundness of Which It is Believed Has Been Established by Our Own Experience And First-Hand Study of the Systems of Other Nations—Which Should Govern the Establishment of a Centralized United States Foreign Intelligence System. The formulation of a national policy both in its political and military aspects is influence and determined by knowledge (or ignorance) of the aims, capabilities, intentions, and policies of other nations.

All major powers except the United States have had for a long time past permanent world-wide intelligence services, reporting directly to the highest echelons of their governments. Prior to the present war, the United States had no foreign secret intelligence service. It never has had and does not now have a coordinated intelligence system.

The defects and dangers of this situation have been generally recognized. Adherence to the following would remedy this defect in peace as well as war so that American policy could be based upon information obtained through its own sources on foreign intentions, capabilities, and developments as seen and interpreted by Americans.

1. That each department of Government should have its own intelligence bureau for the collection and processing of such informational material as it finds necessary in the actual performance of its functions and duties. Such a bureau should be under the sole control of the department head and should not be encroached upon or impaired by the functions granted any other governmental intelligence agency.

Because secret intelligence covers all fields and because of possible embarrassment, no executive department should be permitted to engage in secret intelligence but in a proper case call upon the central agency for service.

2. That in addition to the intelligence unit for each department there should be established a national centralized foreign intelligence agency which should have the authority:

A. To serve all departments of the Government.

B. To procure and obtain political, economic, psychological, sociological, military and other information which may bear upon the national interest and which has been collected by the different Governmental departments or agencies

C. To collect when necessary supplemental information either at its own instance or at the request of any Governmental departments or agencies.

D. To integrate, analyze, process, and disseminate, to authorized Governmental agencies and officials, intelligence in the form of strategic interpretive studies.

3. That such an agency should be prohibited from carrying on clandestine activities within the United States and should be forbidden the exercise of any police functions at home or abroad.

4. That since the nature of its work requires it to have status, it should be independent of any department of the government (since it is obliged to serve all and must be free of the natural bias of an operating department). It should be under a director,

appointed by the President, and be administered under Presidential direction, or in the event of a General Manager being appointed, should be established in the Executive Office of the President, under his direction.

5. That subject to the approval of the President or the General Manager the policy of such a service should be determined by the Director with the advice and assistance of a Board on which the Secretaries of State, War, Navy, and Treasury should be represented.

6. That this agency, as the sole agency for secret intelligence, should be authorized, in the foreign field only, to carry on services such as espionage, counterespionage, and those special operations (including morale and psychological) designed to anticipate and counter any attempted penetration and subversion of our national security by enemy action.

7. That such a service have an independent budget granted directly by the Congress.

8. That such a service should have its own system of codes and should be furnished facilities by departments of Government proper and necessary for the performance of its duties.

9. That such a service should include in its staff specialties (within Governmental departments, civil and military, and in private life) professionally trained in analysis of information and possessing a high degree of linguistic, regional, or functional competence, to analyze, coordinate and evaluate incoming information, to make special intelligence reports, and to provide guidance for the collecting branches of the agency.

10. That in time of war or unlimited national emergency, all programs of such agency in areas of actual and projected military operations shall be coordinated with military plans, and shall be subject to the approval of the Joint Chiefs of Staff, or if there be consolidation of the armed services, under the supreme commander. Parts of such programs which are to be executed in the theater of military operations shall be subject to control of the military commander.

**Executive Directive of 22 January 1946
Addressed to the Secretaries of
State, War, and Navy**

1. It is my desire, and I hereby direct, that all Federal foreign intelligence activities be planned, developed, and coordinated so as to assure the most effective accomplishment of the intelligence mission related to the national security. I hereby designate you, together with another person to be named by me as my personal representative, as the National Intelligence Authority to accomplish this purpose.

2. Within the limits of available appropriations, you shall each from time to time assign persons and facilities from your respective departments, which persons shall collectively form a Central Intelligence Group and shall, under the direction of a Director of Central Intelligence, assist the National Intelligence Authority. The Director of Central Intelligence shall be designated by me, shall be responsible to the National Intelligence Authority, and shall sit as a non-voting member thereof.

3. Subject to the existing laws and to the directions and control of the National Intelligence Authority, the Director of Central Intelligence shall:

a. Accomplish the correlation and evaluation of intelligence relating to the national security, and the appropriate dissemination within the Government of the resulting strategic and national policy intelligence. In so doing, full use shall be made of the staff and facilities of the intelligence agencies of your Departments.

b. Plan for the coordination of such of the activities of the intelligence agencies of your Departments as relate to the national security and recommend to the National Intelligence Authority the establishment of such over-all policies and objectives as will assure the most effective accomplishment of the national intelligence mission.

c. Perform, for the benefit of said intelligence agencies, such services of common concern as

the National Intelligence Authority determines can be more efficiently accomplished centrally.

d. Perform such other functions and duties related to intelligence affecting the national security as the President and the National Intelligence Authority may from time to time direct.

4. No police, law enforcement or internal security functions shall be exercised under this directive.

5. Such intelligence received by the intelligence agencies of your departments as may be designated by the National Intelligence Authority shall be freely available to the Director of Central Intelligence for correlation, evaluation, or dissemination. To the extent approved by the National Intelligence Authority, the operations of said intelligence agencies shall be open to inspection by the Director of Central Intelligence in connection with planning functions.

6. The existing intelligence agencies of your departments shall continue to collect, evaluate, correlate, and disseminate departmental intelligence.

7. The Director of Central Intelligence shall be advised by an Intelligence Advisory Board consisting of the heads (or their representatives) of the principal military and civilian intelligence agencies of the government having functions related to national security, as determined by the Director of Central Intelligence.

8. Within the scope of existing law and presidential directives, other departments and agencies of the executive branch of the Federal Government shall furnish such intelligence information relating to the national security as is in their possession, and as the Director of Central Intelligence may from time to time request pursuant to regulations of the National Intelligence Authority.

9. Nothing herein shall be construed to authorize the making of investigations inside the continental United States and its possessions, except as provided by law and presidential directives.

10. In the conduct of their activities the National Intelligence Authority and the Director of Central Intelligence shall be responsible for fully protecting intelligence sources and methods.

NIA Directive No. 1, Dated 8 February 1946: Policies and Procedures Governing the Central Intelligence Group

Pursuant to the attached letter from the President, dated 22 January 1946, designating the undersigned as the National Intelligence Authority, you are hereby directed to perform your mission, as Director of Central Intelligence, in accordance with the following policies and procedures:

1. The Central Intelligence Group shall be considered, organized and operated as a cooperative, interdepartmental activity, with adequate and equitable participation by the State, War and Navy Departments and, as recommended by you and approved by us other Federal departments and agencies. The Army Air Forces will be represented on a basis similar to that of the Army and the Navy.

2. The Central Intelligence Group will furnish strategic and national policy intelligence to the President and the State, War and Navy Departments, and, as appropriate, to the State-War-Navy Coordinating Committee, the Joint Chiefs of Staff, and other governmental departments and agencies having strategic and policy functions related to the national security.

3. The composition of the Intelligence Advisory Board will be flexible and will depend, in each instance, upon the subject matter under consideration. The Special Assistant to the Secretary of State in charge of Research and Intelligence, the Assistant Chief of Staff G-2, WDGS, the Chief of Naval Intelligence and the Assistant Chief of Air Staff, Intelligence (or their representatives will be permanent members). You will invite the head (or his representative) of any other intelligence agency having functions related to the national security to

sit as a member on all matters within the province of his agency.

All recommendations, prior to submission to this Authority, will be referred to the Board for concurrence or comment. Any recommendation which you and the Intelligence Advisory Board approve unanimously and have the existing authority to execute may be put into effect without action by this Authority. If any member of the Board does not concur, you will submit to this Authority the basis for his non-concurrence at the same time that you submit your recommendation.

4. Recommendations approved by this Authority will, where applicable, govern the intelligence activities of the separate departments represented herein. The members of the Intelligence Advisory Board will each be responsible for ensuring that approved recommendations are executed within their respective departments.

5. You will submit to this Authority as soon as practicable a proposal for the organization of the Central Intelligence Group and an estimate of the personnel and funds required from each department by this Group for the balance of this fiscal year and for the next fiscal year. Each year thereafter prior to the preparation of departmental budgets, you will submit a similar estimate for the following fiscal year. As approved by this Authority and within the limits of available appropriations, the necessary funds and personnel will be made available to you by arrangements between you and the appropriate department through its members on the Intelligence Advisory Board. You may determine the qualifications of personnel and the adequacy of individual candidates. Personnel assigned to you will be under your operational administrative control, subject only to necessary personnel procedures in each department.

6. The Central Intelligence Group will utilize all available intelligence in producing strategic and national policy intelligence. All intelligence reports prepared by the Central Intelligence Group will note any substantial dissent by a participating intelligence agency.

7. As required in the performance of your authorized mission, there will be made available to you or your authorized representatives all necessary facilities, intelligence and information in the possession of our respective departments. Arrangements to carry out this will be made with members of the Intelligence Advisory Board. Conversely, all facilities of the Central Intelligence Group and all intelligence prepared by it will be made available to us and, through arrangements agreed between you and the members of the Intelligence Advisory board, subject to any authorized restrictions, to our respective departments.

8. The operations of the intelligence agencies of our departments will be open to inspection by you or your authorized representatives in connection with your planning functions, under arrangements agreed to between you and the respective members of the Intelligence Advisory Board.

9. You are authorized to request of other Federal departments and agencies any information or assistance required by you in the performance of your authorized mission.

10. You will be responsible for furnishing, from the personnel of the Central Intelligence Group, a Secretariat for this Authority, with the functions of preparing an agenda, reviewing and circulating papers for consideration, attending all meetings, keeping and publishing minutes, initiating and reviewing the implementation of decisions, and performing other necessary secretarial services.

NIA Directive No. 4, Policy on Liquidation of the Strategic Services Unit

2 April 1946

Pursuant to paragraph 1 of the letter from the President dated 22 January 1946 which designed this Authority as responsible for planning, developing and coordinating the Federal foreign intelligence activities so as to assure the most effective accomplishment of the intelligence mission related to the national security, the following policies and procedures relating to the

liquidation of the Strategic Services Unit (SSU) are announced:

1. The national interest demands that the complete liquidation of SSU shall not be accomplished until it is determined which of its functions and activities are required for the permanent Federal foreign intelligence program, and should therefore be transferred to the Central Intelligence Group or other agencies in order that its useful assets may not be lost. Such determination and transfers shall be made and the liquidation of the remainder of SSU shall be completed as promptly as possible and prior to 1 July 1947. The Director of Central Intelligence shall issue the necessary directives to effect the liquidation. He will make recommendations to this Authority as to the intelligence activities permanently required in the peace-time effort.

2. During the period of liquidation the SSU should be administered and operated so as to service, to the extent practicable, the intelligence agencies subject to our coordination. The Director of Central Intelligence shall issue the necessary directives to the Director of SSU required to accomplish this mission. In addition, the Director of SSU will make available to the Director of Central Intelligence, upon his request, any facilities and services of SSU which may be useful in the performance of an authorized function of the Central Intelligence Group.

3. The Director of Central Intelligence will be responsible for determining which funds, personnel and facilities of SSU are required for the performance of an authorized function of the Central Intelligence group. Such funds, personnel and facilities of SSU will then be transferred to an appropriate War Department unit. The Director of Central Intelligence will be responsible for making the necessary administrative arrangements and for issuing the necessary directives to the Director of SSU.

4. The War Department will take the necessary budgetary action to carry out this program.

5. The War Department shall retain the right to determine what portion of the War Department funds, personnel and facilities can be made available to SSU by the War Department.

**CIG Directive No. 6,
“Liquidation of Strategic Services Unit”
(Top Secret)**

8 April 1946

Effectively immediately, you are directed to continue the liquidation of the Strategic Services Unit (SSU) as ordered in paragraph 3 of the Executive Order dated 20 September 1945, subject: “Termination of the Office of Strategic Services and Disposition of Its Functions.” The liquidation will be completed not later than 30 June 1947.

The liquidation of SSU will be coordinated with the development of the permanent peace-time intelligence program. You will carry out the liquidation in accordance with the instructions of the Director of Central Intelligence or his designated representative. The Director or his representative will deal directly with you. He will have such staff as he requires working with SSU.

During the period of liquidation you will administer and operate the SSU as so to service, within your capabilities, the intelligence agencies subject to coordination by the National Intelligence Authority in accordance with directives provided by the Director of Central Intelligence or his designated representative. In addition, you will make available, within your capabilities, to the Director of Central Intelligence, upon his request, any facilities and services of the SSU which may be useful in the performance of an authorized function of the Central Intelligence Group.

Enclosure “B”

Pursuant to the provisions of NIA Directive No.4, dated 2 April 1946, it is hereby directed that you administer and operate the Strategic Services Unit, War Department, in accordance with the initial policies set forth herein:

1. Operations.

a. Until otherwise directed, you will continue such operations services and liaisons considered absolutely essential to:

(1) US Armies abroad,

(2) The United States sections of Allied Control Commissions,

(3) Diplomatic missions,

(4) Departmental agencies in the United States now being served.

b. You will perform such collecting missions, distribution, and other intelligence services as may be ordered from time to time by my representative.

c. Nothing contained in sub-paragraph 1-a will be construed as an authority for any expansion of the functions and facilities now operating, nor will additional personnel be assigned to duty outside the continental limits of the United States without the approval of my senior representative.

2. Administration.

a. You will continue the orderly liquidation of the Strategic Services Unit.

b. You will furnish the administrative support to operations indicated in paragraph 1.

c. You will furnish such administrative support to the Central Intelligence Group as may be called for by my representative.

d. You will provide the necessary administrative facilities to effect the transition of personnel, funds, and communications, records, services, and facilities, with the necessary means of maintenance, from SSU to an appropriate group in the War Department or to other appropriate agencies, as subsequently determined.

3. Command Liaison.

Colonel Louis J. Fortier, USA, Assistant Director and Acting Chief of Operational Services, CIG, is designated as my senior representative. Further

directives and orders will be issued to you by me or by my senior representative. You will keep my senior representative informed of the progress of the mission outlined herein. Captain Thomas F. Cullen, USNR, will be his deputy.

Appraisal of Operations of OSS and SSU

(1) Introductory Comment

As has been explained, the work of OSS included sabotage, organization of resistance groups, black propaganda against the enemy, and other para-military and subversive operations, as well as various special services for the Joint Chief's of Staff and the theater commanders. The appraisal herein set forth, however, is confined to the work of the intelligence branches—SI (Secret Intelligence, X-2 counterespionage and Research and Analysis.)

(2) General Statement

During the war just ended, OSS accomplished the following:

(i) It established, for the first time in American history, an organized network of secret agents who operated behind enemy lines, and who penetrated enemy installations in neutral countries, in order to obtain vital intelligence. These agent networks were established in Europe, North Africa, the Near and Middle East, and the Far East.

(ii) It established, for the first time in American history, an organized system of counterespionage which penetrated and neutralized enemy espionage organizations, operating for these purposes in Europe, North Africa, the Near and Middle East, and the Far East.

(iii) It organized the resources of American scholarship to supplement, and integrate into comprehensive studies, the intelligence procured from the various channels and sources available to the national government.

3. Shortcomings

The work of OSS during the war was handicapped by defects in organization, personnel and orientation. Fundamentally, all of these defects derived from the same source: the fact that the United States had no centrally controlled and comprehensive espionage system in being when the war broke out, and no experience in the development and direction of any such system. As in so many other aspects of the war establishment, the nation had to improvise. There were few other phases of the war, however, in which the nation so completely lacked a nucleus around which to build a body of experience upon which to draw as in the field of espionage and counterespionage. As a result:

(a) The personnel of OSS, recruited and brought together in haste under the stress of the emergency, tended to be uneven in quality. Functions which were well-conceived were performed unequally at different points by different people. Unsatisfactory personnel were steadily weeded out, and the highest quality personnel steadily moved into positions of primary control and responsibility. But the effects of haste and improvisation were felt to the end. This could only have been avoided by a careful and orderly preparation for the job during the years of peace.

(b) During the early period of fumbling in the development of the proper relationship of OSS to the War Department, the Navy Department and the State Department, certain of the efforts of OSS tended to be misplaced, in the sense that they were not properly related to the needs and plans of military and political authorities, and was impeded by the failure of OSS adequately to indoctrinate its personnel with respect to the relationship of OSS to Army and Navy.

(4) Appraisal of over-all operations of government intelligence agencies:

(a) Introductory Comment. The OSS and SSU are in no position to offer an appraisal of the performance of other intelligence agencies of

the United States during the war. The appraisal herein set forth, therefore, is confined to an appreciation of defects in the inter-relationships among the intelligence agencies or the Government which became manifest in the course of the practical experience of the OSS.

(b) Elements of Duplication and Lack of Coordination. The effectiveness of OSS espionage and counterespionage was seriously handicapped by a failure to receive adequate direction from the military and political authorities as to the categories of information particularly needed. Where, as in the case of U.S. 3rd and 7th Armies and the China Theater under General Wedemeyer, and in the cases of the American Legations in Switzerland and Sweden, intimate relations were established between OSS and the Army command or diplomatic authorities, and where systematic and intelligence direction of activities existed operations were unusually effective.

A full and free interchange of intelligence among the various intelligence-collecting agencies of the Government—e.g., the War Department, the Navy Department, the State Department, the Navy Department and the State Department, FEA and OSS—was never achieved or even closely approximated. Without an effective mechanism for such interchange, gaps in information at key points and wasteful duplication of effort were inevitable.

There was inadequate team-work in intelligence collection on the American side, and no effective mechanism for an all-American flow and coordinated evaluation of intelligence. For example, certain data obtained through War Department G-2 Special Branch activities, which were vital to certain OSS espionage and counterespionage work, were never made available to OSS by G-2. This failure in collaboration was ironically underscored by the fact that much information of the same type was made available to OSS by British sources. Similarly, certain prisoner-of-war interrogation data which would have facilitated the espionage and counterespionage work of OSS was denied to OSS. Again, data collected by OSS (and by French, Polish, Dutch and other Allied intelligence agencies who made such data available

to both OSS and British agencies) sometimes reached the higher echelons of combined command only through British channels as British reports. In China, the intelligence activities of the U.S. Ground Army, the 14th Air Force the Naval Task Group for China, the U.S. Embassy and OSS were for a long time at cross purposes. In the Pacific, the clandestine services of OSS were not permitted to operate. This impeded the mutual support of American intelligence in the Pacific, created a serious void in American knowledge of the Japanese espionage system.

The desire for and practice of cooperation among various intelligence agencies of the Government on the working levels tended often to be impeded and sometimes stopped because of misunderstanding or disagreements at top levels.

Owing to the lack of a central coordinating body, there were gaps and duplications in the dissemination of intelligence.

There was no central mechanism for pooling and comprehensively developing the various bits and pieces of intelligence collected by the various intelligence procurement agencies of the Government.

(c) Additional Comment On Over-All Intelligence organization of the U.S. Government. From the standpoint of OSS in its relationship to the combined commands it seemed that the United States military services placed inadequate emphasis, as compared with our Allies, upon the role, position and importance of army and naval intelligence and counterintelligence officers.

(5) Counterespionage

In the field of counterespionage OSS made a number of notable contributions both singly and in cooperation with Allied services. Through its neutral country stations it was instrumental in bringing about the defection of important enemy intelligence service personnel, and exploiting the defection of important enemy intelligence service personnel, and exploiting these defections for the demoralization and neutralization of the enemy service. Thus an impor-

tant series of defections in Turkey was followed by a sweeping reorganization of German espionage, culminating in the complete incorporation of the military secret intelligence service (Abwehr) into that of the Nazi Party (RSHA) with resulting friction and loss of efficiency. Neutral country stations also contributed vital information leading to the identification, apprehension, and controlled exploitation of German agents with radio sets left behind in Normandy before the invasion. The field units of OSS counterespionage branch (SCI) set up and operated a considerable number of penetration and deception agents. The former were successful in enticing enemy agents into our control, either as parachutists for line crossers, bringing with them considerable sums of money. By satisfying the enemy with a sufficient amount of true or partly true information, they discouraged him from sending in additional agents who might have operated without coming under our control. The role of OSS-controlled enemy agents with radio sets in assisting the implementation of deception programs has been commended by the competent agencies. It has been learned from interrogations of German intelligence personnel that not one of the OSS controlled agents was ever suspected by the Germans. On the contrary, their information appears to have been believed implicitly, to such an extent that in at least seven cases they were rewarded by the enemy with an Iron Cross.

OSS SCI units operating with T Forces at 6th and 12th Army Groups, seized large quantities of counterespionage material, which was forwarded through Army Documents channel to the Counter Intelligence War Room, London. The head of the War Room estimated that one such T Force operation, concluded in three days, netted identifying information on more than 20,000 German intelligence personnel. This virtually doubled the information on German intelligence personnel which had been made available through all previous Allied counterespionage operations during the war.

