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Op-16-B-7-Exec.

On 1 October 1941, the section, pursuant to its responsibilities, informed the Bureau that the Japanese Embassy in Washington had obtained an early copy of the report of the Japanese delegation to the United Nations Conference on International Trade and Tariffs, dated 25, D.G.

On 1 November 1941, Federal Bureau of Investigation agents, under the direction of the Director of Naval Intelligence and his alias, Agent 30, Japanese submarine agents in Honolulu planned an interview with the Japanese Ambassador to the United States. This interview was not furnished by

MEMORANDUM for The Director.

your agent and your presence were known on information instructions from Capt Perry 16-1-B.
VIA: Op-16-B-7
TO: Op-16-B-7
FROM: Op-16-B-7
RE: Op-16-B-7
16-1-B 5/10/44
 purpose of this memorandum is to advise you of the present state of circulation of the organization Op-16-B-7, the key men out of circulation at the time of the war, and those still serving for immediate service.

SUBJECT: Highlights of Op-16-B-7 War Activities.

On 19 November 1941, Op-16-B-7 will complete four years of service as one of the major counter-intelligence sections of the Office of Naval Intelligence.

It is believed not inappropriate, therefore, to recount the highlights of what the section has done toward fulfillment of its mission in handling intelligence for the protection of the Navy from espionage, sabotage, counter-espionage and subversion, and its collateral contribution to National Security in the war.

Items listed below are highlights of activities typical of the section's work. No attempt is made to even outline the bulk of routine activities, which form the base for these specific achievements and contributions, or the more highly classified activities of the section.

Accomplishments of Op-16-B-7.

1. Exposure of the espionage activities and subsequent deportation in June 1941 of Commander Itaru TACHIBANA, Imperial Japanese Navy, was the direct results of the section's work. Commander TACHIBANA had in his possession, when arrested by Federal Bureau of Investigation, a tremendous amount of classified data about the U. S. Naval Establishment.

2. Plans for destruction of Italian Merchant vessels in U. S. ports were disclosed by the section in March 1941 in ample time to pass the warning on to proper Naval and U. S. Coast Guard authority so these agencies could and did prevent execution of the whole plan and saved the vessels for use by the United States.

Declassified Downgrade to

~~UNCLASSIFIED~~~~CONFIDENTIAL~~

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Date: 18 SEP 98 Unit: NCIS 22

~~CONFIDENTIAL~~

Op-16-B-7-Bx90.

3. On 5 December 1941, the section learned that the Japanese Embassy in Washington had started to burn secret papers. This was instantly reported to higher authority. A series of subpoenas to protect classified material was issued. Between 7 and 15 December 1941, Federal Bureau of Investigation apprehended, and by legal process, had 1430 alien Japanese in the continental United States and 35 alien and 20 Japanese-Americans in Hawaii placed in custodial detention as dangerous to National Security. Approximately 96 per cent of the arrests were based on information supplied by Op-16-B-7 here and in the various Naval Districts. This prompt action struck a paralyzing blow at the Japanese espionage organization by taking the key men out of circulation at the time it was most needed for immediate service.

4. The section located Japanese, German and Italian espionage centers in Central and South America (Mexico City, Guatemala City, Rio de Janeiro, Buenos Aires, Santiago, Valparaiso, Barranquilla), Lisbon, Madrid, Tangiers, Stockholm, Helsinki, Vichy, Ankara, Istanbul and Kabul in neutral European countries, and in strategic East African ports so that adequate protective measures could be instituted.

5. Through evidence obtained and evaluated by the section in 1941-1942, Miss Olio SAKANISHI, alien Japanese on the Library of Congress staff, was repatriated to Japan by the State Department in the first exchange on the SS OMPHOOLM. Miss SAKANISHI was to have been the central "post-office" for reports of Japanese espionage agents in the U. S. after the outbreak of war.

6. The section revealed detailed plans of the Japanese to send Spanish journalists to the United States in the middle of 1942. Four were identified and by passing the information on to proper authority, it was possible to neutralize the espionage activities of these agents. The information caused cancellation of a plan to have one of these journalists make a comprehensive tour of U. S. Naval facilities and plants producing classified Navy material.

7. The section also discovered plans of both the Germans and Japanese to use Spanish diplomatic officers and officials of Central and South American governments (including officers of the armed forces) as espionage agents in the United States, especially in connection with the various "good neighbor" tours of U. S. Navy and Army facilities and

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Auth: EO 12958

Date: 18 SEP 98 Unit: NCIS 20

~~UNCLASSIFIED~~~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Op-16-B-7-Excc.

war production facilities. This information was passed on to proper Naval Authority, Military Intelligence Service and the Federal Bureau of Investigation and resulted in screening of points of inspection to protect classified material and nullify effective espionage efforts. The information led to the cancellation of a visit by Captain Tullio R. de Nascimento, Brazilian Army officer, after it had been approved by the War Department, and further led to his subsequent conviction and imprisonment by Brazilian courts.

