

NAVY DEPARTMENT
Office of the Chief of Naval Operations
OFFICE OF NAVAL INTELLIGENCE

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Authority <u>NND 88 3020</u>
By <u>GL</u> NARA, Date <u>3/23/72</u>

SUBJECT: Japanese Espionage System in the United States
and Suggested Counter Policy.

A. Information

1. For a good many years the Japanese have maintained a rather extensive organization in the United States for the gathering of information and the dissemination of propaganda. In general the gathering of information of a commercial and political nature has been done by the various consulates throughout the United States who have also carried on propaganda under the general direction of the Japanese Embassy in Washington. In this work of propaganda and gathering of general intelligence, numerous agents have been employed at various times. Strictly military and naval information has been gathered in three ways:

(a) Through the offices of Army and Naval Inspectors located at New York City. These offices are manned by rather large groups of army and naval officers and technical experts.

(b) The offices of the regular military and naval attaches.

(c) Japanese companies or the agents of such companies engaged in business in the United States who have worked under the direction of the Japanese Army and Navy Intelligence divisions.

2. In general this organization has been able to produce excellent information of a factual nature concerning political and technical developments in the United States and while much information of a strictly military and naval character has been obtained, the system as a whole has been effective only in producing general information and in disseminating propaganda favorable to the Japanese point of view.

3. With the increase in tension between the United States and Japan, the Japanese government felt that their system for securing information was inadequate to meet a situation involving war. To correct this situation all consulates within the United States were instructed to concentrate on the obtaining of military and naval information with the accent on obtaining early information of United States naval movements. To this end they were instructed to minimize their propaganda and cultural activities, to concentrate their funds on the employment of agents and saboteurs, and they were specifically enjoined to avoid the use of second generation Japanese domiciled in the United States in order that there would be no retaliatory measures taken against this group. They were specifically urged to employ Americans of foreign extraction,

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disloyal native born Americans and to utilize to the fullest extent possible the Communist party and underprivileged racial groups such as the Negroes. In order that the under-cover agents might continue to operate even after the outbreak of war, the Japanese Legation at Mexico City was designated as the Communication headquarters for the espionage net in the United States and its communication facilities were strengthened by the addition of an Assistant Naval Attache who has specialized in communications; and later on 2 naval radio petty officers also were sent to the Legation at Mexico City under the guise of civilian officials. In line with this new policy the Japanese naval language officers on duty in this country were sent to Los Angeles, California and to Seattle, Washington to assist Consuls in gathering strictly naval information and in directing espionage agents. There is also a plan on the part of the Japanese to introduce into each Consulate a naval officer under the guise of a civilian employee who would specialize in directing espionage activities concerned with the obtaining of naval information.

4. In general the system provides for the employment of espionage agents and their direction by the various consulates. From past data it is apparent that the Consulates General at Honolulu, San Francisco, and New York are key points in this system and it is further interesting to note that until the shift to Mexico becomes necessary, that is, until the actual outbreak of war, the entire system is to receive its orders from the Japanese Embassy in Washington and Mr. Terasaki has been specially selected to head up the system and has lately arrived in Washington and assumed the post of 2nd Secretary at the Japanese Embassy.

5. The foregoing information is not susceptible of documentary proof, nor has it been obtained in such a way as to make it available as a basis for legal action. Nevertheless, the general situation outlined is believed to be correct.

B. General Policy

1. From the foregoing it seems to be a fair deduction that the establishment of a war espionage system by the Japanese in the United States is in its period of infancy and at the present time is centered in the various consulates. Should the system once become thoroughly established, its eradication or neutralization would be a very difficult problem, particularly if strictly interpreted legal procedures were required or legal niceties were required to be observed in the course of investigation. In order to provide for our own security, it is essential that every possible effort be made to prevent the growth of the Japanese espionage system and, if possible, to stamp it out completely. To this end every effort should be directed towards repressive action and wherever possible arrests and convictions of agents and their principals should be made. It should be made most difficult and dangerous for Japanese to employ espionage agents. This will require intensive observation and surveillance of the activities of all Japanese Consuls, of officials attached to Consulates and to Army and Navy officers on duty in this country and no effort should be spared to make it disagreeable for Americans to associate with these people in order to cut down their possible contacts. In other words, intensive surveillance of all Japanese officials in this country and of their social contacts will be necessary.

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C. Specific Steps to be taken immediately

1. Require the withdrawal of the Japanese Army and Naval Inspectors Office and of the personnel assigned these offices.
2. Institute an intensive surveillance of the activities of Japanese consulates and wherever possible take prompt legal measures against individuals both Japanese and American engaging in undesirable activities.
3. Where legal evidence can be developed to show that a Japanese Consulate is engaged in espionage functions, the withdrawal of the entire consular staff should be requested.
4. Take steps to eliminate Japanese Nationals from positions in Universities, Schools, and Government (Library of Congress is one that comes to mind).
5. Issue instructions to the field services of the several intelligence organizations in line with this general policy so that they will be enabled to take coordinate action to effect the ends desired. Furthermore there should be a general agreement between the several government departments concerned and the State Department in regard to the execution of this policy.

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