The counterespionage branch of OSS has brought together in Washington comprehensive files on the espionage systems of foreign nations, including some 400,000 carded dossiers on individuals known to be, or suspected of being, connected with such activities.

NIA Directive No. 5, Dated 8 July 1946, Functions of the Director of Central Intelligence

Pursuant to the President's letter of 22 January 1946 designating this Authority as responsible for planning, developing and coordinating all Federal foreign intelligence activities so as to ensure the most effective accomplishment of the intelligence mission related to the national security, the functions of the Director of Central Intelligence are hereby redefined as follows, subject to the provisions of said letter:

1. Paragraph 3 of the President's letter of 22 January 1946 defined the functions of the Director of Central Intelligence as follows:

3. Subject to the existing law, and to the direction and control of the National Intelligence Authority, the Director of Central Intelligence shall:

a. Accomplish the correlation and evaluation of intelligence relating to the national security, and the appropriate dissemination within the Government of the resulting strategic and national policy intelligence. In so doing, full use shall be made of the staff and facilities of the intelligence agencies of your departments.

b. Plan for the coordination of such of the activities of the Intelligence agencies of your departments as relate to the national security and recommend to the National Intelligence Authority the establishment of such overall policies and objectives as will assure the most effective accomplishment of the national intelligence mission.

c. Perform, for the benefit of said intelligence agencies, such services of common concern as the National Intelligence Authority may from time to time direct.

d. Perform such other functions and duties related to intelligence affecting the National Intelligence Authority may from time to time direct.

2. In performing the functions specified in paragraph 3-a of the President's letter, the Director of Central Intelligence is hereby authorized to undertake such research and analysis as may be necessary to determine what functions in the fields of national security intelligence are not being presently performed or are not being adequately performed. Based upon these determinations, the Director of Central Intelligence may centralize such research and analysis activities as may, in his opinion and that of the appropriate member or members of the Intelligence Advisory Board, be more efficiently or effectively accomplished centrally.

3. In addition to the functions specified in paragraph 3-b of the President's letter and in accordance with paragraph 4 of NIA Directive No. 1, the Director of Central Intelligence is hereby authorized and directed to act for this Authority in coordinating all Federal foreign intelligence activities related to the national security to ensure that the over-all policies and objectives established by this authority are properly implemented and executed.

4. Pursuant to paragraph 3-c of the President's letter, the Director of Central Intelligence is hereby directed to perform the following services of common concern which this authority has determined can be more efficiently accomplished centrally:

a. Conduct of all organized Federal espionage and counterespionage operations outside the United States and its possessions for the collection of foreign intelligence information required for the national security.

b. Conduct all Federal monitoring of press and propaganda broadcasts of foreign powers required for the collection of intelligence information related to the national security.

5. To the extent of available appropriations and within the limits of their capabilities, as determined by the respective Departments, the State, War and Navy Departments will make available to the Director of Central Intelligence, upon his request, the funds, personnel, facilities and other assistance required for the performance of the functions authorized herein. At the earliest practicable date, the Director of Central

Intelligence will submit for approval by this authority any supplemental budget required to perform the functions authorized herein, in addition to the appropriations which can be made available for this purpose by the State, War and Navy Departments.

6. Where the performance of functions authorized herein requires the liquidation, transfer or integration of funds, personnel or facilities for existing activities of the State, War and Navy Departments, the liquidation, transfer or integration will be accomplished at the earliest practicable date as agreed to by the Director of Central Intelligence and the official responsible for such activities so as to involve a minimum of interruption in the performance of these functions.

House Report No. 2734 of 17 December 1946

A Report on the System Currently Employed in the Collection, Evaluation, and Dissemination of Intelligence Affecting the War Potential of the United States.

Recommendations:

1. That the National Intelligence Authority, established on 22 January 1946, by Presidential Directive, be authorized by act of Congress (This is designed to give the new authority a firmer base).

2. That the National Intelligence Authority shall consist of the Secretaries of State, War, and Navy, or deputies for intelligence. (The Secretaries obviously are too busy to give this highly important subject the attention it deserves.)

3. That the Central Intelligence Group receive its appropriations direct from the Congress. (At present the Group receives its appropriations as grants from the State Department, War Department, and Navy Department, an unwieldy and sometimes awkward procedure).

4. That the Central Intelligence Group have complete control over its personnel. (At present the

Group receives drafts from the Department of State, War, and Navy).

5. That the Director of the Central Intelligence Group be a civilian appointed for a preliminary term of two years and a permanent term of ten years, at a salary of at least \$12,000 a year. (A civilian would be less subject to the control of criticisms of any military establishment, less likely to have ambitions in another direction, would be more in keeping with American tradition, would be more symbolic of the politico-military nature of the problem posed by intelligence in peacetime; furthermore, there is nothing to keep a qualified Army or Navy officer from accepting the post in civilian clothes, and there is every desire, by setting the tenure of office at ten years and making the salary substantial, to make the post attractive to one who has learned intelligence through the Army, Navy, or Foreign Service of the State Department. Continuity of service is recognized as very important).

6. That the Director of the Central Intelligence Group be appointed by the President by and with the consent of the Senate.

7. That the Director of Central Intelligence shall

(a) accomplish the correlation and evaluation of intelligence relating to the national security, and the appropriate dissemination within the Government of the resulting strategic and national policy intelligence, and in so doing making full use of the staff and facilities of the intelligence agencies already existing in the various Government departments;

(b) plan for the coordination of such of the activities of the intelligence agencies of the various Governments as relate to the national security and recommend to the National Intelligence Authority the establishment of such overall policies and objectives as will assure the most effective accomplishment of the national intelligence mission;

(c) perform, for the benefit of said intelligence agencies such services of common concern related directly to coordination, correlation, evaluation, and dissemination as the National

Intelligence Authority shall determine can be more efficiently accomplished centrally;

(d) perform such other similar functions and duties related to intelligence affecting the national security as the Congress and the National Intelligence Authority may from time to time direct. It is specifically understood that the Director of Central Intelligence shall not undertake operations for the collection of intelligence. (This paragraph is intended to enable the Central Intelligence Group to concentrate on the analysis and evaluation of high-level intelligence for the President and others who have to determine national policy. One should not remove any intelligence from the agencies where day-to-day policies and decisions have to be made; the collection and basic analysis in each field of intelligence should be assigned to the agency having primary responsibility in that field.)

8. That paragraphs 2,4,5,6,7,8,9, and 10 of the Presidential Directive of January 22, 1946, relating to the establishment of a National Intelligence Authority be enacted into law, with such revisions in wording as may seem necessary. (The President's directive was carefully prepared and had at the time of its publication, the support of the interested agencies).

9. That the Army be requested sympathetically to examine further the question of the establishment of an Intelligence Corps for the training, development and assignment of especially qualified officers.

ARTIFICE: James Angleton and X-2 Operations In Italy¹¹

In the summer of 1943, as Allied forces reached Italian soil, U.S. Army counterintelligence warned GIs, "you are no longer in Kansas City, San Francisco, or Ada, Oklahoma, but in a European country where espionage has been second nature to the population for centuries."

One soldier who did not need this warning was James J. Angleton, a 26-year-old second lieutenant in the

Office of Strategic Services (OSS), whose code name was ARTIFICE. Not only had the young man spent the better part of his adolescence in Italy, but in the year since he had joined X-2, the counterespionage branch of the OSS, Angleton had picked up a precocious mastery of the discipline, earning the respect of his British mentors and his American supervisors.

When Angleton first arrived in Italy, the administrative head of all OSS counterespionage in that country cabled the X-2 office in London: "Air much clearer."¹² Enthusiasm greeted Angleton's assignment to the field, as it seemed to portend an improvement in the condition of X-2's local operations. In early October 1944, X-2's operational headquarters in London had received a series of signals from which Angleton's supervisors concluded that the 17-man X-2 Rome unit needed a firm hand. (see box below)

Unlike the military, which would not reach its next target city, Bologna, for another 5 months, Allied counterespionage was not in a holding pattern in Italy in the fall of 1944, and X-2's responsibilities were

expanding.¹³ The area under Allied occupation had still to be rid of German informants left behind by the Sicherheitsdienst and the Militarisches Amt when they fled North.¹⁴ In the addition, the counterespionage services bore the burden of identifying, catching, and interrogating the linecrossers that the German military was pushing across no man's land to collect order of battle information.¹⁵ Amid the pressure for more and better information about German spies, the OSS's Italian counterespionage detachment had suffered a crisis of confidence and was losing the respect of other counterespionage services.¹⁶ London wanted Angleton to turn the Rome unit around in 6 weeks so that X-2 could handle the enemy intelligence agents out of the Po Valley and then be able to do its part when it came time to liberate northern Italy.¹⁷

Nearly half a century later it may seem difficult to understand why the now legendary James Angleton inspired not only the trust of men many years his senior but was viewed as a source of wisdom by those around him. With a very few notable exceptions, the current image of James Angleton is that of a rigid, overrated, ideological menace. (The thesis of Tom Mangold's book, *Cold Warrior, James Angleton: The CIA's Master Spy Hunter*, is that Angleton was an ideological cold warrior whose ability to differentiate between possible threats and probable threats deteriorated after he learned that his British colleague H.A.R. "Kim" Philby was a Soviet penetration agent.)¹⁸ Yet the operational files from his Italian posting, which are now in the National Archives, reveal a different man and leave little doubt as to why he was called to the field in 1944.

Angleton provided an adept field operative. The mission that was only to take 6 weeks lasted 3 years. In the last year of the war, Angleton rose from chief of the X-2 unit in Rome to chief of all OSS counterespionage in Italy. By the age of 28, as bureaucratic initials and superiors were changing in Washington, he became chief of all secret activity, intelligence and counterintelligence, in Italy for the Strategic Services Unit (SSU), the successor of the OSS.¹⁹ Although field promotions are not always dependable indicators of operational success, Angleton's rise to the top of all American secret activity in Italy paralleled a remarkable expansion of U.S. counterespionage capabilities in that strategically



James Jesus Angleton

important country. By the end of 1946, Angleton, or those directly responsible to him, had amassed over 50 informants and had penetrated 7 foreign intelligence services, including Tito's Otsek Zascita Naroda (OZNA), the French Service de Documentation Exterieur et de Contreespionage (SDECE), and the Italian Naval Intelligence Service, the Servizio Informazione Segreta (SIS).²⁰ Concurrently, through liaison channels, Angleton was receiving regular reports from various Italian intelligence services that included intercepts of foreign agent radio traffic and information about Soviet and Yugoslav intelligence ciphers.²¹

In this paper, we will review four representative operations to illustrate and evaluate Angleton's activities in Italy. As will be demonstrated, a general study of these operations delimits the contours of a consistent approach to counterespionage. Also discernible in these operations is Angleton's understanding of the role of counterespionage in defending U.S. interests. A study of his Italian career therefore serves not only as a primer on what the OSS and the SSU achieved in counterespionage in Italy

In the fall of 1943, X-2 London received three ominous signals from the field. The Rome unit's monthly report for September betrayed a sense of having fallen behind events. Though the Germans were sending fewer agents into Allied territory, the local X-2 authorities were describing them as "considerably more dangerous" and had warned Washington that each one therefore required more investigation to pin down. Meanwhile, British MI6 officers, who had three of their own counterespionage field units in Italy, were reporting low morale among their American counterparts. Finally, London received an urgent plea for help from the overall chief of X-2 in Italy, Maj. Graham Erdwurm, who believed that the working relationship necessary to conduct counterespionage in Italy were lost because of weak management of the unit. The Rome representative of British counterespionage, it was argued, was increasingly reluctant to share his most secret sources. At the time of Angleton's arrival, the name of the X-2 field unit in Italy was SCI Z. It was derived from the term, Special Counter-intelligence (SCI) unit, which X-2 employed for its French field teams. In October 1944, SCI Z had one substation, located in Florence.

but also as an introduction to the world view, and professional skills of the man who would come to dominate American counterespionage for a generation.

Angleton's approach can be best understood as the implementation of what might be called "Total Counterespionage." The young Angleton was a political Realist.²² He assumed that all governments have secrets that other governments want. The nature of a particular government influenced its capacity though not its desire to spy. When Angleton asked why a country spied, he did so not in search of moral justification but because countries often betray intentions in what they spy for.²³ The agnosticism of his view of the threat supported a broad view of the means necessary to protect U.S. interests. He believed that a counterespionage service had to have an insatiable appetite for information about foreign activities so as to be in a position to restrict, eliminate, or control the ways by which other states collected their intelligence.

The operations chosen represent the principal sources of counterespionage, as a form of information and as a type of activity, available to Angleton in the years 1944-46. The first involves Angleton's exploitation of ULTRA-class intelligence. In other words how he made best use of the fact that he could read many of the radio messages of his adversaries in the German Intelligence Services. The second is the SALTY case. SALTY, aka Capitano di Fregata Carlo Resio, was the pivot of Angleton's broad-based liaison with the Italian Naval Intelligence Service. The SALTY case illustrates how Angleton used cooperation with other services to expand his knowledge of foreign intelligence activities. The third is an example of a successful penetration operation that involved another Italian naval officer, whom we shall call SAILOR. And, finally, a second look will be taken at the notorious Vatican case, VESSEL or DUSTY, which was also a penetration operation but one that failed.

Before turning to these operations, it is useful to note that the end of the Second World War divided Angleton's career in Italy in two. Until August 1945, most of Angleton's operations were the extension of a program of military security.²⁴ As experts in the

personnel and methods of the enemy, X-2 officers assisted the more numerous and large units of the U.S. Army's Counterintelligence Corps in locating and neutralizing German and Italian Fascist agents. X-2 officers were in a position to direct aspects of the Army's security program because of their access to a more extensive archive of counterespionage information. In addition, X-2 case officers had received instruction in the arts of doubling and controlling enemy agents, skills that Army counterintelligence officers did not have. When the army picked up an agent, an X-2 officer was called in to assess the agent's potential as a double agent. If the results of the review were affirmative, the X-2 branch assumed responsibility for the agent. Yet even in these double agent cases, security considerations predominated, and X-2 officers operated with the elimination of the foreign service as their goal.²⁵

After the war, Angleton's concern became almost entirely "long-range counterespionage," in effect the surveillance of all foreign intelligence operations in Italy. The rationale for broad coverage was that the cessation of hostilities had brought the replacement of armies by intelligence services as the means by which countries challenged each other. This change in the international system blurred the traditional lines between positive intelligence and counterintelligence. With threats ill-defined, X-2's penetrations assumed added significance as sources of clues as to the intentions of other states.²⁶ Angleton noted the case with which the intelligence services of the continental powers adjusted to peacetime. In September 1945 he wrote, "(a)s military commitments are gradually discharged, there is a sharp increase in the number of long-term espionage suspects which is accompanying the transitional phase to normalcy."²⁷ Angleton found that in the wake of the collapse of Italian power, the unsettled nature of Mediterranean politics invited intervention by secret services. In his reports to Washington, Angleton underlined that the governments of France, Italy, and Yugoslavia were deploying their secret services to maximum their territorial and political advantages before the stabilization of borders and regimes.²⁸

Besides providing insight into the way in which states defined their interests, Angleton's adoption of broad counterespionage coverage in peacetime

facilitated controls over the movements of likely foreign long-term agents.²⁹ On the strictly security side, Angleton's principal concern was that members of those long-range networks not be permitted to obtain American secrets either through penetration of an American facility in Italy or through the emigration of part of the network to the United States.

Linking these two periods of Angleton's field career was his talent for exploiting liaison and penetration for counterespionage purposes. Neither activity produced information in hermetically sealed compartments. The sources of counterespionage information available to Angleton interacted constantly to produce a better picture of the adversary. Some hitherto obscure reference in an intercepted message might begin to make some sense, for instance, when compared to an interrogation reported gained from an Allied service. One always hoped for a snowball effect; a deciphered message might lead to penetration operations that brought the release of even more data.³⁰

Angleton's most important course of counterespionage was the product of both liaison and penetration. Code-named ISOS or PAIR, this was a steady stream of deciphered German intelligence messages, mostly but not exclusively sent by members of the Abwehr, the German military intelligence service.³¹ ISOS or PAIR belonged to the now famous ULTRA family of signals intelligence. These decrypts were a British triumph and came to Americans only as a consequence of the unprecedented Anglo-American collaboration that underwrote the Allied conduct of the Second World War.³² When the advent of joint military operations in 1942 transformed the security of American field operations into a British concern, the British made the decision to share their best intelligence with Washington.³³ In exchange for this material, the British required that the OSS imitate their own foreign counterespionage organization. In practice this meant establishing X-2, a self-contained unit with separate communications channels, whose management at all levels, from staff to line officer, was indoctrinated into ULTRA.³⁴ Recalling ULTRA four decades later, Angleton described it as "the superior source" that undergirded all counterespionage operations.³⁵

Angleton's own London apprenticeship had exposed him to the conventional wisdom among Allied counterespionage chiefs that, at least in this war, signals intelligence was the basis of all serious counterespionage.³⁶ From late 1941, readable German intelligence messages were coming to the offices of British counterespionage in bales. By May 1944 the British were circulating 282 of these decrypted messages a day.³⁷ These decrypts created a sense of confidence among counterespionage officers who, perhaps for the first time in military history, believed that a complete understanding of the enemy's intelligence resources was within their grasp. Although sometimes incompletely deciphered and when fully deciphered often filled with code names instead of real names, these messages provided a bird's-eye view of the number of agents the enemy sent into the field and the information that his networks were providing him.³⁸

In Italy, Angleton made a distinctive contribution to the problem of managing this sensitive information. Like many Allied counterespionage officers, he understood that the British sister services employed ULTRA information. Operationally, this meant striking a balance between the protection of this superior source with the requirement of exploiting it to catch spies. As chief of X-2 Rome, Angleton conceived and produced a series of special manuals for use by Army counterintelligence investigators that went a long way toward solving this problem. Between January and April 1945, Angleton developed the concept of the "Key," an easy-to-revise compendium of information about the various German and Fascist Italian intelligence services that could be shown to officers not indoctrinated into ULTRA.³⁹ The trick was to comb POW interrogations for corroboration of facts first learned from ULTRA. Once a detail had been found in a less sensitive place—a SECRET interrogation report instead of a TOP SECRET ULTRA decrypt—it could be disseminated more widely.⁴⁰

The fact that ULTRA materials were the most important products of liaison in the war against Fascist agents did not negate the value of the other cooperative relationships formed by Angleton in the field. For intelligence as well as operational reasons, the counterespionage officer had an incentive to develop liaison channels.

Angleton recognized that the requirement of specific information about the real names, aliases, addresses, missions, modes of payment, and weaknesses of foreign agents placed demands that even the miraculous deciphered messages could not meet. Germany signals, of course, revealed only some of what had to be known about espionage activity Mussolini's rump government. But even where it was a matter of detecting a German-trained and German-supplied agent, the intricate details required to track the agent down were less commonly the product of signals intelligence than the interrogations of capture intelligence officers, agents, and subagents. As X-2 was only one cog in the Allied counterintelligence machine, Angleton had to rely on liaison channels for most of these interrogations. The ratio of his small number of interrogators to the number of suspects being processed at any given moment meant that only the most important cases became the direct responsibility of X-2. Accordingly, X-2 had to make its influence felt indirectly, through interrogation aids such as the "Keys," which guided Army interrogators, or through joint operations with other counterespionage services with the effect of maximizing the number of interrogation reports available to X-2.

Angleton's experience in Italy affirmed the principle that liaison is the most efficient way to expand the sources of a counterespionage service. Intelligence cooperation has the potential of opening archives to a service that it could not have created on its own without a massive investment of labor and capital, if at all. Liaison among counterespionage services has the added inducement that it is the only way for a foreign service to have systematic access to the myriad of banalities routinely collected by domestic institutions that often prove essential in determining the bona fides of a source. Hotel registration lists, airplane manifests, passports and visa information can all be used to detect suspicious activities by individuals or to test the biographical information of suspect agents with whom you have come into contact. The epitome of such liaison is the police file, which, when corrected for the political or cultural biases of the originating institution, can be the most important source of biographical, or "personality," information.⁴¹

Having learned the value of liaison as a desk officer in London, Angleton wasted no opportunity once in the field to broaden X-2 contacts with Allied and friendly services. Of particular importance to him were the under-developed links to the Italian services. Under certain circumstances a foreign service will decide to put its operational resources at a counterespionage officer's disposal. Until 1946 this was mandated for the Italian police and all Italian military intelligence services.⁴² The challenge for X-2 was to provide the basis for a continuation of such collaboration past the life of the mandate.

Angleton's efforts at deepening liaison with the Italians built upon the accomplishments of others, especially those of his own father, Lt. Col. James Hugh Angleton. From late 1943 through half of 1944, the senior Angleton served as X-2's representative in discussions with Marshal Pietro Badoglio and leaders of the Italian military, including the army's intelligence service, the SIM.⁴³ Over the course of his brief career in X-2 (he had left Italy by the time his son landed in Caserta), Lt. Colonel Angleton drew upon the excellent contacts he had developed in the 1930's as the owner of National Cash Register's Italian subsidiary and as president of the American Chamber of Commerce for Italy.⁴⁴ Following the elder Angleton's lead, son Jim's predecessors as unit chief in Rome, Andrew Berding and Robinson O. Bellin, established a measure of collaboration with all five principal Italian intelligence services: the three Italian military services, the police of the Ministry of the Interior (the *Pubblica Sicurezza*) and the Royal Counterespionage Service, or the *Carabinieri*.⁴⁵

Young Angleton considered his immediate predecessor, Bellin, overcautious in dealings with the Italians. Angleton's first important policy decision after arriving in late October 1944 was to overturn Bellin's recommendation that the Marine Unit, a maritime paramilitary arm of the OSS, suspend its operations in Italy. The source of the problem was that the unit had earlier recruited a number of Italian naval saboteurs. When one of these recruits was discovered to be a Germany agent, X-2 and the OSS Security Office in Caserta concluded that the OSS Marine Unit was insecure. So daunting was the task of checking the bona fides of the rest of the Italian group, because ULTRA apparently provided very

little on the Italian services, it was thought best to close down the entire OSS marine detachment.⁴⁶

Angleton understood these concerns but was willing to take a leap of faith in order to deepen X-2's relationship with the SIS. It was a calculated risk. The war had turned against the Germans, and only the most hardened Fascists would resist the call for assistance from the rejuvenated Italian military. Betrayals were still possible, but their cost had to be weighed against the potential rewards of liaison. The Italian Royal Navy had the key to dismantling the German intelligence and sabotage network north of Florence. ULTRA information showed that the Germans were planning to leave Italians behind in strategic centers with missions to report on Allied military movements to headquarters in northern Italy and Austria.⁴⁷ Other information pointed to Prince Valerio Borghese, a former Italian naval officer, as possibly being responsible for setting up part of this organization.⁴⁸ Borghese, the chief of the naval sabotage unit, the *Decima Flotilla MAS*, had not surrendered with the rest of the Italian Royal Navy in September 1943. He and most of his men, who were famous for their underwater assaults against British shipping, had stayed in the north to serve Mussolini's Salo Republic. The SIS knew the biographies of Borghese's group and could predict which men might be vulnerable to an approach by an Allied field agent.⁴⁹

Angleton's reversal of policy, implying U.S. confidence in the Italian Royal Navy, opened the door to wide-ranging joint operations with the SIS under *Capitano di Vascello Agostino Calosi*.⁵⁰ Italian Naval Intelligence was eager to work with the OSS as Angleton was with them. In November 1944, Calosi's chief of intelligence, *Capitano di Fregata Carlo Resio*, approached Angleton with two offers of assistance.⁵¹ First, he said he could provide four trained radio operators for future penetration operations in the north. Second, he urged that the OSS Marine Unit take over the Italian "GAMMA" frogman school at Taranto, which would soon be closed down. Resio suggested that with the equipment and the training staff from Taranto, the OSS could prepare its own naval sabotage group for operations in the Pacific.

By early January 1945, this liaison was producing counterespionage information in addition to operational opportunities. As he began providing reports based on SIS files, Resio earned the sobriquet SALTY.⁵² The first batch of SALTY reports dealt primarily with two theme: one was the threat of communist insurgency and Soviets support for same; the other, the existence of a Fascist residue that had to be wiped off the Italian slate.⁵³

The SALTY reports brought criticism upon Angleton's head for having exceeded his brief. The references to Soviet activity embarrassed Washington, which, in February 1945, cleaved to a policy of not collecting counterintelligence on allies.⁵⁴ In its first assessment of Resio's information, X-2 headquarters lectured young Angleton on the possibility that this information was politically inspired. The SIS, they cautioned, had long been considered royalist and anti-Soviet: "(t)herefore, it seems possible that this information may well be in the nature of a propaganda plant.⁵⁵ Moreover, at a time when Washington was eager for information to confirm the governing assumption that the Germans planned to continue a twilight struggle from the mountains of Austria, Resio's information seemed at best premature. Washington was testy:

We would rather like to know from you whether you feel that all of this information actually ties in with German activities, either in the present or along the lines of future operations. Without an explanatory tie-in and evaluation, much of this information seems to be rather meaningless.⁵⁶

Angleton reacted to the upbraiding by never again forwarding to Washington any political intelligence received from SALTY.⁵⁷

Plan IVY, which was the culmination of the wartime collaboration developed between X-2 and SIS by Angleton and Carlos Resio, did meet Washington's criteria. The plan involved the use of Italian naval resources to penetrate Borghese's XMAS network in the north. Resio introduced Angleton to IVY, a source in Florence who had worked in Borghese's XMAS.⁵⁸ IVY provided six radio sets.⁵⁹ For the period after the liberation of the north, he offered XMAS scouts who were to dress as U.S. enlisted men and be assigned to target teams being assembled for Genoa,

La Spezia, Trieste, and Venice. These scouts were to assist X-2 in tracking down Borghese's stay-behind network.⁶⁰

Plan IVY also involved Pubblica Sicurezza and partisan contacts. The object of using them together with Resio's assets was to extend X-2's coverage in the north. Angleton's plan was to work with the SIS, the Pubblica Sicurezza in Rome, and those branches of the OSS that had been active informants among the partisans with a view to reestablishing contact with as many friendly assets in Fascist territory as possible. Once the liberation had begun, X-2 intended to send its few officers to the north to meet up with these contacts, who were expected to be able to facilitate the "raccolta"(collection) of enemy agents and archives.⁶¹

Despite the assistance of the Italian SIS, Plan IVY did not live up to its promise. The credit instead went to the British and Italian military intelligence for capturing the heart of Borghese's organization.⁶² Plan IVY also incurred unexpected costs that would only have been warranted had there been more operational successes. Because IVY's network had not sufficiently coordinated its activity with the partisans in the north, some of its members were arrested and executed despite their work for the Allies.⁶³ One positive byproduct of IVY for X-2, however, was that Prince Borghese turned himself over to the OSS.⁶⁴ Until the Italian government forced his return for prosecution in the fall of 1945, he served as an X-2 source on the backgrounds of various members of the Italian military and diplomatic elite.⁶⁵

After the war, Angleton intensified his cultivation of the Italian Royal Navy. This took many forms. He offered the use of X-2 as a postal service to Agostino Calosi, whose brother had been taken to the United States to advise the U.S. Navy on building torpedoes.⁶⁶ When someone in the Italian SIS requested a copy of the American trade journal that happened to have an article on welding ships, Angleton cabled Washington to have it dug out of the Library of Congress.⁶⁷ Another way of currying favor was to sponsor a hard-earned vacation for a friendly naval contact. In the summer of 1945, X-2 sent the head of B Section, the cryptographic service of the Italian Royal Navy, and his wife to the south of Italy.⁶⁸

This minor investment seems to have paid off. By 1946 Angleton could report that as part of an exclusive arrangement with Section B, he had received a partial reconstruction of a Yugoslav cipher table and was likely to see solutions to messages sent by the Soviets to their field agents.⁶⁹

By 1946 Angleton had developed at least 10, and possibly as many as 14, informants in the SIS.⁷⁰ This network was inexpensive as it was productive. Angleton reported in the fall of 1945 that he did not pay for anything that he received from the Italian Intelligence Service. Simply by turning over some cigarettes or operational goods, he could gratify his opposite numbers without humiliating them. Angleton wrote in one of his general reports:

A few such items represent the equivalent of month's pay to an Italian Intelligence officer. In practice, \$500 worth of operational supplies has the operational value of \$50,000 worth of Lire or more. This method of payment is generally in use by other intelligence services.⁷¹

Angleton's superiors echoed his pride in the liaison system of X-2 Italy. When taking stock of all liaison relationships in 1946, the leadership of X-2 deemed Angleton's liaison with the Italian intelligence community, including the SIS, the "most spectacularly productive" of any maintained by the organization.⁷²

The SALTY case represented how liaison could be used to fill in gaps in ULTRA information. Another way was by means of penetration. Reading the enemy's mail, as typified by signals intelligence like ULTRA, was only one of the forms of penetration available to Angleton. In the handbook of an X-2 officer there were another four ways to penetrate a foreign service; first, by placing an agent within the foreign service; second, by exploiting captured agents; third, by capturing foreign intelligence documents; and finally, by capitalizing on security lapses by enemy representatives in neutral (third) countries.⁷³

Angleton's most productive penetration aside from ULTRA in the years 1944-46 involved an agent in place. As Angleton knew, the "agent in place," or mole, has distinct advantages as a means of

penetration. This kind of operation can potentially combine the virtues of access to high-level information and operational flexibility. Signals intelligence has the former, but it is also a static penetration. The agent in place, on the contrary, can direct his activities in conformity with the shifting priorities of the counterespionage service. Like signals intelligence, the last three kinds of penetration—captured documents, interned enemy personnel, the fortuitous security breach—lack the dynamism of the agent in place. While excellent sources, they can provide only snapshots of the foreign service. The double agent is the only form of penetration that can compete with the flexibility of the agent in place. But since, by definition, he or she is not an officer of the foreign service and operates only in the field, there is little chance of parlaying the agent's new loyalties into a high-level penetration.

Angleton expected that, like the other forms of penetration, the penetration agent could serve an important epistemological function. In practice, the responsibility of the X-2 officer to protect the integrity of the U.S. intelligence community meant checking the channels of information to headquarters to weed out deception or just bad intelligence. Angleton's term for this was "controlling information."⁷⁴ OSS field stations were beset with streams of information, of varying accuracy, from agents of uncertain credibility. Without a system of knowledge, a field officer found himself blindly picking and choosing among these details. There could be little certainty at the best of times for the analyst of current events, but for Angleton there was a way to reduce the possibility of error. If one could control another agent in the same office, or at least one likely to receive similar information, then the veracity of the first source's reports could be tested. The game of multiple penetration required patience and meticulousness—traits associated with Angleton's later hobbies of orchid-breeding and fly-fishing.

Angleton's prize agent in place realized the epistemological potential of his type. An SIS officer, he provided a check on the products of the important liaison with Italian naval intelligence. Angleton code-named him JK1/8, but for simplicity's sake, we shall refer to him as SAILOR.⁷⁵

The passionate debate over the future of the monarchy in Italy, which followed the defeat of Nazi Germany and the Fascist puppet state in northern Italy, undermined the unity of the Italian Royal Navy. Many in the navy, which Angleton himself described as “the stronghold of Monarchism,” opposed an Italian republic.⁷⁶ Angered by the militant monarchism of his superiors, a young republican in Carlo Resio’s intelligence section took matters into his own hands and offered a confidential liaison to Angleton. From the summer of 1945, this officer supplied X-2 with information that cut across the grain of what was received from official Italian Royal Navy sources.

SAILOR represented the ideological agent. Apparently, he was not paid for his information.⁷⁷ Nor is there evidence that SAILOR intended this connection with Angleton to advance his own career in intelligence. On the contrary, 8 months into his work as a penetration agent, SAILOR mused about resigning from the navy to join his brother in South Africa.⁷⁸ SAILOR’s reports betray an antimonarchist bias, reflecting a deep suspicion of his colleagues and concern for the future of the Italian republic.⁷⁹

In the year for which there is evidence of his work for X-2, SAILOR strengthened Angleton’s ability to monitor Italian efforts to rebuild an intelligence capability.⁸⁰ Notably, on three occasions, he revealed secret Italian intelligence activities and then maneuvered himself into a position from which he could act as X-2’s eyes and ears.

As his first operational contribution, SAILOR disclosed contacts between the Italian and the Soviet intelligence services after the Italian Armistice. At the start of his work for Angleton, SAILOR had offered to turn over the files on his meetings with his Soviet counterpart in Istanbul, Akim Nihailov.⁸¹ A few months later, this offer matured into a prospective penetration of the Soviet services. The Soviets attempted to reestablish contact with SAILOR in Rome in the fall of 1945. SAILOR informed X-2, which then monitored the relationship.⁸²

The second major disclosure attributable to this penetration came when SAILOR warned the Americans that anti-Communist Albanians had

approach the Italian Royal Navy for money and weapons to attempt the overthrow of Enver Hoxha’s regime. Angleton’s official contacts also reported this approach. Thus Angleton found himself being asked by both SAILOR and the Italian partners for guidance as to what the Italian response should be. In order to control this relationship between the SIS and the Albanian dissidents, Angleton risked disclosure of his own penetration by boldly recommending that SAILOR be the liaison between the two groups. SAILOR’s superiors agreed, and for nearly a year, X-2 was able to monitor these discussions through SAILOR.⁸³

Finally, SAILOR revealed an old secret to Angleton that he had learned while serving in the codes and ciphers section of Italian naval intelligence. He told the story of DURBAN, a mysterious source who had supplied British and French codes to the Italian in 1939 and 1940 through a cut out, or intermediary, known as Max Pradier. SAILOR recalled this case because in 1945 Max Pradier attempted to reestablish contact with the Italians, and SAILOR thought the United States might wish to participate.⁸⁴ When the Italians later decided to reactivate Pradier, SAILOR was well-positioned to report on the kinds of ciphers that Rome was requesting.⁸⁵

These operational gifts aside, SAILOR’s principal value lay in enabling James Angleton to master the important liaison with Resio (SALTY) and the rest of the SIS. SAILOR was in a position to reveal weaknesses in the service for Angleton to exploit. In January 1946, SAILOR told Angleton that the Italian Minister of the Navy had announced in a meeting with his chiefs of staff that the United States was “the only friend of CB-Land (Italy).”⁸⁶ As it was U.S. policy on the terms of a peace treaty with Italy that had occasioned this comment, Angleton reacted to this intelligence by requesting from Washington all speeches by U.S. Secretary of State James F. Byrnes and other significant U.S. foreign policymakers that highlighted the American predisposition to a soft peace. Intending to mount a serious campaign, Angleton asked to be forewarned by cable of any government speech seemingly favorable to Italy that he could use to convince the Italian intelligence services that “their loyal collaboration with our service works to better their dubious position at the peace table.”⁸⁷ Thinking past

the peace treaty, Angleton felt that this close liaison could be preserved if the Italians believed that the United States had done everything possible to limit reparations to be paid by Rome and to rescue the eastern province of Venezia Giulia, even if neither demand was met in the treaty.⁸⁸

Additionally, SAILOR improved the value of the X-2/SIS liaison by providing a filter through which Angleton could assess the quality of the information he was receiving from the Italian Royal Navy. Intelligence from SAILOR confirmed that the elite of the SIS was actively supporting the Italian monarchy.⁸⁹ This put Angleton on his guard in dealings with his naval informants. While many factors may have contributed to this caution, SAILOR's reports no doubt influenced Angleton's growing suspicion of the quality of political intelligence from the Italian Royal Navy. By the fall of 1945, Angleton's reports to headquarters began to reflect the reserve that Washington had earlier shown, without much cause, toward SALTY. Lumping the SIS with all other Italian intelligence services in a criticism of the political biases of the Italian intelligence community, Angleton cautioned his desk chief in Washington:

The services have used every event, incident to the Italian Revolution, as propaganda material to indicate Russia's subversive intentions of preventing the reestablishment of "law", "order", and democracy in Italy. At no time have the various items of intelligence (when submitted to the test) been proven to be other than consciously composed for the purposes of provocation.⁹⁰

SAILOR was a successful operation. But not all of Angleton's attempts at penetration produced positive results. Whereas SAILOR could be considered a complete penetration by Angleton, the notorious VESSEL case illustrated the problems associated with an incomplete penetration. This case pushed Angleton to the limits of his ability to meet his own high standards of counterespionage, with severe consequences for U.S. intelligence.

The rough outlines of the VESSEL case are well known to students of the OSS.⁹¹ In the fall of 1944, Col. Vincent Scamporino, the head of the Secret Intelligence Branch (SI) of the OSS in the

Mediterranean, began to receive reports from a man who purported to be in touch with an information service in the Vatican. The reports drew the interest of policymakers in Washington, among whom was President Franklin d. Roosevelt, who took the reports to be reproductions of actual Vatican documents. When the documents turned out to be fabrications, the OSS suffered some humiliation.

What is less well known is that this humiliation might have been avoided had bureaucratic politics not prevented James Angleton from assuming control of this operation from the start. Shortly after Scamporino had brought his first Vatican reports, James Angleton began to receive nearly identical reports from his own cut-out, or intermediary, Fillippo Setaccioli, alias DUSTY.

The source of all this Vatican information, both that received by Angleton through Setaccioli and what Scamporino was sending to Washington as VESSEL information, was a former journalist named Virgilio Scattolini, who directed the Social Center of Catholic Action in the Vatican.⁹² Scattolini had sold bogus Vatican information to various newspaper wire services before the war and with the liberation of Rome sought to reestablish this lucrative trade.⁹³

Shortly after his introduction to Setaccioli, Angleton learned that DUSTY was not Scattolini's sole middleman. When Angleton shared the first reports from Setaccioli with SI Italy, Scamporino revealed that his service had been receiving almost identical information from two other sources, one of which SI had code-named VESSEL.⁹⁴

Two considerations rendered the Scattolini case a matter of the highest importance to Angleton. First, if, as then appeared likely, the Vatican material was genuine, it represented a leakage of secrets about U.S. activities in the Vatican.⁹⁵ Scattolini had boasted to Setaccioli of being able to report on Myron Taylor, the U.S. representative to the Holy See. Second, the fact that Scattolini was not the only middleman complicated any attempt to control Scattolini and U.S. secrets.

Angleton believed that his case required at least limiting Scattolini's Vatican operation to one middleman, DUSTY, whom he believed he should control. Angleton had three good counterespionage reasons to want to restrict the information to one channel. The OSS could thus screen all of Scattolini's outgoing reports for information detrimental to Allied interests. With this channel under its control, X-2 would acquire the capability to uncover all of Scattolini's clients, most of whom were foreign intelligence officers in Rome. At some later date, X-2 could employ this channel to plant information on selected foreign intelligence services.⁹⁶

Scamporino rejected Angleton's plan.⁹⁷ The risk inherent in shifting from the middleman VESSEL to Angleton's middleman, Scattolini, made the plan seem inadvisable. The pressure on Scamporino not to fail was great. VESSEL's information gave the OSS the ear of President Roosevelt, who from January 1945 received reports that were entirely the raw intelligence "take" from this source in the Vatican.⁹⁸ The traditional rivalry with X-2—based on SI's ignorance of ULTRA and subsequent mistrust of X-2's aloofness—encouraged the conclusion, moreover, that Angleton's approach to handling the Vatican information was a veiled attempt to monopolize Scattolini.

As a consequence of Scamporino's decision to defer to DUSTY, from January 1945 until August 1945 the OSS paid two middlemen for the same information.⁹⁹ Had a doubling of OSS expenses on Vatican information been its only cost, this interbranch rivalry might have been excusable. The actual damage was much greater because the squabbling between the SI and X-2 prevented the OSS from controlling Scattolini directly. The preclusion of an inside check on the quality of the VESSEL material rendered even more difficult the already challenging task of evaluating information from the Vatican. Since the departure of the German intelligence bureaucracy from Rome and the internment of Germany's diplomatic corps in the Italian capital, ULTRA could provide very little to Scattolini's information. From the ease with which Scattolini's lies were accepted, one can conclude that the American intelligence community had few other sources on Vatican affairs.¹⁰⁰

Angleton tried unsuccessfully to "control" the Vatican information. At the time that he had suggested putting all of the Vatican middlemen out of business save one, Angleton had also advocated direct contact with Scattolini.¹⁰¹ Given Scattolini's Fascist past, Angleton was confident that the fabricator could be compelled to work for the U.S. government. Angleton never had the chance to test this proposition, however, because of SI's opposition to anything that might threaten the VESSEL operation. In the hope of overturning SI's veto, Angleton spent a good deal of time in February, March, and April 1945 fruitlessly arguing the case for turning Scattolini into a double agent. Finally, even fate conspired against Angleton. When it appeared that Gen. William J. Donovan, the Director of OSS, might agree at least to let X-2 place an American penetration officer in the Vatican to watch over Scattolini, President Roosevelt's unexpected death caused Donovan to cancel his trip to Rome, and the whole plan fell flat.¹⁰²

Fortunately for the U.S. government, Scattolini ultimately made a mistake that took the luster off his material. In mid-February, Scattolini, who apparently did not know the identities of all of his consumers, passed a report through VESSEL on a meeting between Myron Taylor and the Japanese representative at the Vatican, Harada Ken.¹⁰³ The State Department was astonished when it received this VESSEL report because Taylor had not reported this particular contact. When Taylor denied ever having met the Japanese representative, the VESSEL material finally fell under suspicion, and the OSS decided to curtail its distribution severely.¹⁰⁴ President Roosevelt, however, continued to receive VESSEL reports on the Far East, as did the other Washington consumers of this material.¹⁰⁵ For no apparent reason, it was thought that, though unreliable about European matters, VESSEL could be trusted when it came to Japan.

Neither Angleton nor X-2 bore direct responsibility for the fact that the President of the United States received a weekly diet of fabricated reports up to the closing down of SI's VESSEL operation in the summer of 1945. A counterintelligence service is ill-equipped to judge the merits of political intelligence. In short, X-2 could better evaluate the messenger than the message. Primarily at fault were analysts in the

OSS Research and Analysis Branch in Washington, whose access to more political information put them in the best position to discredit this material.

While the course of the VESSEL case validated his operational approach, Angleton should not retrospectively escape personal responsibility in the Scattolini case. Despite his admonitions to Scamporino, he shares SI's trust in the basic veracity of what Scattolini was selling. Only he can be blamed for the decision to continue disseminating Scattolini's material after VESSEL, the OSS middleman, was fired in the summer of 1945. Thereafter Setaccioli was the sole source of these so-called "Vatican cables to Angleton."¹⁰⁶ Instead of simply using them to detect foreign intelligence officers in Rome, Angleton held at the view that Scattolini's material was a valuable source of political intelligence. He gave the Vatican reports a high evaluation, shared them with the U.S. Embassy in Rome, and decided to leave Scattolini alone.¹⁰⁷ Why Angleton passed up his long-awaited chance to employ Scattolini as an U.S. agent, at least to bolster his confidence in the man's access to information, is unclear. As a result, a final reckoning for the Vatican material was delayed at least until 1946. Ultimately, a CIA postmortem on the case concluded that Scattolini's reports had contributed to "informing, misinforming and thoroughly confusing those individuals responsible for analyzing Vatican foreign policy during the period involved."¹⁰⁸

The counterespionage officer who emerged from the four preceding X-2 operations is at odds with the fabled James Jesus Angleton of the Mole-Hunt of the 1960s.¹⁰⁹ As evidenced by his treatment of information gained through liaison with SALTY and other Italians, Angleton did not view World War II has a hiatus in the struggle against international communism.¹¹⁰ In fact, at no time was the young second lieutenant transfixed by a single enemy, Communist or Fascist.¹¹¹ His instinctual reaction to DUSTY, it will be recalled, had been to control him in order to monitor all foreign intelligence activities in Italy.

Further evidence of Angleton's pragmatism was the healthy skepticism with which he treated his sources. Aware of the political context in which he was working, Angleton was sensitive to the twin needs of

collecting from sources of all political persuasions and correcting for their political biases. In October 1945, with the benefit of information from SAILOR, he regretfully remarked that the doctrine of military necessity had led to an almost exclusive set of intelligence-producing liaison relationships with the Italian military services, which represented the monarchist right wing of the Italian political spectrum.¹¹² Since it was likely that Italy would become a republic with the center-left inheriting power, Angleton articulated his worry that X-2 faced being shut out of important Italian information.¹¹³

The success or failure of a counterespionage unit is not a simple determination. One ought to resist the tendency to award laurels to Angleton and X-2, for example, simply because the OSS and the rest of the U.S. government escaped serious Fascist penetration.¹¹⁴ After all, the avoidance of penetration may be more the reflection of the weakness of the opponent's intelligence service, or more appropriately in wartime, it may likely be the consequence of one side's military prowess. Nevertheless, standards of competence can be set. If they are exceeded, then the service or the individual counterespionage officer can be said to have been truly exceptional.

In his use of ULTRA material and other products of liaison and penetration operations, Angleton demonstrated a firm grasp of the principles of effective counterespionage. He knew both how to make use of the intelligence that he had and how to develop new sources. Throughout, his objective was to extend his coverage of foreign activities likely to affect U.S. interests. This implied an exacting definition of counterespionage, which obliged the field officer to monitor all foreign intelligence-gathering in strategic areas and to control every possible channel through which an adversary might acquire American secrets.

This sureness of touch also had its negative side. It nourished a self-confidence that occasionally led Angleton astray. The VESSEL debacle showed that Angleton could relax his principles if he became personally involved in a case. Once Scamporino and the rest of SI had lost their claim to the Vatican material, Angleton backed away from his previous bureaucratic

position of stringent checks on Scattolini and ran the operation through the man whom he believed, Setaccioli (DUSTY). Perhaps, too, some arrogance contributed to his decision not to secure the coordination of the IVY plan with the Parisians in the spring of 1945.

Angleton's mistakes in Italy, however, did not diminish his role as exemplar in the development of counterespionage as an American profession. As demonstrated through his operations with X-2 in Italy, Angleton's concept of total counterespionage discouraged the myopia that can lead intelligence services astray. His approach to counterespionage neither necessitated a principal enemy nor was biased politically to expect a great threat from any particular country. Grounded in empirical evidence and historical memory, the world according to Angleton was flexible, open-ended. Though not looking for threats, Angleton as a young man was in a position to perceive them whenever and wherever they arose.

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CHAPTER 4

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VENONA

Introduction

In 1943 the Army Signal Intelligence Service, the forerunner to the National Security Agency (NSA), started a project codenamed “VENONA,” which concentrated on cracking the Soviet Diplomatic code. Ultimately, after a series of cryptographic breakthroughs over a period of several years, a number of KGB espionage messages were broken, read, and discovered to reveal details of widespread KGB-inspired espionage efforts, including those of the atomic bomb spies.

The counterintelligence payoff from VENONA was significant. It was instrumental in providing the FBI with investigative leads that contributed to the identification of the Rosenberg atomic espionage ring and a number of other agents spying on the atomic bomb program.

In a ceremony at CIA headquarters in Langley, Virginia, on 11 July 1995, Director of Central Intelligence John M. Deutch announced the release of the VENONA translations of the encrypted Soviet diplomatic communications. In October 1996 a conference on VENONA, cosponsored by CIA, NSA, and the Center for Democracy was held in Washington, D.C. For the conference, CIA and NSA collaborated on producing a publication, called *VENONA, Soviet Espionage and The American Response, 1939-1957*, as a handbook for scholars interested in VENONA. Anyone interested in this chapter of American counterintelligence should also use the VENONA volume as well as look at the 2,900 Soviet messages on the Internet.

Short History of VENONA

On 1 February 1943, the US Army's Signal Intelligence Service, a forerunner of the National Service Agency, began a small, very secret program, later codenamed VENONA. The object of the VENONA program was to examine, and possibly exploit, encrypted Soviet diplomatic communications. These messages had been accumulated by the Signal Intelligence Service (later renamed the US Army Signal Security Agency and commonly called "Arlington Hall" after the Virginia location of its headquarters) since 1939 but had not been studied previously. Miss Gene Grabeel, a young Signal Intelligence Service employee who had been a school teacher only weeks earlier, started the project.

The accumulated message traffic comprised an unsorted collection of thousands of Soviet diplomatic telegrams that had been sent from Moscow to certain of its diplomatic missions and from those missions to Moscow. During the first months of the project, Arlington Hall analysts sorted the traffic by diplomatic missions and by cryptographic system or subscriber.

Initial analysis indicated that five cryptographic systems, later determined to be employed by different subscribers, were in use between Moscow and a number of Soviet overseas missions. It also became apparent that one system involved trade matters, especially Lend-Lease. The other four systems appeared to involve the Soviet Foreign Ministry in Moscow in communication with its missions abroad.

Further analysis showed that each one of the five systems was used exclusively by one of the following subscribers (listed in descending order according to the volume of message traffic, which had been collected):

1. Trade representatives—Lend-Lease, AMTORG, and the Soviet Government Purchasing Commission.
2. Diplomats—That is members of the diplomatic corps in the conduct of legitimate Soviet Embassy and consular business.

3. KGB—the Soviet espionage agency, headquarters in Moscow and Residencies (stations) abroad.

4. GRU—the Soviet Army General Staff Intelligence Directorate and attaches abroad.

5. GRU—Naval-Soviet Naval Intelligence Staff.

The VENONA Breakthroughs

From the very beginning in February 1943, the analysis of the traffic proved slow and difficult. Then in October 1943, Lt. Richard Hallock, a Signal Corps reserve officer who had been a peacetime archaeologist at the University of Chicago, discovered a weakness in the cryptographic system of the Soviet trade traffic. This discovery provided a tool for further analytic progress on the other four cryptographic systems.

During 1944, the skills of other expert cryptanalysts were brought to bear on this Soviet message traffic to see if any of the encryption systems of the messages could be broken. One of these cryptanalysts, Cecil Phillips, made observations, which led to a fundamental break into the cipher system used by the KGB, although he did not know at the time who used the system. The messages were double-encrypted and of enormous difficulty. In spite of Arlington Hall's extraordinary cryptanalytic breakthroughs, it was to take almost two more years before parts of any of these KGB messages could be read or even be recognized as KGB rather than standard diplomatic communications.

Three closely spaced counterintelligence events occurred in 1945 that VENONA decrypts were able to amplify. First, the FBI carefully questioned Whittaker Chambers, whose earlier efforts to disclose details about Soviet espionage in the United States in the 1930s had gone unheeded. Second, Igor Gouzenko, a GRU code clerk, defected in Ottawa. Third, in late 1945 Elizabeth Bentley, a veteran KGB courier and auxiliary agent handler, went to the FBI and named names. While Gouzenko's revelations were important to Allied counterintelligence efforts,

they had no bearing on the VENONA breakthroughs. Strong cryptographic systems like those in the VENONA family of systems do not fall easily.

The VENONA decrypts were, however, to show the accuracy of Chambers' and Bentley's disclosures.

In the summer of 1946, Meredith Gardener, an Arlington Hall analyst, began to read portions of KGB messages that had been sent between the KGB Residency in New York and Moscow Center. On 31 July 1946, he extracted a phrase from a KGB New York message that had been sent to Moscow on 10 August 1944. This message, on later analysis, proved to be a discussion of clandestine KGB activity in Latin America. On 13 December, Gardner was able to read a KGB message that discussed the US presidential election campaign of 1944. A week later, on 20 December 1946, he broke into another KGB message that had been sent to Moscow Center two years earlier which contained a list of names of the leading scientists working on the Manhattan Project—the atomic bomb!

In late April or early May 1947, Gardner was able to read two KGB messages sent in December 1944 that show that someone inside the War Department General Staff was providing highly classified information to the Soviets.

US Army intelligence, G-2, became alarmed at the information that was coming out of Arlington Hall. An Arlington Hall report on 22 July 1947 showed that the Soviet message traffic contained dozens, probably hundreds, of covernames, many of KGB agents, including ANTENNA and LIBERAL (later identified as Julius Rosenberg). One message mentioned that LIBERAL's wife was named "Ethel."

Gen. Carter W. Clarke, the assistant G-2, called the FBI liaison officer to G-2 and told him that the Army had begun to break into Soviet intelligence service traffic and that the traffic indicated a massive Soviet espionage effort in the United States.

In October 1948, FBI special agent Robert Lamphere joined the VENONA Project full-time as the FBI's liaison and case controller for the VENONA espionage material. Also, by 1948 the British joined

the VENONA effort, in particular, their signal intelligence service assigned full-time analysts to Arlington Hall. There was excellent cooperation between the two US agencies and the UK over the many years of VENONA, in large measure a result of the early efforts of Robert Lamphere and Meredith Gardner.

Covernames in VENONA

The VENONA messages are filled with hundreds of covernames (designations used in place of the real names to hide identities of Soviet intelligence officers and agents—that is, spies or cooperating sources—as well as organizations, people, or places discussed in the encrypted messages). A number of public figures were also designated by covernames, while others in that category appear in the text of the messages by their names. The following are examples of covernames recovered from the VENONA corpus:

<u>Covername</u>	<u>True Name</u>
KAPITAN	President Roosevelt
ANTENNA, (later LIBERAL)	Julius Rosenberg
BABYLON	San Francisco
ARSENAL	U.S. War Department
THE BANK	U.S. Department of State
ENORMOZ	Manhattan Project/A-bomb
ANTON	Leonid Kvasnikov, KGB

Arlington Hall and the FBI studied the covernames for leads to identities, grouping them into families of covernames. Some covernames came from mythology, some were Russian given names, and other were names of fish, etc. KAPITAN was easily identified from the context as a good covername for President Roosevelt, but his covername was, nevertheless, outranked by those of persons of lower station, including KGB operatives covernamed PRINCE, DUKE, and GOD. Other KGB assets were just plain BOB, TOM, and JOHN, while Elizabeth Bentley had the covername GOOD GIRL. Very rarely, the KGB was careless in choosing a covername. For example, the covername FROST was used for KGB agent Boris Moros. The Russian word for "frost" is Moroz."

The VENONA Translations

There were about 2,200 VENONA messages translated. The VENONA translations released to the public often show an unexpectedly recent date of translation because the breaking of strong cryptographic systems is an iterative process requiring trial and error and reapplication of new discoveries leading to additional ones. Consequently, a message may have been reworked many times over the years as new discoveries enabled progress in the decryption and understanding of more and more of the text. Partial information was available from many messages as early as 1947 and later that year was provided to the FBI. Almost all of the KGB messages between Moscow and New York and Moscow and Washington of 1944 and 1945 that could be broken at all were broken, to a greater or lesser degree, between 1947 and 1952.

There are still unreadable gaps in the translated messages. These are indicated as a number of code groups “unrecovered” or “unrecoverable.” This means that the cryptanalysts were unable to break those portions of the messages.

Success Rate

The serial number of the VENONA messages indicate that the KGB and GRU sent thousands of messages between Moscow and the overseas recipients. Only a fraction of the total messages sent and received were available to the cryptanalysts. The messages, which have been exploited were never exploited in real time. In 1946, Meredith Gardner was working on KGB messages of 1944.

Arlington Hall’s ability to read the VENONA messages was spotty, being a function of the underlying code, key changes, and the lack of volume.



Gen. Carter W. Clarke

Of the message traffic from the KGB New York office to Moscow, 49 percent of the 1944 messages and 15 percent of the 1943 messages were readable, but this was true of only 1.8 percent of the 1942 messages. For the 1945 KGB Washington office to Moscow messages, only 1.5 percent was readable. About 50 percent of the 1943 GRU-Naval Washington to Moscow messages were read, but none from any other year.

VENONA Myths and Misunderstandings

In spite of what has been written in a number of books and articles, Arlington Hall made the VENONA breakthroughs purely through sweat-of-the-brow analysis. There was no cryptanalytic assistance for Lt. Richard Hallock, Cecil Phillips, or Meredith Gardner and their colleagues from lost, discovered, or battlefield-recovered Soviet codebooks during the years in which the main analytic breakthroughs were made. It was not until 1953 that a photocopy of a partially burned codebook (recovered by US Military Intelligence in 1945) was discovered to be related to the VENONA cryptographic systems after another cryptanalytic breakthrough. The successful decryption of the VENONA messages was a triumph of analysis by a small group of intelligent and dedicated women and men working long hours in their cramped offices at Arlington Hall.

Messages from the KGB New York Residency to Moscow Center

Although KGB and GRU communications between New York and Moscow during 1939-1941 were in cryptographic systems that could not be broken, a comparison of the New York–Moscow KGB, and GRU message counts between these years indicates that, at least in the United States, the GRU may have been the more active Soviet intelligence agency up until that time. For example, in 1940, the NY GRU sent an estimated 992 messages to Moscow while the KGB sent only an estimated 335 messages. Furthermore, later translations of 1944 and 1945 messages show that a number of KGB espionage personalities had previously been GRU assets (or possibly COMINTERN agents under GRU control). In 1942 there were nearly 1,300 KGB New York–Moscow messages, but only 23 were successfully decrypted and translated. In 1943, however, there

were a little over 1,300 messages with over 200 decrypted and translated.

The COMINTERN and the Soviet Intelligence Services

The COMINTERN (Communist International) was a Soviet-controlled organization that conducted liaison with the national communist parties of various countries, including the United States, in order to further the cause of revolution. Moscow issued guidance, support, and orders to the parties through the apparatus of the COMINTERN. Nevertheless, Stalin publicly disbanded the COMINTERN in 1943. A Moscow message to all stations on 12 September 1943, message number 142, relating to this event is one of the most interesting and historically important messages in the enter corpus of VENONA translations. This message clearly discloses the KGB's connection to the COMINTERN and to the national Communist parties. The message details instructions for handling intelligence sources within the Communist Party after the disestablishment of the COMINTERN. The translation of the Moscow-Canberra message was the only message of those sent to all the Residencies that was successfully decrypted.

KGB Organization in the United States

During the VENONA period, the KGB had US Residencies in New York, Washington, and San Francisco—the latter residency was not established (or possibly reestablished) until December 1941. There was also a geographic Subresidency in Los Angeles.

The translations show that the KGB New York Residency operated under three official institutional cover arrangements—the Soviet Consulate, the trade



Robert Lamphere

mission (AMTORG/Soviet Government Purchasing Commission), and TASS, the Soviet news agency. Other KGB officers worked at various locations around the United States under Purchasing Commission cover, often as factory inspectors working on Lend-Lease matters.

During 1942, Gen. Vassili M. Zubilin (true name: Zarubin) was the KGB Resident (chief) in New York. Zubilin, known in VENONA by the covername MAXIM, signed many KGB telegrams. His wife, Elizabeth, was a KGB colonel who had the covername VARDO. There are indications that Zubilin/MAXIM was the senior KGB officer in the United States. For example, the KGB Residency in Washington did not send messages until late 1943 after Zubilin arrived there. Before that, New York sent the Washington espionage messages.

All KGB Residencies abroad came under the First Chief Directorate (Foreign Intelligence) of the Moscow Center. Lt. Gen. Pavel Fitin, covername VICTOR, ran the First Chief Directorate, and most VENONA messages from the Residencies are addressed to him.

Although most or all KGB officers in New York worked for the First Chief Directorate, their day-to-day operations were defined by what the KGB called a "Line." A Line worked against a specific target set or carried out some specialized function. A number of Lines are mentioned in the VENONA translations, and their specialization can be either identified or easily inferred. Some, not all, of these may be seen in the 1942-43 messages:

Line Target or Function

KhU Line: High-tech targets, including the Manhattan Project, jet engines, rocket engines, radar (Julius Rosenberg's group worked under this Line).

White Line: Probably worked against the White Russians.

Fifth Line: Security of the Soviet Merchant Fleet (probably connected to the Second Chief Directorate—internal counterintelligence—at Moscow Center).

Second Line: Watching nationalist or minority groups of interest to the Soviet state (for example, the Ukrainians).

Technical Line “A”: Special work such as document forgery.

Fellow Countryman Line: Liaison with the American Communist Party.

Line of Cover: The institutional or personal cover of the KGB officer.

Other organizations referenced in the VENONA materials include the Eighth Department at Moscow Center, which evaluated political intelligence; the special cipher office, which encrypted and decrypted the telegrams; the Center-KGB headquarters; and the “House” or “Big House,” which probably meant the COMINTERN headquarters in Moscow (although it sometimes appears to be used interchangeably for Moscow Center).

Telegrams sent by the KGB Residency in New York were usually signed by the Resident (MAXIM, LUKA, or MAJ) and were addressed to VIKTOR, head of the First Chief Directorate. Sometimes telegrams were signed with the covername ANTON, head of the KhU Line, since Moscow Center gave him special authority to do so in 1944. In special circumstances, telegrams were addressed to or received from PETROV, believed to have been L.P. Beria, head of the Soviet security apparatus; however, PETROV might also have been V.N. Merkulov, a principal deputy of Beria, who probably headed KGB operations from the latter part of 1943.

At least in the case of the New York Residency, we see what probably was the KGB in transition-trying to organize its espionage activities better while sorting out the impact of the dissolution of the COMINTERN. We also see considerable KGB interest in European and Latin American Communists, which presented opportunities for subversion, a classic COMINTERN methodology, rather than espionage. Nonetheless, the New York Residency had many espionage assets during this period and was aggressive, even reckless, and imaginative in trying to recruit or place people in sensitive positions.

The activities of a Soviet Illegal: MER/ALBERT (covername for KGB officer Iskak Akhmerov, who operated as a clothier) is seen in VENONA, which also provides some insight into Illegals used by Soviet intelligence. Although only the activities of Akhmerov and a GRU-naval operation involving an illegal are presented in some detail, there is a small number of other cases of illegals mentioned. An Illegal was usually a Soviet citizen, a KGB or GRU officer, who operated under an alias with no visible connection to official Soviet establishments. Illegals had no diplomatic immunity, usually entering the country illegally-hence the term.

The Washington KGB Residency

Except for its agents working against high-tech targets such as the atomic bomb project, the most important KGB sources were in Washington, D.C. Nonetheless, VENONA shows that the New York Residency apparently ran these Washington-based espionage nets. In late 1943 the Washington Residency began to run some of its agents but it was not until 1945 that they finally took charge of most of its agents. Vassili Zubilin, who was the KGB Resident in New York, moved to Washington during 1943 and became Resident. After his move, the Washington Residency began sending messages in increasing volume. When Zubilin was recalled to Moscow in 1944, Anatoliy Gromov, covername VADIM, replaced him in Washington. Gromov (actual last name Gorsky) was also a senior officer, in his late thirties, who had served for the preceding four years as the KGB Resident in London. American spymaster and courier for the KGB, Elizabeth Bentley, knew him only as “Al.”

New York Espionage Operations—The New KGB

In 1944, covername MAJ, believed to have been Stepan Apresyan, became the KGB Resident in New York. According to a complaint to Moscow Center by his co-Resident or subordinate, covername SERGEJ, MAJ was a young, inexperienced officer who had not previously been posted abroad. Apresyan was about 28 years old; he operated in New York under the cover of vice consul. While we do not know why MAJ was elevated early to senior KGB rank, there were other major changes in KGB espionage operations.

Moscow Center and the New York Residency intended to take a more direct control of some existing espionage nets that had been run for the KGB by American Communists such as Jacob Golos (covername ZVUK) and Greg Silverman (covernames PEL and ROBERT). And, as MAJ reported to Moscow, the time might come when the KGB would need to have espionage nets not recruited from within the Communist Party.

All of this relates to the dissolution of the COMNINTERN. The transition was resisted by American spies, Greg Silverman and Elizabeth Bentley, as well as by some of their agents. They complained that Moscow did not trust them and that, as a practical matter, the KGB would be less successful in running espionage operations if they put their officers in direct contact with the agents, bypassing the old guard Communist Party controllers. Perhaps mindful of this, the KGB introduced the Illegal Albert into their espionage operations. Silvermaster, Elizabeth Bentley, some of their individual agents, and members of the “new network” were now to fall under Albert’s control.

KGB Operations

Information in the VENONA materials reveals KGB tradecraft (that is, the practical means and methods of espionage and counterespionage) of the time in great detail. Most VENONA messages concern operational/tradecraft matters. The sheer volume of data collected by KGB stations abroad was too great to be reported by telegram; instead the VENONA messages indicated that photocopies of classified documents went to Moscow by courier. In one translation, KGB in New York informed Moscow that it had 56 rolls of film from their agent, covernamed ROBERT, and that this trove of classified material was to be sent off by courier to Moscow Center.

Information in VENONA translations describes the KGB’s modus operandi in arranging meetings with their agents, with much attention given to the security of these secret meetings. Other messages describe KGB countermeasures against FBI—counter-surveillance, detection of bugging devices, and ensuring the loyalty of Soviet personnel in the United States. A particularly fascinating set of VENONA

messages describes the KGB’s efforts to locate Soviet sailors who had deserted from merchant ships in San Francisco and other US ports. Some of the most interesting messages detail KGB assessment and recruitment of American Communists for espionage work.

KGB and GRU Spies and Assets in the United States

Over 200 named or covernamed persons found in the VENONA translations, persons then present in the United States, are claimed by the KGB and the GRU in their messages as their clandestine assets or contacts. Many of these persons have been identified, many have not been. These approximately 200 persons are separate from the many KGB and GRU officers who also appear in VENONA. One such asset, ROBERT, is found in VENONA translations several dozen times. Other covernamed persons were found only few times. The majority of unidentified covernames in the New York KGB traffic appear three or less times

KGB Espionage Against the VENONA Program

A number of sources outside of signals intelligence reveal that the KGB learned early on that the United States had begun to study Soviet communications. In late 1945, KGB agent Elizabeth Bentley told the FBI that the KGB had acquired some limited information about the US effort during 1944. Kim Philby, while assigned to Washington, D.C., 1949-1951, occasionally visited Arlington Hall for discussions about VENONA; furthermore, he regularly received copies of summaries of VENONA translations as part of his official duties. Although the Soviets knew what Arlington Hall was accomplishing, they could not, at any rate, get the message back.

The Rosenberg/Atomic Bomb Espionage Messages

All but two of the 49 VENONA translations, that have been identified as associated with atomic bomb espionage messages, are KGB traffic; one is a GRU and one a Soviet diplomatic messages.

These messages disclose some of the clandestine activities of Julius and Ethel Rosenberg, Harry Gold,

Klaus Fuchs, David and Ruth Greenglass, and others. The role played by the person covernamed PERS associated with the atomic bomb espionage remains unidentified to this day.

VENONA messages show that KGB officer Leonid Kvasnikov, covername ANTON, headed atomic bomb espionage in the United States, but that he, like the Rosenbergs who came under his control, had many other high-tech espionage targets such as the US jet aircraft program, developments in radar and rockets, etc. As with most VENONA messages, the Rosenberg messages contain much information relating to KGB net control and tradecraft matters.

Elizabeth Bentley



In 1945, Elizabeth Bentley, a KGB agent who also ran a network of spies and served as courier, went to the FBI to describe Soviet espionage in the United States and her part in it. She gave a 100-page statement, in which she provided many names—persons in positions of trust who, she told the FBI, were secretly supplying information to the KGB. However, she brought no documentary proof. No espionage prosecutions resulted directly from her accusations. Over the years she testified before Congress and in court and also published a book about her espionage career. Elizabeth Bentley was a controversial figure, and there were many who discounted her information. Ms. Bentley appears in the VENONA translations (covernames UMNITSA, GOOD GIRL, and MYRNA) as do dozens of KGB agents and officers whom she named to the FBI. VENONA confirms much of the information about Soviet espionage that Ms. Bentley provided the FBI.

Boris Morros

Boris Morros was, like Ms. Bentley, another controversial figure of the Cold War. In 1959 he wrote an often criticized book, *My Ten Years as a Counterspy*, in which he described his long association with the KGB and his decision to go to the FBI with the story of KGB operations in the United States. In the book he wrote about various personalities who are referred to in VENONA,

including Zubilin and Jack Soble. Morros appears in VENONA as covername FROST. In his book, Morros described how KGB agent Alfred Stern provided his own money to fund a musical company, managed by Morros, as a KGB front and a cover for international intelligence operations. This operation is confirmed in VENONA-Stern (covername LUI) is quoted as saying his “130,000 dollar investment is exhausted” but also that “I want to reaffirm my desire to be helpful. My resources are sufficient for any solid constructive purpose.”

Donald Maclean

Longtime KGB agent Donald Maclean, covername HOMER, a senior British diplomat posted to Washington during the 1940s, is found in several VENONA messages all sent during 1944. He was neutralized because of information from VENONA. Because only a small body of the Washington messages from a limited window were read, there is only a glimpse of Maclean’s involvement, but ample opportunity to see the type of important information he was providing to the Soviets.

HOMER is the English rendition of the Russian covername spelling GOMER. (The Cyrillic alphabet used in Russian has no letter representing the sound “h” of the Roman alphabet, and foreign words are regularly spelled with the Cyrillic equivalent of “g.”)

Meredith Gardner, Arlington Hall’s principal VENONA analyst in the early days, began to break HOMER messages as early as 1947/48, but the story did not come together immediately as the covername was variously represented in the messages as GOMMER (a KGB misspelling), GOMER, G., and “Material G.” Initially, it was not apparent that these were all references to the same person, particularly as both New York and Washington traffic was involved, and Gardner worked the NYC traffic first.

Perspective

The VENONA program concerned KGB and GRU messages that were available to Arlington Hall codebreakers. Most of the messages which were collected were not successfully decrypted, and, short of a release of the KGB and GRU archives from the period, we may never know more about the KGB and GRU activities represented in the VENONA corpus of messages.

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CI in World War II End Notes

1. This is a continuation of the article by S/A Wayne Goldstein, the first part appeared in Volume I.
2. Ray S. Cline, *Secrets, Spies and Scholars*, Washington, 1976, p. 9.
3. Lyman B. Kirkpatrick Jr., *The U.S. Intelligence Community; Foreign Policy and Domestic Activities*, New York, 1973, p. 9.
4. Harry Howe Ransom, *Central Intelligence and National Security*, Cambridge, 1959, pp. 106-108.
5. See Roger Daniels, *Concentration Camps USA; Japanese-Americans and World War II* (New York: Holt, Rinehart, and Winston, 1971); Stetson Conn., et al., *The United States Army in World War II: The Western Hemisphere: Guarding the United States and Its Outposts*: (1964).
6. Cited in memorandum from J. Edgar Hoover to the Attorney General, 10/16/40.
7. Memorandum from Stimson to the Attorney General, 8/26/40.
8. It is not clear whether Hoover may have had in mind the secret arrangements with British intelligence established at that time at President Roosevelt's instructions. These arrangements have recently been made public in a book based on previously classified British records. (William Stevenson, *A Man Called Intrepid* (New York: Harcourt Brace Jovanovich, 1976).
9. Memorandum from Hoover to L. M. C. Smith, Chief Neutrality Laws Unit, 11/28/40.
10. Memorandum from M. F. McGuire, Assistant to the Attorney General, to Hoover and L. M. C. Smith, 4/21/41.
11. Memorandum from McGuire to Hoover, 4/17/41.
12. Memorandum from McGuire to Hoover, 4/17/41.
13. Memorandum from McGuire to Hoover, and L. M. C. Smith, 4/21/41.
14. Memorandum from Hoover to Field Offices, 4/30/41.
15. Memorandum from Ladd to the Director, 2/27/46.
16. Annual Report of the Attorney General for Fiscal Year 1942, p. 209.
17. Annual Report of the Attorney General for Fiscal Year 1944, pp. 17, 234-247. From 1940 to 1943, a National Defense Section on the Criminal Division had supervised espionage and Selective Service prosecutions. It was renamed the Internal Security Section in 1943.
18. Memorandum from Attorney General Biddle to Assistant Attorney General Cox and Hoover, Director, FBI, 7/6/43.
19. Director Hoover interpreted the Attorney General's order as applying only to the list maintained by the Justice Department's special unit. (Memorandum from Hoover to FBI Field Offices, Re: Dangerousness Classification, 8/14/43.
20. Memorandum from Hoover to FBI Field Offices, Re: Dangerousness Classification, 8/14/43.
21. Bureau Bulletin No. 55, Series 1945, 9/12/45.
22. In early 1946 there were 10,763 Security Index cards on "communists and members of the Nationalist Party of Puerto Rico." (Memorandum from D. M. Ladd to the Director, re: *Investigations of Communists*, 2/27/46.
23. Memorandum from Ladd to the Director, 8/30/45.
24. Bureau Bulletin No. 55, Series 1945, 9/12/45.
25. Although censorship is often regarded as being solely a counterintelligence step, it also constitutes a fruitful source of information in connection with intelligence production. For example, see: H.R. Rept. 1229, 82nd Cong., 2nd sess., *The Shameful Years*, 30 Dec. 1951, p. 50. Described therein is an Office of Censorship intercept of ciphered messages written in invisible ink on letters between Mexico City and New York City concerning a conspiracy to free Trotsky's assassin from prison.

26. See: Letter, TAG, 6 June 1941, AG 324.71 (2-25-41). RA-A, sub: Assignment of Potentially Subversive Personnel.
27. Letter, TAG to all CG's, AG 230 (6-18-41) MC-B-M, 24 June 1941, sub: Control of Subversive Civil Service Personnel. DRB, TAG.
28. Letter, G-2 WDGS to all G-2's Corps Areas and Departments, 25 June 1941, MID 200.3, 25 June 1941 (28 May 1941). ACSI Rec Sec.
29. Annex to Organizational Chart, General Staff (G-2), 5 December 1941, MID 321.19 G-2. ACSI Rec Sec. Chief of the CI Branch in MID on 7 December 1941 was Lt. Col. (later Brig. Gen.) John T. Bissell. Censorship planning at that time was still being conducted by a small Information Control Branch under Maj. (later Maj. Gen.) W. Preston Corderman.
30. Letter Hoover to General Lee, 1 February 1942, MID 310.11 (5 August 1941). ACSI Rec Sec. The JAG seems to have agreed in general with Hoover's interpretation of this complicated subject, except for a belief that the FBI chief should formally direct his Honolulu office to continue performing its usual duties under the designated Military Governor. See: Directive, G-2 WD to G-2's all Corps Areas and Departments and PMG, 19 February 1942, MID 310.11 (5 August 1941). ACSI Rec Sec.
31. Letter, G-2 WDC to Chief CI Branch, MID, 10 January 1942, MID 323.3, 10 January 1942 (20 December 1941). ACSI Rec Sec.
32. Agreement for Coordination of the FBI, ONI, and MID, 9 February 1942, MID 310.11 (5 August 1941). ACSI Rec Sec.
33. *Ibid.* Note that the FBI reserved primary investigative responsibility for the more populous regions of Alaska and MID was not given any specific mission in respect to uncovering Japanese espionage, counter espionage, subversion or sabotage. This latter function, long a bone of contention between ONI and FBI, was now accepted as being a joint responsibility for these two agencies to share.
34. *A Report on the Office of Censorship*, "United States Government History Reports on War Administration," Series I, Washington, 1945, pp. 3-4.
35. Issued 15 February 1940, this BFM prescribed military censorship procedures largely as utilized by the AEF during WWI. The AEF, in turn, had copied most of these same procedures from the British.
36. Executive Order 8985, 19 December 1941. Following the establishment of OWI in June 1942, the Director of OWI replaced the Directors of the Office of Government Reports and the Office of Facts and Figures on this policy board.
37. File of Documents, "Org of G-2 MIS," MID 321.10 G-2, undated (19 September 1918), tab CPI to G-2. ACSI Rec Sec. Hereafter cited as "MIS Documents."
38. Letter TAG to major commanders, 14 June 1942, AG 381 (6-12-42) MS-B-M, copy in; G-2 350.092, 14 June 1942 (f/w 6 November 1943). ACSI Rec Sec.
39. *Ibid.*
40. MIS Documents, tab CPI to G-2.
41. *Ibid.*, Memo, Chief CIG to Chief MIS, 2 June 1942.
42. *Ibid.*
43. Memo (Immediate Action), Bissell for Kroner, 30 July 1942, MID 321.19 G-2 CI, 30 July 1942 (24 January 1942). ACSI Rec Sec.
44. Letter, L. W. Hoelscher, Asst. Chief, Division of Administrative Management, Bureau of the Budget to Chief, MIS, 17 October 1942, reproduced in "MIS Study, CI Group," pt. II, MID 321.19 G-2 CI, 25 November 1942 (24 January 1942). ACSI Rec Sec. This survey was accomplished under the personal direction of George F. Schwarzwalder, Bureau of the Budget.
45. Memo, Bissell for Kroner, 26 November 1942, MID 321.19 G-2 CI, 26 November 1942 (24 January 1942). ACSI Rec Sec.
46. Memo, Deputy CofS for ACofS G-2 and PMG (thru CG, SOS), 26 November 1942, MID 321.19 G-2 CI, 26 November 1942, (24 January 1942). ACSI Rec Sec.
47. Memo, Strong for Deputy CofS, 30 November 1942, MID 321.19 G-2 CI, 30 November 1942 (24 January 1942). ACSI Rec Sec.
48. MID 321.19 G-2 CI, 2 December 19442 (24 January 1942). ACSI Rec Sec. In later reporting on the results

of this 26 November 1942 directive, Gen. Kroner estimated that it did achieve an initial economy of 8 officers and 59 civilians.

49. "Special Information Branch," MID 020. G-2 Spec Inf Br, pt. 1. ACSI Rec Sec. Many of these telephone conversations had to be monitored in a foreign language.
50. Memo, Chief Visa and Passport Branch to Chief Counterintelligence Group, MIS, 5 May 1942, MID 321.19 MIS CI, 5 May 1942 (24 January 1942). ACSI Rec Sec.
51. MIS Documents. Letter from Secretary of War to the Attorney General, 17 August 1942, tab Visa and Passport Branch. ACSI Rec Sec.
52. Memo, Exec to Personnel Sect., MIS, 21 August 1942, MID 321.19 MIS CI, 21 August 1942 (24 January 1942). ACSI Rec Sec.
53. MIS Documents, tab Visa and Passport Branch. ACSI Rec Sec.
54. *Ibid.*, tab CPI to G-2.
55. MIS Documents, tab Evaluation Branch, ACSI Rec Sec.
56. Headquarters AGF had organized a Military Intelligence Section but, in respect to military security, it remained mostly concerned with checking on unit counterintelligence training. See MID 020 AGF, 8 July 1942 (9 March 1942). DRB, TAG. On the other hand, Headquarters AAF formed a large Counterintelligence Division under the ACofS A-2, which became increasingly active in such operations as the war progressed. See: Chart, Training and Intelligence Organizations Army Air Forces, 30 November 1942, in Report of Intelligence Conference at Camp Richie, Md., undated, G-2 Sec AGF Files, and Memo, CofS Air Staff to CofS (Attn: ACofS), 28 March 1943, 350.09 CI, 28 March 1943 (14 Apr 1942). DRB, TAG.
57. Hist ASF, ch. II, pp. 1-3. The Security Control Group was mainly an inspection element for internal security purposes.
58. Col. Forney assumed charge of the Counterintelligence Group on 29 March 1943 but was formally designated to be Group Chief until 20 April 1943, the effective date of Col. Bissell's departure.
59. See MID 321.19, Wash Field Office, 8-25 June 1943 (8 June 1943) and Memo, 300.6, 7 July 1943,

Administration Memos 1943. ACSI Rec Sec.

60. Although the true subversive nature of the international Communist conspiracy had long been understood by the military intelligence authorities, it was not until 19 March 1943, that Communists were actually mentioned as such by name in official War Department instructions. See: File, Disposition of Subversive and Disaffected Military Personnel, Tab "D", G-2 000.24, December 1944 (f/w 16 December 1946). ACSI Rec Sec.
61. One of these special units was the 620th Eng Gen Serv Co, constituted at Ft. Meade, South Dakota, on 1 November 1942 but subsequently moved to Camp Hale, Colorado, which also served as an interment center for POW's. A disaffected member of this special Co named Dale Maple, of wealthy parents and a Harvard graduate, aided the successful escape of two German POW's from their nearby barracks and then joined them in fleeing to Mexico. Apprehended by the Mexican authorities and returned to U.S. control early in 1944, he was convicted of violating both the 58th and 81st Articles of War and sentenced to be hanged. Although his conviction was confirmed under Presidential review, the death sentence was commuted to life imprisonment. See: 201 Maple, Dale, cent Rec Off, Ft. Holabird, Md.
62. Letter TAG to major commanders, 19 May 1942, sub: Military Personnel Suspected of Disloyalty or Subversive Activity, AGO 014.311 (5-14-42) MC-B-M, copy in: CI File MID 200.3, 19 May 1942 (28 May 1941). ACSI Rec Sec.
63. Memo, Lansdale to Crist, 14 October 1942, MID 200.3, 14 October 1942 (28 May 1941). ACSI Rec Sec. Also being handled in this same manner were the commissions awarded at Aviation Cadet Schools and certain others directly approved by the Surgeon General for the Medical or Medical Administrative Corps.
64. Letter, G-2 to DI's all Service Commands and ACofS G-2 WDC and Fourth Army, 10 November 1942, MID 200.31, 10 November 1942 (28 May 1941). ACSI Rec Sec.
65. Memo, ACofS G-2 for ACofS G-3, 13 February 1943, sub: Disposition of Communists, Enlisted Men, MID 200.3, 13 February 1943 (28 May 1941). ACSI Rec Sec. By this time about 100 Communists had been disposed of under the segregation policy, while it was estimated that not more than another 150 would be so-classified in the future.

66. Memo, Bissell for Strong, 29 January 1943, MID 200.3, 29 January 1943 (28 May 1941), ACSI Rec Sec.
67. File, Disposition of Subversive and Disaffected Military Personnel, Tab D, copy of Letter, ACofS G-2 to D/I's and ACofS G-2's all major commands, G-2 000.24, December 1944 (f/w 16 December 1946). ACSI Rec Sec.
68. History of the Communist Question in the Army, initials L.R.F. (Col. Forney), undated 44, ACSI 000.244 (15 April 1943). ACSI Rec Sec.
69. Hearings before the Special Committee on Subversive Influences in the Army of the Committee on Military Affairs, H.R. 79th Cong., 1st sess., pursuant to H. Res 20, 18 July 1945, p. 7.
70. File, Communists in the Army, Tab A, copy of Memo for the Deputy Chief of Staff, signed Malin Craig, 12 August 1943, ACSI 000.244, undated March 1944 (15 April 1943). ACSI Rec Sec. Two of the three individuals involved in this particular refusal had served in Spain with the Abraham Lincoln Brigade.
71. Memo, IG to Deputy CofS, 6 November 1943, MID 350.092, 6 November 1943 (6 November 1943). DRB, TAG.
72. *Ibid.*
73. This distinct emphasis on CIC activities at the expense of other specified phases of the investigation did not escape notice by the CIC officials at that time. See: Comments on Chapters II and VIII, Part V, 10 October 1957, Lt. Col. Franklin E. Jordan, USAIB. Author's file.
74. Memo, IG to Deputy CofS, 6 November 1943, MID 350.092, 6 November 1943 (6 November 1943). DRB, TAG. The CIC Branch of MIS, which was actually functioning as a CIC Headquarters, had been transferred to Baltimore in February 1943.
75. *Ibid.* According to the then Chief of the CI Group, only an incomplete copy of the IG's report was forwarded to MID after its approval. With much of the body of the report missing, there was still enough data remaining to indicate that the IG may have held a serious misconception of the real state of affairs in regard to G-2 control over service command counterintelligence operations. See Specific Comments on Chapter II, attached to letter from Col. L.R. Forney, USA Ret. to Maj. Gen. R.W. Stephens, Chief Mil Hist, 14 October 1957. Author's file.
76. WD Cir 324, 14 December 1943. The indicated changes were to become effective on 1 January 1944.
77. See CIC School Text, WWII, pp. 7-8.
78. As actually implemented the entire CIC establishment at Fort Holabird, including an extensive training center and the preparatory CIC school in Chicago were eliminated.
79. Memo, IG to Deputy CofS, 6 November 1943, MID 350.092, 6 November 1943. DRB, TAG.
80. MID Memo No. 43-M, 3 June 1944. ACSI Rec Sec.
81. Hist MIS, War History of Source Control, Part III, p. 3. ACSI Rec Sec.
82. History of the Security Branch G-2, MID 314.7, undated (30 October 1942), pp. 1-2. ACSI Rec Sec.
83. *Ibid.*, pp. 2-7.
84. History MID, WWII, pp. 242-43.
85. *Ibid.*
86. *Ibid.*
87. Memo, ACofS G-2 for the Deputy CofS, 17 April 1944, G-2 000.244, 17 April 1944. ACSI Rec Sec.
88. Memo, Forney to Chief CI Div AAF, 27 April 1944, MID 200.3, 27 April 1944 and Memo for the Record, signed by L.R. Forney, 19 June 1944, G-2 000.244, 19 June 1944. ACSI Rec Sec.
89. Memo for the CofS, prepared during May 1944 for General Bissell's signature, G-2 000.244, 1 May 1944, Tab B. ACSI Rec Sec.
90. *Ibid.*, p. 2. This bow to expediency was occasioned mostly by the fact that a heated political campaign devoted to gaining an unprecedented fourth term for President Roosevelt was already in full swing.
91. Memo for the Record, signed by L.R. Forney, 19 June 1944, G-2 000.244, 19 June 1944. ACSI Rec Sec.
92. *Ibid.*
93. See Inter-Office Memo, Chief Policy Staff to ACofS G-2, 16 November 1944, MID 000.244, 16 November 1944. ACSI Rec Sec.

94. Memo, Bissell to McCloy, 23 November 1944, sub: Communism in the Army, MID 000.244, 23 November 1944. ACSI Rec Sec.
95. Memo, McCloy to ACofS G-2, 28 November 1944, MID 000.244, 28 November 1944. ACSI Rec Sec.
96. Memo, Bissell for McCloy, 5 December 1944, MID 000.244, 5 December 1944. ACSI Rec Sec.
97. Memo, McCloy for ACofS G-2, 23 December 1944, MID 000.244, 23 December 1944, in comparison with para 2b, Letter, AG 014.311 (28 December 1944) OB-S-B-M, 30 December 1944, to all major commanders, sub: Disposition of Subversive and Disaffected Military Personnel, copy in; CI File, G-2 200.3, 30 December 1944. ACSI Rec Sec.
98. H.R. Rpt. 839, 79th Cong., 1st sess., "Communist Activities Directed Toward United States Armed Forces," 29 June 1945, p. 2.
99. *Ibid.* and "History of the Communist Question in the Army," initialed L.R.F., ACSI 000.244, undated 44. ACSI Rec Sec.
100. Roosevelt to Jackson, 5/21/40. See Report on Warrantless FBI Electronic Surveillance.
101. Whitehead, *The FBI Story*, p. 225.
102. David Kahn, *The Codebreakers* (New York: Signet Books, 1973) (pb), pp. 11-16.
103. See Report on CIA and FBI Mail Opening; Memorandum From FBI to Select Committee, 9/23/75.
104. Sixth Corps Area, Emergency Plan—White, December 1936. AG No. 386, cited in *Military Surveillance*, Hearings before the Senate Subcommittee on Constitutional Rights, 93d Cong., 2d Sess. (1974), p. 174.
105. Hoover memorandum, enclosed with letter from Cummings to the President, 10/20/38.
106. Delimitation of Investigative Duties of the Federal Bureau of Investigation, the Office of Naval Intelligence, and the Military Intelligence Division, 2/9/42.
107. Memorandum from Colonel Churchill, Counter Intelligence Branch, MID, to E.A. Tamm, FBI, 5/16/39, and enclosure, "Subject: Essential Items of Domestic Intelligence Information."
108. Victor J. Johnson, "The Role of the Army in the Civilian Arena, 1920-1970." U.S. Army Intelligence Command Study (1971). The scope of wartime Army intelligence has been summarized as follows: "It reported on radical labor groups, communists, Nazi sympathizers, and 'semi-radical' groups concerned with civil liberties and pacifism. The latter, well intentioned but impractical groups as one corps area intelligence officer labeled them, were playing into the hands of the more extreme and realistic radical elements, G-2 still believed that it had a right to investigate 'semi-radicals' because they undermined adherence to the established order by propaganda through newspapers, periodicals, schools, and churches." (Joan M. Jensen, "Military Surveillance of Civilians, 1917-1967," in *Military Intelligence*, 1974 Hearings, pp. 174-175).
109. Whitehead, *The FBI Story*, pp. 266,456.
110. Downes, *The Scarlet Thread*, pp. 87-97, cited in Smith, OSS: *The Secret History of America's First Central Intelligence Agency*, p. 20.
111. Smith, *OSS*, P. 277.
112. *Ibid*, p. 21.
113. Whitehead, *The FBI Story*, pp. 277-278.
114. Smith, *OSS*, pp. 10-11.
115. Whitehead, *The FBI Story*, pp. 279-280; Smith, *OSS*, p. 366.
116. Memorandum from Ladd to Hoover, 2/27/46.
117. Personal and Confidential Memorandum from Hoover to the Attorney General, 3/8/46.
118. Memorandum from Ladd to Hoover, 2/27/46.
119. Executive Order 9835, 12 Fed. Reg. 1935, 3/21/47.
120. Executive Order 10450, 18 Fed. Reg. 2489 (1953).
121. *Report of the Royal Commission*, 6/27/46, pp. 82-83, 686-689. The report described how "a number of young Canadian, public servants and others who begin with a desire to advance causes which they consider worthy, have been inducted into joining study groups of the Communist Party. They are persuaded to keep this

adherence secret. They have then been led step by step along the ingenious psychological development course . . . until under the influence of sophisticated and unscrupulous leaders they have been persuaded to engage in illegal activities directed against the safety and interests of their own society.”

122. Eleanor Bontecou, *The Federal Loyalty-Security Program* (Ithaca: Cornell University Press, 1953), p. 22.
123. Memorandum from Hoover to Clark, 7/25/46 (Harry S. Truman Library.)
124. Minutes of the President’s Temporary Commission on Employee Loyalty, 1/17/46. (Harry S. Truman Library.)
125. Memorandum from Attorney General Clark to Mr. Vaneck, Chairman, President’s Temporary Commission on Employee Loyalty, 2/14/47. (Harry S. Truman Library.)
126. Memorandum from S. J. Spingarn to Mr. Foley, 1/19/47. (Harry S. Truman Library.)
127. Memorandum from the FBI Director to the President’s Temporary Commission, 1/3/47. (Harry S. Truman Library.)
128. President’s Commission on Civil Rights, *To Secure These Rights* (1947), p. 52.
129. Executive Order 9835, part I, section 2; cf. Executive Order 10450, section 8(a) (5).
130. In 1960, for instance, the Justice Department advised the FBI to continue investigating an organization not on the Attorney General’s list in order to secure “additional information . . . relative to the criteria” of the employee security order. (Memorandum from Assistant Attorney General Yeagley to Hoover, 5/17/60.)
131. Memorandum from Hoover to Attorney General Clark, Re: President’s Temporary Commission on Employee Loyalty, 1/29/47. (Harry S. Truman Library.)
132. Report of the President’s Temporary Commission on Employee Loyalty, 2/20/47, pp. 31-32.
133. Memorandum from Hoover to Attorney General Clark, 3/19/47. (Harry S. Truman Library.)
134. Memorandum from Hoover to Attorney General Clark, 3/31/47. (Harry S. Truman Library.)
135. Memorandum of George M. Eelsey, 5/2/47. (Harry S. Truman Library.)
136. Clifford advised, “Insomuch as ‘undercover’ and ‘infiltration’ tactics may become necessary, duplication will be costly and would jeopardize the success of both the FBI and Civil Service.” He added that the FBI “has a highly trained, efficiently organized corps of investigators. There are approximately 4,800 FBI agents now, 1,600 of whom are investigating Atomic Energy Commission employees. FBI expects to begin releasing these 1,600 shortly. . . . Civil Service, on the other hand, has few than 100 investigators, none of whom is especially trained in the techniques required in loyalty investigations. . . . It is precisely because of the dangers that I believe the FBI is a better agency than Civil Service to conduct loyalty investigations for new employees; the more highly trained, organized and administered an agency is, the higher should be its standards.” (Memorandum from Clark Clifford to the President, 5/7/47.) (Harry S. Truman Library.)
137. Memorandum from Clifford to the President, 5/8/47. Letter from President Truman to H. B. Mitchell, United States Civil Service Commission, 5/9/47. (Harry S. Truman Library.)
138. Memorandum from Hoover to Attorney General Clark, Re: Executive Order 9835, 5/12/47. (Harry S. Truman Library.)
139. Memorandum from Clifford to the President, 5/23/47. (Harry S. Truman Library.)
140. Bontecou, *The Federal Loyalty-Security Program*, pp. 33-34.
141. Memorandum from J. R. Steelman, Assistant to the President, to the Attorney General, 11/3/47.
142. FBI “name checks” are authorized as one of the “national agencies checks” required by Executive Order 10450, section 3(a).
143. FBI monograph, “The Menace of Communism in the United States Today” (1955), pp. iv-v; testimony of former FBI liaison with CIA, 9/22/75, P. 32.
144. The FBI official in charge of the Internal Security Section of the Intelligence Division in the fifties and early sixties testified that the primary purpose of FBI

investigations of Communist “infiltration” was to advise the Attorney General so that he could determine whether a group should go on the “Attorney General’s list,” and that investigations for this purpose continued after the Attorney General ceased adding names of groups to the list. (F. J. Baumgardner testimony, 10/8/75, pp. 48, 49.)

^{145.} Memoranda from the Attorney General to Heads of Departments and agencies, 4/29/53; 7/15/73; 9/28/53; 1/22/54.

^{146.} Executive Order 10450, section 8 (a) (5).

^{147.} The FBI’s field offices were supplied with such “thumbnail sketches” or characterizations to supplement the Attorney General’s list and the reports of the House Committee on Un-American Activities. e.g., SAC Letter No. 60-34, 7/12/60. (The SAC Letter is a formal regular communication from the FBI Director to all Bureau field offices.)

^{148.} FBI Statutory Charter, Senate Judiciary Committee, Subcommittee on Administrative Practice and Procedure, 95th Congress, Hearings June-September, 1978.

^{149.} This article was taken from the series, *United States Army in World War II, Special Studies, Manhattan: The Army and the Atomic Bomb*, written by Vincent C. Jones. Center of Military History, United States Army, Washington, D.C., 1985.

^{150.} Knowledge of the progress of the Germans, or the other Axis states, in atomic research and development was not based upon precise and accurate intelligence information, for such was not available to the Allies. Nevertheless, because the Allies lacked specific information to the contrary, they had to assume that at least Germany would make a serious attempt to develop atomic weapons. See Rpt to President, sub: Status of the tube Alloys Development, 9 Mar 42, Incl to Ltr, Bush to President, same date, HB Files, Fldr 58, MDR; DSM Chronology, 26 Sep 42, Se. 2(e), OROO; MDH, Bk.1, Vol. 14, “Intelligence & Security,” p. .1, DASA; Groves, *Now It Can Be Told*, 140-41; MPCrpt, 7 Aug 44, Incl to Memo, Groves to Chief of Staff, same date, OCG Files, Gen Corresp, MP Files, Fldr 25, Tab K, MDR.

^{151.} Stewart, *Organizing Scientific Research for War*; pp. 27-31 and 246-55.

^{152.} *Ibid.* pp. 246-47; Ltr Compton to Conant 8 Dec 42 Admir1 Files Gen Corresp, 319.1 (Rpts) MAR. Compton’s letter to Conant complained that the security-inspired policy of compartmentalization was delaying determination of the purify standards that must be met for the plutonium to be employed in an atomic weapon. This well illustrates the recurring conflict in the Manhattan Project between the demands of the program and the requirements of security.

^{153.} 5 MDH, Bk. 1, Vol. 14 p. 71 DASA, OCE Cir 1070, sub: Org for Protective Scty Svc in OCE Constr Div and in Office of Div and Area Engrs, 15 Jun 42, CE 025.1 CXP, Engrs Library, Fort Belvoir, Va.; Ms, Capt C. J. Bernardo, “Counterintelligence Corps History and Mission in World War II” (Fort Holabird, Baltimore, Md.: CIC School, n.d.) p. 4 and 13, NARS; Ms, Army Service Forces, Intelligence Division,” 4 vols. (Army Service Forces, ca. 1946), 1(2):13-14, 1(9):10-11, NARS; Groves, *Now It Can Be Told*, p. 138.

^{154.} An organization formerly called a corps area, serving as a field agency of the Army Service Forces in a specified area. Under the reorganization of the War Department on 9 Mar 42, there were nine geographical service commands throughout the United States, each providing services (including administrative, financial, legal, statistical, medical, welfare, etc., for Army elements), constructing facilities, furnishing fixed communication services, and procuring, storing, maintaining, and distributing supplies and equipment for Army use. See WD ‘I’M 20-205, Dictionary of United States Army Terms, 1944, p. 249.

^{155.} MDH, Bk. 1, vol. 14, p. 7.1-7.2, DASA; Groves, *Now It Can Be Told*, pp. 138-39; Marshall Diary, 20 July 42, OCG Files, Gen Corresp, Groves Files, Misc Tecs Sec, behind Fldr 5, MDR; Ltr. Lansdale to Col. R.W. Argo Jr. (Dep Chief of Mil Hist), 3 Jan 75, CMH.

^{156.} MDH, Bk. 1, Vol. 14, p 7.2, DASA; Groves, *Now It Can Be Told*, pp. 138-39.

^{157.} MDH, Bk. 1, Vol 14, pp. 7.2-7.4, DASA.

^{158.} Org Charts, U.S. Engrs Office, MD, 15 Aug and 1 Nov 43, Admin Files, Gen Corresp, 020 (MED-Org), MDR; Groves, *Now It Can Be Told*, p. 139.

159. Ms. ASF, "Hist Intel Div," I(9):10-11; Ms, Bernardo, "CIC Hist," pp. 14-15. Both in NARS. WD Cir 324 sub: Transfer of Ci Functions within the ZI, 14 dec 43. Memos, CG OIG (Maj Gen Virgil L. Peterson) to Dep Chief of Staff (Lt Gen Joeseeph T. McNarmey), sub: Intel Activities in Svc Cmds, 6 Nov 43, and Col O. L. Nelson (Asst to McNarney) to CG ASF and to ACS G-2, same sub, 25 Nov 43, reproduced in Monograph, Office of the Provost Marshal General, "The Loyalty Investigations Program," Tab 45, CM (see also pp. 52-58 for details on the elimination of unnecessary investigations). Millett, Army Services Forces, pp. 358-59. Ltr, strong to CG 4th Svc Cmc, sub: Personel on DSM Proj. 27 Dec 43, reproduced in MDH, Bk 1, Voll. 14, App. A2, DASA. *Ibid.*, Pp 7.5-7.7, DASA. WD Bur of Pub Rels, sub: Script for Radio Broadcasts, 12 Aug 45, Admin Files, Gen Corresp, 000.73 (Radio Broadcasts), MDR.
160. Ltr. Lansdale to Argo, 3 Jan 75, CMH, Testimony of Lansdale in Oppenheimer Hearing, pp. 259-60.
161. Org Carts, U.S. Enrs Office, MD, 15 Feb 44, MDR: MDH, Bk. 1, Vol. 14 pp.7.7-7.8, DASA; Memo Strong to G ASF, sub: CIC Detachment for MD, 18 Dec 43, reproduced in *Ibid.*, App. B3, DASA; Ltr, Col Donald E. Antes (Spec Insp for Fiscal Procedures) to Groves, sub: Investigation of Promotions, MD/NTEL Br, 13 July 45, Admin Files, General Corresp. 319.1 (Recs/ Nsp: Hanford, 1945-46), MDR.
162. MDH, Bk. 1, Vol.14, pp.7.2-7.13 and Aoo, A7 (Org Chart), DASA; Memo, Col Elmer E. Kirkpatrick, Jr. (Dep Dist Engr) to Groves, sub: Insp of Intel Div,Oak Ridge, 15 Dec 44, Admin Files, Gen Corresp, 319.1 (Insp of Intel Div), MDR.
163. Groves, Now It Can Be Told, pp141-42. See also MDH, Bk. 1, Vol. 14, pp.2.1-2.2, DASA.
164. Discussion of Oppenheimer security clearance based on Oppenheimer Hearing, especially testimony of Oppenheimer, Groves, Pash, and Bush; Memo, Groves to Secy War, sub: Loyalty Clearance of J.R. Oppenheimer, 24 Mar 47, Admin Files, Gen Corresp, 333.5 (Clearance Ltrs), MDR; Groves, Comments on Draft Ms "Now It Can Be Told," LRG; Interv, British writer Hailey with creoves, 13 Dec 57, LRG.
165. See Rpt, MID, sub: Investigations of Federation of Architects, Engineers, Chemists, and Technicians, Local 25,13 Aug 43, Incl to Memo, Groves to Bundy, 17 Aug 43, HB Files, Fldr 61, MDR.
166. Memo, Pash to Lansdale, sub: J.R. Oppenheimer, 29 Jun 43, reproduced in *Oppenheimer Hearing*, pp.821-22.
167. Memo, Groves to Secy War, sub: Loyalty Clearance of J. R. Oppenheimer, 24 Mar47, MDR.
168. Details on appointment of special agents and surveillance squads based on MDH, Bk. 1, Vol. 14, pp. 2.3-2.4, DASA; Ltr,Lansdale to Agro, 3 Jan 75, CMH; Groves, Now It Can Be Told, p. 139; MPC rpt, 21 Aug 43, OCG Files, Gen Corresp, MP Files, Fldr 25, Tab E, MDR. The section on Russian activities, which deals with espionage incidents at Berkeley, provides a good example of Grove's reports to the Top Policy Group on intelligence developments.
169. Ms, ASF, "Hist Intel Div," 1(7):8-10, NARS.
170. MPC Rpt, 21 Aug 43, MDR; MPC Min, 29 Dec 44, Exhibit F (summary of U.S.-based counterintelligence developments affecting the Manhattan Proj), OCG Files, Gen Corresp, MP Files,Flldr 23, Tab A, MDR; Rpt, sub: Summary [of] Russian Situation, Incl to Memo, Groves to Secy State James F.Byrnes, 13 May 45, OCG Files,Gen Corresp, MP Files, Fldr 12, Tab D, MDR.
171. In 1954, Oppenheimer testified before the AEC's Personnel Security Board, which was holding hearings to consider serious charges against the former director of the Los Alamos Laboratory that would lead ultimately to the withdrawl of his government security clearance. Oppenheimer admitted that he had fabricated the story about Chevalier's espionage activities; however, he never adequately explained why he had done so. Oppenheimer's testimony in 1954 and documents relating to it are in Oppenheimer Hearing, passim. For fuller accounts of the Oppenheimer case see Strauss, *Men and Decisions*, pp. 267-95, and Phillip M. Stern, *The Openheimer Case: Security on Trial* (New York: Harper and Row, 1969). For further details on espionage activities at the Radiation Laboratory and the Oppenheimer case see MPC Rpt, 4 Feb 44, OCG Files, Gen Corresp, MP Files, Fldr 25, Tab C, MDR; Mpt, sub: Summary [of] Russian Situation, Incl to Memo, Groves to Byrnes, 13 May 45, MDR; Interv, Author with Lt Col Peer de Silva (former CIC staff member, G-2, West Def Cmd, with special assistant to Rad Lab), 8Apr 75, CMH; Diary of Lt Col E.H. Mardsen (hereafter cited as Mardsen Diary), 20 July 43, OROO. Mardsen was the District's executive officer.

- ¹⁷² MPC Min, 10 May 44, MDR; MPC Rpt, 7 Aug 44, MDR; Rpt, sub: Summary [of] Russian Situation, Incl to Memo, Groves to Byrnes, 13 May 45, MDR.
- ¹⁷³ Rpt, sub: Summary [of] Russian Situation, Incl to Memo, Groes to Byrnes, 13 May 45, MDR.
- ¹⁷⁴ Postwar revelations of espionage activities at Los Alamos during World War II may be traced in Groves, *Now It Can Be Told*, pp. 143-45, and in Richard G. Hewlett and Francis Duncan, *Atomic Shield, 1947-1952, A History of the United States Atomic Energy Commission*, Vol. 2 (University Park, Pa.: Pennsylvania State University Press, 1969), pp. 312-14, 415, 472.
- ¹⁷⁵ MPC Rpt, 4 Feb 44, MDR.
- ¹⁷⁶ MDH, Bk. 1 Vol. 14, pp. 2.5-2.6, DASA. For a detailed discussion of typical measures undertaken to provide for the physical and personnel security of a specific project installation—in this instance, the gaseous diffusion project at Clinton—see MDH, Bk. 2, Vol. 1, “General Features,” pp. 6.2-6.3, Vol. 2 “Research,” pp. 9.2-9.4, Vol. 3, “Design,” pp. 16.2-16.6, Vol. 4, “Construction,” p. 4.2, and Vol. 5, “Operation,” pp. 9.2-9.10, DASA.
- ¹⁷⁷ Groves, *Now It Can Be Told*, pp. 104-05; MDH, Bk. 5, Vol. 3, “Design,” p. 4.6 and Vol. 5, “Construction,” pp. 3.0-3.11, DASA.
- ¹⁷⁸ Groves, *Now It Can Be Told*, 112-13; Completion Rpt, M. W. Kellogg Co. and Kellogg Corp., sub: K-25 Plant, Contract W-7405-eng-23, 31 Oct 45, p. 12 OROO.
- ¹⁷⁹ MPC Min, 24 Feb 45, MDR; Memo, Matthias to Groves, sub: 10 Mar 45 Power Outage, 29 Mar 45, Admin Files, Gen Corresp, 675, MDR; Matthias Diary, 25 Feb and 10-11 Mar 45, OROO.
- ¹⁸⁰ MDH, Bk. 1 Vol. 14, pp. 2, 10-2.11, DASA; Mardsen Diary, 20 Jul 43, OROO; Nichols, Comments on Draft Hist “Manhattan,” Incl to Ltr, Nichols to Chief of Mil Hist, 25 Mar 74, CMH; Compton, *Atomic Quest*, pp. 183-84.
- ¹⁸¹ AR 380-5, 28 Sep 42. The War Department issued a substantially revised version of AR 380-5 on 15 Mar 44, adding the category Top Secret to the previously existing categories Secret, Confidential, and Restricted.
- ¹⁸² *Ibid.*, Sec 1, Par. 9.
- ¹⁸³ Quotations from MD, Intel Bull 5, Safeguarding Mil Infr Regs, 27 Nov 43 (revised 1 Sep 44), Sec. 3, reproduced in MDH, Bk. 1, Vol. 14, App. B7, DASA.
- ¹⁸⁴ Groves, *Now It Can Be Told*, pp. 80 and 140; Gowing, *Britain and Atomic Energy*, p. 150; Talk, Groves to Women’s Patriotic Conf on Natl Def (25-27 Jan 46), sub: “The Atomic Bomb,” Admin Files, gen Corresp, 337 (Women’s Patriotic Conf on Nat’l Def), MDR; Memo, Marshall to Only Those Concerned, sub: DSM Proj-Clinton Engr Works, 18 May 43, OCG Files, Gen Corresp, MP Files, Fldr 28, Tab A, MDR; MDH, Bk. 1, Vol. 14, pp. 6.3-6.4, DASA.
- ¹⁸⁵ Memo, Grove to Compton and Oenheimer, sub: Interchange of Infor Between Chicago and Los Alamos, 17 Jun 43, Admin Files, Gen Corresp, 201 (Tolman), MDR.
- ¹⁸⁶ Excerpts from Szilard’s statements before Senate Special Committee on Atomic Energy given in memo, Nichols to Groves, 12 Jan 46, Admin Files, Gen Corresp, 201 (Szilard), MDR.
- ¹⁸⁷ Memo for File, William S. Shurcliff, sub: Transcript of Notes Taken on 8-11 Oct 44 trip to Chicago, 14 Oct 44, Admin Files, Gen Corresp, 001 (mtgs), MDR. Shurcliff, a liaison official with the OSRD, talked to Szilard about security measures and recorded his comments in this memorandum.
- ¹⁸⁸ Ltr, Condon to Oppenheimer, 26 Apr 43, Investigation Files, Gen Corresp, Personnel Scty Investigations (Condon), MDR.
- ¹⁸⁹ Ltr, Compton to Conant, 8 Dec 42, Admin Files, Gen Corresp, 719.1, MDR.
- ¹⁹⁰ Ltr, Tolman to Groves, 11 Jun 43, Admin Files, Gen Corresp, 00.71 (Releasing Info), MDR. See also Ltr, Teller to Urey, Incl to Memo, Nichols to Groves, 11 Aug 43, and Ltr, Oppenheimer to Groves, sub: Liason With Site X, 4 Oct 43, Admin Files, Gen Corresp, 001, MDR.
- ¹⁹¹ Gowing, *Britain and Atomic Energy*, pp. 150-51. See Ch. X.
- ¹⁹² As quoted by Alice Kimball Smith in *A Peril and a Hope: The Scientists’ Movement and America, 1945-47* (Chicago; University of Chicago Press, 1965), p. 95.

- ^{193.} Groves, *Now It Can Be Told*, p. 140.
- ^{194.} *Ibid.* (source of first quotation), p. 360; MD, Intel Bull 5, Safeguarding Mil Info Regs (source of second quotation), 27 Nov 43 (revised 1 Sep 44), Sec. 3, DASA.
- ^{195.} MDH, Bk. 1, Vol. 4, "Auxiliary Activities," Ch. 1, pp. 2.4-2.5, DASA. Groves, *Now It Can Be Told*, pp. 360-62; Stimson Diary, 14-15 Feb 44, HLS.
- ^{196.} Memo, Bush to Bundy, 24 Feb 44, OCG Files, Gen corresp, MP Files, Fldr14, Tab A, MDR; Stimson Diary, 18 Feb 44, HLS.
- ^{197.} Stimson Diary (source of quotation), 10 Jun 44, HLS; Memo for File, Bus, 10 Jun 44, OCG Files, Gen Corresp, MP Files, Fldr 14, tab A, MDR; MDH, Bk. 1, Vol. 4, Ch.1, pp.2.8-2.11, DASA.
- ^{198.} Stimson Diary, 26 (source of quoted words) and 28 Feb 45, HLS; Groves, *Now It Can Be Told*, p.363; MDH, Bk.1, Vol. 4, Ch 1 pp. 2.5-2.6, DASA.
- ^{199.} Stimson Diary, 31 Mar 45, HLS.
- ^{200.} *Ibid.*, 15 Mar, 2, 6-11, and 25 Apr, 4 and 30 May 45, HLS. Groves Diary, 22-24 May 45, LRG. Notes on Trip to Knoxville, Tenn., 10 Apr 45, Incl to Memo, Kyle to Bundy, 11 Apr 45; Stimson to Bush, 31 Mar 45, and Bush to Stimson, 2 Apr 45. All in HB Files, Fldr 7, MDR. MDH, Bk. 1, Vol. 4, Ch. 1, pp. .12-2.13, DASA. Groves, *Now It Can Be Told*, pp. 363-65. Hewlett and Anderson, *New World*, pp.302 and 339-40.
- ^{201.} WD, U.S. Engrs Office, MD, Protective Scty Manual, 1 Feb 43, reproduced in MDH, Bk. 1 Vol. 14, App. C5, DASA.
- ^{202.} MD, Intel bull 5, Safeguarding Mil Info Regs, 27 Nov 43 (revised 1 Sep 44), Sec. 3, DASA.
- ^{203.} Mdh, BK. 1. Vol.14, pp. 6.3-6.5, DASA; Memo, Marshall to Only Those Concerned, sub: [Use of Cover Names], 2 Nov 43, Admin files, Gen Corresp. 680.2 (Visits), MDR; compton, *Atomic Quest*, p. 182.
- ^{204.} MDH, Bk. 1, Vol. 14, p. 6.7-6.8, DASA.
- ^{205.} Memo, Matthias to Grove, sub: Public Mtgs in Which Du Pont Participated, 23 Apr 43, Admin Files, Gen Corresp, 001 (Mtgs), MDR: Matthias Diary, 20 and 28 Apr 43, OROO.
- ^{206.} *Ibid.*, pp. 6.10-6.11, DASA.
- ^{207.} *Ibid.*, pp. 6.12-6.15, and Bk. 5, Vol. 6, "Operation," p. 6.1 and App. B1, DASA; Groves, *Now It Can Be Told*, p. 146.
- ^{208.} Strong's Reaction to the Proposal during a discussion with general Styer, who later reported the discussion to Groves in Memo, Styer to Groves, 18 Feb 43, AG 1.3 (22 Aug 47), copy in CMH. See also Memo, Bush to Styer, 13 Feb 43, Admin files, Gen Corresp, 000.73 (Censorship), MDR; Groves, *Now It Can Be Told*, p. 146.
- ^{209.} Price, sub: Note to Editors and Broadcasters-Confidential-Not for Publication, 28 Jun 43, Incl to Ltr, Howard to Groves, 28 Jun 43, Admin Files, gen corresp, 000.73 (Censorship), MDR. See also Groves, *Now It Can Be Told*, p. 146; MPC Min, 24 Jun 43, MDR.
- ^{210.} Ltr, Howard to Lt Col Whitney Ashbridge (Asst, Opns Br, Constr Div, OCE), 1 Apr 43, Admin Files, Gen corresp, 000.73 (Censorship), MDR; Groves, *Now It Can Be Told*, pp. 146-47.
- ^{211.} Ltr. Groves to Oppenheimer, 1 Nov 43; Ltr, Capt Peer de Silva (Santa Fe Area Intel Off) to Landsdale, sub: Censorship at Los Alamos, 8 Nov 43; Memo, Landsdale to Groves, same sub, 10 Nov 43. All in Admin Files, gen Corresp, 311.7 (Santa Fe), MDR, Groves, *Now It Can Be Told*, p. 147.
- ^{212.} Memo (source of first quotation), Groves to Secy War, sub: Publicity Concerning DSM Proj, 15 Dec 43; Memo (source of second quotation), Groves to Secy War, sub: Violation of Vital Scty Provs by Brig Gen Thomas A. Frazier, 10 Jan 44, and Incl; Rpt, Landsdale, sub: Publicity Concerning Clinton Engr Works, 3 Jan 44. All in HB Files, Fldr 62, MDR. References to atomic energy and the atomic project- some intentional, some accidental- occurred many times in the public media during the war. Examples of those investigated by Manhattan District security officials may be found in HB Files, Fldr 7, MDR, and in Admin Files, Gen Corresp, 000.73 (Censorship), MDR.

CI in the OSS

End Notes

1. The problem of X-2 operational communications was never satisfactorily resolved. X-2 communications, unlike other OSS traffic, were not read for information by other OSS officers or branch staffs in Washington or in the field. However, several incidents of using X-2 communications to by-pass normal OSS channels finally resulted in the compulsory review of all X-2 messages in Washington by the Director's office and in the field by the Strategic Services Officers.
2. Vetting is the process of checking all available CE files to ascertain whether the individual in question has ever been reported to have unfavorable or potentially dangerous associations.
3. British Military Intelligence 5 was responsible for home security, while MI-6 (V) took care of security abroad. These might roughly be compared to the FBI (responsible for the entire Western Hemisphere) and OSS/X-2.
4. Two additional sections, the Art and Insurance Units, were added.
5. See "X-2/Italy, above and "X-2/France, below.
6. These had been previously available to SO through its close integration with SOE.
7. The SCI War Room had previously maintained liaison with MI-5 and with the French through one officer from each of these services.
8. Reports on the extreme vulnerability to enemy saboteurs of Allied supply lines were unfortunately ignored by Services of Supply.
9. See "X-2/France", below.
10. See Washington section on X-2.
11. This paper is reprinted with the approval of Mr. Timothy J. Naftali, a National Security Fellow at the John M. Olin Institute for Strategic Studies, Center for International Affairs, Harvard University.
12. Maj. Graham Erdwurm to X-2 London, Oct 24, 1944, Box 4, Entry 121 RG 226, NA.
13. Mark Clark's 5th Army went into hibernation in October 1944. The British 8th Army did not continue its northern push through Christmas 1944. However it was behind the 5th Army and did not reach Bologna before the spring of 1945.
14. Sicherheitsdienst, or SD, was the intelligence arm of Heinrich Himmler's Reichssicherheitshauptamt (RSHA). Although the Militarisches Amt also belonged to the RSHA, it was composed of former members of the defunct military intelligence service, the Abwehr. As of October 1944, the Germans had three radio agents reporting from Allied-occupied territory. These agents, who were not under Allied control, regularly communicated with their German case officers from Florence, Leghorn, and Rome, respectively. British SCI, "German Espionage and Sabotage Activities in Italy, 1944," Box 23, Entry 119, RG 226, NA.
15. October and November 1944 brought the peak of German line-crossing activities in Italy. The Germans attempted "at least a hundred" of these crossings with a 50 percent success rate.
16. According to Robinson O. Bellin, whom Angleton was to replace as head of the X-2 field unit (SCI Z), "a disaster" befell the unit in October 1944 because of a poorly planned operation designed to root out stay-behind agents in Rome. The scale of this disaster resists definition, yet it may very well explain the urgency with which Erdwurm sought Angleton's arrival. Responsibility for this plan is also not clear, for it was formulated in the confusing weeks during which Andrew Berding passed the leadership of the unit to Bellin. Bellin, whose career in X-2 was marked by careful investigative work and consistent preparation, denies that he planned this operation.
17. Norman H. Peason to J. R. Murphy, Oct 23, 1944, Box 57, Entry 119, RG 226, NA.
18. Favorable reviews of this book reveal widespread agreement with the thrust of Mangold's argument. For example, see Tom Bower's review, "Lost in a wilderness of mirrors," *The Sunday Times*, June 23, 1991. Among works on Angleton, an important exception in tone and perspective is the chapter, "The Theorist," in Robin

Winks's rich book on Elis in the U.S. intelligence community. See *Cloak and Gown: Scholars in the Secret War, 1939-1961*, New York, 1987, pp. 322-437.

19. November 1944: Angleton appointed head of SCI Z, X-2's Italian field unit headquartered in Rome. April 1945: Angleton appointed head of X-2 Italy. December 1945: Angleton appointed head of SSU Italy. November 1947: Angleton returns to Washington, where he become Special Assistant to Col. Donald H. Galloway, Assistant Director for Special operations at the new CIA. See Winks, *Cloak and Gown*, p. 383. Regarding Galloway's position, see Arthur B. Darling, *The Central Intelligence Agency: An Instrument of Government to 1950*, University Park, PA, 1990, pp. 11, 270-271.
20. These were the émigré information service of the former Croat government, the information service of the democratic Croat emigration, the French SDECE, the chief intelligence service of the Georgian Republic, the Italian Naval Intelligence Service, the Italian Pubblica Sicurezza, and the Yugoslav OZNA.
21. Regarding the regularity of reports from SIM and SIS, see Entry 108A, RG 226, NA; regarding the Soviet and Yugoslav ciphers, see Angleton's comments to NHP, in undated letter: James J. Angleton to NHP, Wooden File, Box 3, File: "XX," Norman Holmes Pearson Collection, the Beinecke Rare Book and Manuscript Library, Yale University: Hereafter James Jesus Angleton will be referred to as JJA.
22. Although there is no concise statement available of Angleton's political philosophy in this early period, his emphasis on the role of power in international affairs and his unwillingness to rank ideologies in terms of potential threat to the United States betray a Realist point of view. See Robert O. Keohane, Realism, Neorealism and the Study of World Politics," in Keohane, ed., *Neorealism and its Critics*, New York, 1986, pp. 7-16, for a useful discussion of political realism.
23. In his seminal work on intelligence as an instrument of foreign policy making, *Strategic Intelligence for American World Policy*, Sherman Kent referred to the 1945 Gouzenko case in Canada as an example of the value of counterintelligence as a source bearing on foreign intentions. pp. 216-217.
24. For a good discussion of the distinction between counterespionage and security, see Christopher Felix (James McCargar), *A Short Course in the Secret War*, second. ed., New York, 1988, pp. 126-127.
25. Naftali, *X-2: An Appreciation*. For a succinct description of X-2's various field responsibilities, see Office of Strategic Services, Planning Group, "Counterespionage Field Manual-Strategic Services, (Provisional)," Aug. 24, 1944, Box 2, Entry 176, RG 226, NA.
26. Angleton wrote: "In practice, a certain overlapping of X-2 (counterespionage) and SI (positive intelligence) functions exists, particularly in this turbulent period before the peace conference when most secret political activities of foreign powers are conducted through intelligence services' contacts and networks." JJA to the Director, SSU, Mar 18, 1946, "Consolidated Progress Report for November, December 1945 and January 1946," Box 268, Entry 108A, RG 226. NA.
27. JJA to JRM, "Activity Report SCI/Z Units, 1-30 September 1945," Box 259, Entry 108A, RG 226, NA.
28. *Ibid.*
29. *Ibid.*
30. JJA, interview with the author, Sept. 16, 1986, Washington, DC.
31. BB068 (Maj. Graham Erdwurm) to JJ001 (James R. Murphy) and Chief, X-2 London, Oct. 10, 1944, "Pair," Box 20 Entry 119, RG 226, NA. For evidence of the use of the term ISOS, see F.H. Hinsley and C.A.G. Simkins, *British Intelligence in the Second World War*, vol. 4, *Security and Counter-Intelligence*, London, 1990, p. 183.
32. Naftali, *X-2: An Appreciation*.
33. (Undated), X-2 Branch OSS," Box 80, Entry 99, RG 226, NA.
34. Naftali, *X-2: An Appreciation*. Since ULTRA was their source, the British added the proviso that they were to have veto power over the indoctrination of any American officer, most of whom would be trained in London. Interview with JRM, Nov. 16, 1983. An unfortunate side effect of X-2's exclusive access to ULTRA was the envy and suspicion of the other operational branches of the OSS, all of which were required for security purpose to share the names of agents and contacts with X-2, but none of which were told the reason for their sister branch's extreme secretiveness. The close cooperation with the British necessitated by the ULTRA link also served to widen the gulf between X-2 and the other branches.

35. James Angleton, interview, Dec. 15, 1983. Angleton argued that a successful counterespionage service required a superior source, either in the form of signals intelligence or another significant penetration.
36. Hinsley and Simkins, *British Intelligence in the Second World War*, 4: 180-183.
37. *Ibid.*, p. 182. The British Government Code and Cypher School (GC and CS) issued 268,000 counterintelligence decrypts during World War II, of which 250,000 were deciphered German intelligence messages.
38. *Ibid.*, p. 183. There are a few examples of ISOS/PAIR at the National Archives. Box 1, Entry 138, RG 226 holds some paraphrases of original decrypts pertaining to stay-behind networks in Europe.
39. A complete set of Angleton's Keys and their addenda are located in Boxes 10-13, Entry 174, RG 226. NA. Angleton introduced the concept to his superiors in Jan. 1945, Box 206, Entry 108A, RG 226, NA.
40. In July 1945, Angleton wrote "Interrogations of captured GIS (German Intelligence Service) personalities to date have released much information which previously made it impossible to include in the KEYS." JJA to Major Erdwurm, July 3, 1945, "Appreciation of GIS KEYS," Box 255, Entry 108A, RG 226. NA.
41. An excellent example of a personality file is the one that the Rome Police (JK4, also known as the PANSY group) turned over to Angleton on the socialite Barbara Hutton. JJA to JRM, "Barbara Hutton," Apr. 2, 1946, Box 270, Entry 108A, RG 226, NA.
42. See the "Instrument of Surrender of Italy, September 29, 1943," *Treaties and Other International Act Series*, U.S. Department of State, Washington, DC. No. 1604. This document does not include any direct references to the Italian military intelligence services. It can be assumed that these services are subsumed in references to the Italian military. It may also be assumed that with the end of Allied military government in most of Italy in late 1945, the prohibitions on independent Italian military intelligence operations ceased.
43. Lt. Col. James H. Angleton to C.O., Hqs., 2677th Regt., OSS (Prov.) Aug 4, 1945, "Duty Assignment Completed as of 2400 hours, July 29, 1945," Box 120, Entry 174, RG 226, NA.
44. *Ibid.*
45. Andrew Berding and Robinson Bellin led the X-2 field unit successively from its establishment in Naples in January 1944. In making his October 1944 plea for Angleton's assignment to the field, Erdwurm's had contrasted the weak liaisons then in place with what Berding had achieved (see note 1). Despite Erdwurm's outburst, Berding's successor, Bellin, was not without his own achievements in liaison. As a consequence of the Cornacchia Abwehr case, Bellin established trust between X-2 and the Rome headquarters of the Pubblica Sicurezza, which led to a sharing of police archives and the use of police investigators by the perennially short-staffed X-2 field unit. See Bellin, "Notes for Symposium." There is reason to believe that Bellin's contacts in the Pubblica Sicurezza became the PANSY group that later undertook investigative duties for and provided police information to Angleton. Names of police officers on a PANSY document dated Dec. 28, 1944 are identical to those listed in an October 1944 document detailing a joint operation involving Bellin and the Pubblica Sicurezza (Undated), Regia Questura Di Roma, Commissariato de P.S. di Castro Pretorio, Arresto Di Fede Giovacchino, agente del servizio di informazioni nemico," Box 261, Entry 174, RG 226, NA. There is textual evidence that this document was produced in October 1944.
46. Angleton described the affair in "Memo No. 139" to X-2 London, Dec. 1, 1944. Box 205, Entry 108A, RG 226. Forty years later, Bellin said that he had not wanted to close down the Marine Unit: "I had learned that a member of the Decima Flottiglia MAS had been detected passing information to the Germans. Very soon after I read this report, I received a delegation consisting of two American naval officers from the OSS Marine Unit and an Italian naval officer. The Marine Unit wanted me to issue a security clearance, giving SCI's (X-2 field unit) benediction to use (sic) by the MU, of the Decima FM. I declined respectfully, saying that I had no objection to their use of the Italian group, but that I did not have enough information to grant a wholesale security clearance. Perhaps I was being over-cautious, but my intuition told me to be careful." Bellin, letter to the author, Jan. 10, 1987.
47. Hinsley and Simkins, *British Intelligence in the Second World War*, 4: 183.
48. CB015 (Robinson O. Bellin) to X-2 Washington and London, "Borghese," Oct 19, 1944, Box 114, Entry 174, RG 226. NA.

- ^{49.} See SALTY (Carlo Resio of the Italian Naval Intelligence Service) report on Capitano di Fregata, Junio Valero Borghese, JJA to X-2 London, "Memo No. 429," Jan 27, 1945, Box 207, Entry 108A, RG 226, NA.
- ^{50.} Calosi is identified as head of the Italian Naval Intelligence Service, SIS, in a memorandum prepared for the State Department by SSU, "Changes in Naval Intelligence Key Personnel, Italy," June 17, 1946, CIA Research Reports: Europe, 1946-76, Microfilm, University Publications of America, 1983, Roll 3.
- ^{51.} *Ibid.* For biographical information on Resio, see "Report by Capt/Freg. Carlo Resio On His Activities From November 1939 to December 1944," Box 115, Entry 174, RG 226, NA. Before the Italian Armistice, Resio had headed Section D of the SIS, which was responsible for all naval intelligence gathering abroad. In September 1943, fearing German capture, he ordered the destruction of all of the files of Section D and set up a clandestine SIS in Rome.
- ^{52.} Angleton assigned maritime code names to all of his contacts in Italian Naval Intelligence. Aside from SALTY, Angleton received reports from BEACON, CORAL, and TAR. The code name for the Italian SIS was SAIL, Box 254, RG 226, NA. Strong evidence that Resio was SALTY comes from the cover letter, BB090 (chief, Italian desk, X-2 London) to JJA, "Carlo Resio," Mar 5, 1945, Box 115, Entry 174, RG 226, NA. Handwritten at the top of this document is "SALTY." "SALTY's identity is also strongly suggested by the statement in a May 1945 report that "ARTIFICE will enter MILAN in company with PATERNI, MACAULEY, CALDEERON, CERUTTI, and SALTY," BB090 to SAINT DH001 (chief, X-2 Washington), "SCI/Z Activities," May 2, 1945, Box 20, Entry 109, RG 226, NA. This was just after Angleton and Resio had jointly prepared operations in northern Italy.
- ^{53.} See SCI Z (X-2 Rome) memos 419-439 and 442-447, all dated Jan 27, 1945, from "SALTY," Box 207, Entry 108A, RG 226, NA.
- ^{54.} When X-2 Washington learned in February 1945 that one of Angleton's sources, DUSTY, was also passing information to the Soviets, it cabled Rome: "It is our understanding that present policy does not permit activities either with or against these persons, and in view of present political and diplomatic activities, it would seem particularly dangerous to under take contact with such persons at this time." Box 248, Entry 108A, RG 226, NA.
- ^{55.} X-2 Washington to JJA, Feb 26, 1945, Box 248, Entry 108A, RG 226, NA.
- ^{56.} *Ibid.*
- ^{57.} Another explanation for the absence of subsequent political intelligence reporting from Resio is that after February 1945 he confined himself to cooperation on operational matters with X-2 and left the sharing of intelligence to his subordinates. When X-2 Rome renamed its intelligence sources in the spring of 1945, Resio became JH1/1.
- ^{58.} Confidential interviews.
- ^{59.} JJA to Lt. Col. P.G.S. Mero, Signal Section, OSS, Mar. 3, 1945, "Plan IVY," Box 207, Entry 108A, RG 226, NA.
- ^{60.} In February 1945 Resio provided X-2 with 21 radio operators. There was a shortage of radiomen across the branches of the OSS. After screening by X-2, these men were parceled out to the other branches, with only a few staying in counterespionage. These operators took part in the intelligence assault on northern Italy. JJA to X-2 London, Mar 13, 1945, Box 252, Entry 108A, RG 226, NA.
- ^{61.} Box 282, Entry 174, RG 226, NA.
- ^{62.} Stato Maggiore Della R. Marina (Italian Royal Navy), "Organizzazione segreta della X M.A.S.," Aug 11, 1945, Box 128, Entry 174, Rg 226, NA.
- ^{63.} Angleton wrote in July 1945: "We are afraid that IVY was somewhat responsible for the great success in shooting spies by the CLN (partisans)," JJA to X-2 London, July 18, 1945, Box 256, Entry 108A, RG 226, NA.
- ^{64.} X-2 contacted Borghese in Milan through one of its agents and brought him to Rome. He was transferred to CSDIC (Combined Services Interrogation Centre) after the British were informed. His arrest record had been falsified to prevent the Italian government from knowing he was in custody. It seems likely that Carlo Resio and the Italian Navy knew of his capture. Resio and Angleton visited jointly visited Milan soon after its

liberation, exactly at the time that Borghese's transfer was being negotiated by X-2. JJA to AC of S, G-2, CI, AFHQ, May 19, 1945, Box 254, Entry 108A, RG 226, NA. For evidence that Resio and Angleton went to Milan together see Italian Desk, X-2 London (BB090) to X-2 Washington, May 2, 1945, Box 122, Entry 174, RG 226, NA.

65. *Ibid.* JJA to Commander Titolo, Nov. 6, 1945, Box 260, Entry 108A, RG 226, NA. Angleton attempted to prevent Borghese's execution by the Italians because of X-2's "long term interest" in him. Although Angleton had to give him up to the Italians in late 1945, Borghese survived well into the 1970s.

66. JJA to JRM, Dec 13, 1945, "Transmittal of Letter," Box 261, Entry 108A, RG 226, NA.

67. JJA to JRN, Jan. 19, 1946, "Publication Desired for Liaison," Box 262; JJA to JRM, Feb. 21, 1946, "Magazines," Box 266, Entry 108A, RG 226, NA.

68. (Undated), JJA to NHP, Wooden File, Box 3, File: "XX," Pearson Collection, Yale University. "Either with Rock (Ray Rocca) or separately I am sending the latest crypt stuff. I believe that you will appreciate the effort put into this work by JK1/14. He is doing this solely for us." From internal evidence it appears the letter was written in early 1946, after Angleton returned from his November 1945 trip to Washington and before Pearson left X-2 in May 1946.

69. *Ibid.*

70. Angleton assigned the prefix JK1 to all cryptonyms for contacts in the SIS. See Entry 108A, RG 226, NA for reports from JK1/1, JK1/2, JK1/3, JK1/4, JK1/5, JK1/6, JK1/7, JK1/8, JK1/11, JK1/14. The use of JK1/14 implies that there were 14 informants, although no reports from JK1/9, JK1/10, JK1/12 or JK1/13 have been found in this entry.

71. JJA, "Consolidated Progress Report for November, December 1945 and January 1946," Mar 18, 1946, Box 268, Entry 108A, RG 226, NA.

72. "Status of Liaison Relations of SSU/X-2 To the Counter-Intelligence Branches of Foreign Special Services," (1946), Wooden File, Box 1, File: "IV Thoreau OK," Pearson Collection, Yale University.

73. X-2 London to X-2 Washington, "German and Japanese Penetration of OSS in ETO (European theater of operations)," July 7, 1945. William J. Donovan

Collection, U.S. Army Military History Institute, Carlisle Barracks, PA.

74. JJA to Francis Kalnay, chief of X-2 Venice, Oct. 31, 1945. Box 260, Entry 108A, RG 226, NA. "Our present difficulty is mainly that of evaluating the various reports which have been produced by yourself, No.5 SCI Unit and the SIM/CS (Italian CE), and SCI Unit Z, Trieste. I feel that the time must come to carefully examine and control the Balkan information obtained in Italy during the past four months, and, therefore, we would appreciate your comments.

75. There are a few clues to the identity of JK1/8. The comparison of two documents regarding contacts between the Italian Navy and Albanian resistance narrows considerably the possible candidates. See documents JZX-7590, Apr. 8, 1946 (Box 270, Entry 108A, RG 226, NA.), and JZX-7719, Apr. 9, 1946 (Box 271, Entry 108A, RG 226, NA), respectively. Further corroborative evidence can be found in the "CUBA" file (Box 261, Entry 174, RG 226, NA), where a note from double agent CUBA to JK1/8 appears to confirm JK1/8's identity as the former SIS Istanbul chief.

76. JJA comment on report, X-2 Italy to Washington, "Propaganda and Penetration of Left-Wing Parties vis-à-vis the Italian Royal Navy," Feb 11, 1946, Box 265, Entry 108A, RG 226, NA.

77. JJA, "Consolidate Progress Report for November, December 1945 and January 1946," Mar. 18, 1946, Box 268, RG 226, NA.

78. Capt. Henry R. Nigrelli, C.O., SCI Z Genoa, to JJA, Apr. 3, 1946, Box 143, Entry 174, RG 226, NA.

79. See two reports by JK1/8 pouched Oct. 7, 1946 by JJA to SSU Washington. One is entitled "SIS Contact with Monarchists," the other "SIS Activity in the Val D'Agosta." Box 248, Entry 108A. RG 226, NA.

80. As there is no postmortem on the JK1/8 case in the X-2 files at the National Archives, one must use his declassified reports as a guide to the length and substance of his career. From them, one can conclude that JK1/8 worked for X-2, at least, from August 1945 through October 1946 (an example of an early JK1/8 report is JJA to X-2 Washington, "Austro-Italian Economic Conference," Aug. 7, 1945, Box 257, Entry 108A, RG 226, NA; for October reports see below). It appears that in January 1946, JK1/8 was moved from Rome to the SIS station in Genoa (X-2 Italy, "Albanian Resistance Group in Italy," Apr. 8, 1946, Box 270, Entry

108A, RG 226, NA). After 3 months there, he may have left the SIS. (In April 1946, CUBA, a joint SIS/X-2 agent said to JK1/8 that he hoped “both Resio and I will come back into the service.” Capt. Henry R. Nigrelli, chief SCI Z Genoa to JJA, “CUBA,” Apr. 25, 1946, Box 261, Entry 174, RG 226, NA.) There is reason to believe he returned to Italian naval intelligence after the republican victory in the referendum on the monarchy in June 1946. His October 1946 reports imply access to inside SIS sources, though conceivably he may have been running SIS contacts from the outside. (JJA to SSU Washington, “SIS Contact with Monarchists,” and “SIS Activity in the Val D’Agosta,” both Oct. 7, 1946, Box 248, Entry 108A, RG 226, NA.) The length of JK1/8’s career is impossible to determine because the date of his last known reports coincides with the cutoff point for most of the operational material in the X-2 files.

81. Resio must have known that SAILOR had offered X-2 his records of contacts with Mihailov because at the time of the offer, SAILOR’s files were still in Istanbul, and the only way for X-2 to obtain them was to ask the Italian naval attaché there, Comdr. Giuseppe Bestagno, to hand the documents to the X-2 chief in Istanbul, Joseph Toy Curtiss. It has to be assumed that Bestagno alerted his superiors to this request. The record clearly shows Bestagno disapproving of the order and dragging his feet for weeks on the excuse that he needed this time to “collect the necessary documents.” Presumably he stalled because he wanted higher authorization. JJA to JRM, Oct. 13, 1945, Box 260, Entry 108A, RG 226, NA.

82. *Ibid.*

83. Apr. 8, 1946, “Albanian Resistance Group in Italy,” Box 270, Entry 108A, RG 226, NA.

84. JJA to X-2 Washington, Aug 19, 1945, Box 258, Entry 108A, RG 226, NA.

85. “Argomento: incontro con il Signor Max Pradier,” Box 262, Entry 174, RG 226, NA. This report appears to be from August 1947. It is unclear whether SAILOR wrote this particular report.

86. Box 263, Entry 108A, RG 226, NA.

87. *Ibid.*

88. *Ibid.*

89. For example, see two reports by JK1/8 pouched Oct. 7, 1946, by JJA to SSU Washington. One is entitled “SIS Contact with Monarchists,” the other “SIS Activity in the Val D’Agosta.” Box 248, Entry 108A, RG 226, NA.

90. JJA to JRM, Nov 6, 1945, “Report of Activities of the Italian Mission from 1-31 October 1945,” Box 260, Entry 108A, RG 226, NA.

91. The standard account of the VESSEL case is in Anthony Cave Brown, *The Last Hero: Wild Bill Donovan*, New York, 1982, pp. 683-705. Cave Brown was the first to write an extended study of the case based on OSS documents. However, he did not see any of X-2’s reports on the case. Unfortunately, as a result, he concluded that Scattolini was VESSEL and that DUSTY was a synonym for this source. Cave Brown also made no mention of Setaccioli. His account, therefore, leaves the counterespionage angle to the case unclear and Angleton’s actions incomprehensible. The most authoritative discussion of all aspects of the VESSEL case was a 1982 BBC radio broadcast entitled “Little Boxes,” written by Derek Robinson. (*Radio Times*, April 10-16, 1982, pp. 17, 19). Robinson’s script was based on the research of Father Robert A. Graham, S.J., an archivist at the Vatican, who had studied Scattolini for a decade. In the early 1970s Father Graham had demonstrated the falsity of the reports that Scattolini had sold to American newspapers before and during the war and linked the forger to two books on Vatican policy that appeared during the crucial Italian election of 1948: *Documenti Segreti della diplomazia vaticana, Il Vaticano e la Democrazia Italiana* (Lugano, 1948) and *Vaticano contro la pace mondiale* (Lugano, 1948). See Graham, “Virgilio Scattolini: The Prince of Vatican Misinforms, A Bibliographical Note.” *The Catholic Historical Review*, Jan, 1974, pp. 719-721. Using the Freedom of Information Act, Father Graham obtained documents regarding Scattolini’s sales to the OSS and Angleton’s role as controller of DUSTY. See Thomas O’Toole “U.S. Blessed with OSS Spy in Vatican,” *The Washington Post*, Aug 3, 1980. I am grateful to Father Graham for sharing his Scattolini file with me (hereafter Graham FOIA file).

92. X-2 Italy, “Plan Dusty-Preliminary Report,” Feb 27, 1946, Graham FOIA file.

93. Setaccioli revealed himself to X-2 when he foolishly sent some of this Vatican material by mail. As all mail in Allied-occupied Italy was subject to censorship, this package ended up on the desk of James Angleton.

Setaccioli was later picked up by Rome police officers working under X-2 supervision. X-2 Italy, "Plan DUSTY, Second Report," Mar. 23, 1946, Graham FOIA file.

^{94.} Angleton and CB055, "Plan Dusty, Second Report," Mar 23, 1946, Graham FOIA file.

^{95.} JJA, "Vessel Traffic," report sent to General Magruder, Mar. 22, 1945, Graham FOIA file. Angleton wrote: "There is good evidence that Dusty's (Setaccioli's) information passed to us daily for redistribution to our unknowing clients is culled from actual Vatican documents."

^{96.} *Ibid.*

^{97.} *Ibid.*

^{98.} CIA, "Memorandum For the President: Japanese Feelers," *Studies in Intelligence*, vol. 9, no. 3, Summer 1963 (declassified 1990).

^{99.} JJA to Special Funds Officer, Sept. 5, 1945, Graham FOIA file.

^{100.} "Plan Dusty," (undated), Graham FOIA file.

^{101.} X-2 Italy report, "Plan DUSTY, Second Report," Mar. 23, 1946, Graham FOIA file.

^{102.} *Ibid.*

^{103.} Cave Brown, *The Last Hero*, pp. 699-701.

^{104.} OSS Washington to OSS Caserta, Feb. 17, 1945, Box 228, Entry 134, RG 226, NA. General Magruder and Whitney Shepardson, head of SI, cabled: "It is our impression that the current material is a mixture of the obvious, the unimportant if true, and plants. It has the earmarks of being concocted by a not too clever manufacturer of sales information. As a result, for the time being we are withholding the dissemination of most of this material."

^{105.} CIA, "Memorandum For the President: Japanese Feelers."

^{106.} In August 1945 Angleton wrote: Through the use of our double agent 'DUSTY' (Setaccioli), we have gained information concerning the CG-LAND (Japanese) activities as revealed in Vatican cables." JJA to JRM in Washington, CG-LANDERS Situation

Italy," Aug. 14, 1945, Box 1945, Entry 108A, RG 226, NA.

^{107.} See Box 1, Entry 174, RG 226, NA. This box contains cables from September 1945 through January 1946. The last cables in this collection coincide with the timing of the assessment of this material by SSU Washington. The analysis concluded that of the material submitted by Setaccioli in fall 1945, only 35 percent was partially or wholly true, whereas 16 percent had been "definitely proven false," and 49 percent could not be properly evaluated. This survey most likely brought an end to the dissemination for intelligence purposes of the Scattolini cables. U.S. counterespionage officers maintained relations with Setaccioli and Scattolini until September 1947 at least. "Plan Dusty," (undated), Graham FOIA file. I am grateful to Max Corvo for sharing a copy of this declassified document with me.

^{108.} "Plan Dusty," (undated), Graham FOIA file. The same document added that this case "illustrated the danger of accepting at face value the product of an intelligence operation which had not been secured by adequate counterespionage investigation."

^{109.} Tom Mangold is the most recent writer on James Angleton to assume that once the Germans were defeated, Angleton immediately redirected his efforts against the Soviets. "When the wartime necessity for secrecy began to wane, only the enemy changed for Jim Angleton. Now the hammer and sickle replaced the crooked cross" (*Cold Warrior*, p. 43). Robin Winks had a more subtle view of Angleton's mindset. From interviews and the declassified X-2 records then available, Winks surmised that Angleton was "rather apolitical, mainly intent on his job, and protecting counterintelligence." (*Cloak and Gown*, p. 434n).

^{110.} On the tendency of some British intelligence officers to view World War II as a diversion from the contest with the Soviets, see Naftali, "The DSM and the Politics of Allied Counterespionage," paper delivered at the Eisenhower Leadership Center, University of New Orleans, May 1990. According to the British official history of counterintelligence in World War II, as of the fall of 1939, most of the information collected by the counterespionage branch of MI6 and the domestic security branch, MI5, dealt with the Comintern. Hinsley and Simkins, *British Intelligence in the Second World War*, 4: 11.

- ¹¹¹. Like many in X-2, Angleton believed the eventual collapse of the German intelligence services a foregone conclusion, and there is evidence that from early 1944 when he was still in London, he worked to build the data base necessary to monitor significant intelligence activities in Italy. BB008 (JJA) to CB001 (Andrew Berding), Feb. 28, 1944, "General," Box 145, Entry 174, RG 226, NA.
- ¹¹². JJA to JRM, Nov. 6, 1945, "Report of Activities of the Italian Mission from 1-31 October 1945," Box 260, Entry 108A, RG 226, NA.
- ¹¹³. JJA to the Director, SSU, Mar. 18, 1946, "Consolidated Progress Report for November, December 1945 and January 1946," Box 268, Entry 108A, RG 226, NA.
- ¹¹⁴. There was no serious German or Japanese penetrations of OSS. See two reports, X-2 London to X-2 Washington, "German and Japanese Penetration of OSS in ETO," July 7, 1945, and "Supplement to German and Japanese Penetrations of OSS in ETO, dated 7 July 1945," both from the Donovan Collection, U.S. Army Military History Institute. Soviet penetration of the OSS remains a puzzle. As a good first attempt to resolve that issue, see Hayden B. Peake, *Soviet Espionage and the Office of Strategic Services (OSS): A Preliminary Assessment*, prepared for *The Conference on World War II & The Shaping of Modern America*, Rutgers, The State University of New Jersey, April 1986.