9. Op-20 was served by the section's ability to identify 58 individuals operating enemy espionage network clandestine radio transmitters in South America. This resulted in disruption of control of such communications.

10. The section exposed Captain Curt WENNBERG, Swedish Assistant Military Attaché, as a purveyor of Naval and Military information, obtained in his official capacity, to the Germans and Japanese. Information of additional activities gained by the section, enabled the State Department to persuade the Swedish government to recall Captain WENNBERG to Stockholm for duty there.

11. In January 1942 the section discovered the possibilities of leakage of vital Naval information to the enemy by reason of contracts between numerous Naval establishments and private plants holding Naval contracts with the OZALID CORPORATION, which had long been under German control and had numerous suspect employees. As a result a letter was prepared from the Chief of Naval Operations to the Heads of all Bureaus of the Navy Department suggesting certain safeguards to be enforced in connection with the use and servicing of OZALID machines. This letter was dated 9 February 1942, and was subsequently embodied in a directive from the Assistant Secretary to all District Commandants and Naval Inspectors, dated 21 February 1942, instructing the addressees to implement the procedure suggested in the CNO letter.

12. In the latter part of April 1942, the section learned of the intent of the Nazis to land saboteurs and espionage agents in the United States and the technique to be followed. This information was disseminated to proper Federal authorities and facilitated the prompt apprehension of the eight saboteurs who landed at Amagansett and Ponda Vista in June, two months after the warning was disseminated.

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Date: 18 SEP 98 Unit: NCIS 22

~~UNCLASSIFIED~~~~CONFIDENTIAL~~

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Op-16-B-7-Exe

13. In December 1942, the section obtained a copy of the 1942 edition of the German Navy Year Book "Nauticus", which contained information of value to every Bureau of the Navy Department, and data on German coastal fortifications and defenses which was new. The contents of the book were disseminated to all Naval Agencies concerned.
14. The section, in 1942, obtained data which would stand as legal evidence that AMFORO, a Soviet Agency, was surreptitiously paying "bonus" money to officers and men of the U. S. Naval Armed Guard crews on vessels carrying munitions to the U.S.S.R. Naval authority presented the data to the State Department, which agency obtained official Soviet agreement to stop the practice.
15. In December 1942, when the Nazi U-boat campaign was increasing, the section completed a study which revealed a wide-open leakage of information about precise movements of merchant vessels in convoy, type and quantity of cargo, with destination, and about various highly classified National Defense construction projects enabling the Germans and Italians to obtain precise data through distribution of risks in the sale of re-insurance (Marine and Casualty for construction.) As a result of the information, the Navy Department representative on insurance obtained cooperation of other Federal Agencies concerned and of Lloyd's of London in perfecting a procedure whereby such vital data was kept within the United States without undue interference with standard underwriting activities.
16. The section was able to evaluate open code directives issued from Japan by short wave broadcasts urging the assassination of the President. This was immediately passed to the Chief of the Secret Service.
17. The section completed an exhaustive monograph on sabotage which is regarded as outstanding by the other Federal intelligence agencies. The monograph deals with methods, techniques and organization for sabotage work, thereby being of value from an offensive as well as from a defensive standpoint.
18. The section completed a monograph study of Naval Mutinies to show the underlying causes, with particular reference to political and social revolutionary factors.

~~Declassified / Downgrade to~~~~UNCLASSIFIED~~Auth: ED 12958~~CONFIDENTIAL~~Date: 18 SEP 98 Unit: NCTS 22

~~CONFIDENTIAL~~

Op-16-B-7-Exec.

19. The section received and sent to proper Naval Authority the warning of the executive vice-president of the Triumph Explosive Company, Elkton, Maryland, that the plant would be blown up if there was any interference with his management three months before the explosion which occurred during the hearing of fraud charges against the official.

20. In 1943, the section provided material at the request of the Department of Justice and the War Department, relative to Japanese activities in the Western Defense area for use in the case before the U. S. Supreme Court in which the legality of the acts of the Commanding General, WDC, in excluding Japanese was challenged. The Department of Justice stated the data was of material benefit in the government's victory in court and officially commended section officers who prepared the material.

21. The section made an exhaustive study of German and Italian sabotage techniques in the early stages of the North African campaign, with special reference to retirement and evacuation of enemy forces. This data was disseminated to U. S. Navy and Army Commanders in the area. Accuracy of the information was proved by material found by the operating forces in the field.

22. On 8 October 1943, information was received from Military Intelligence Service that HELLMUTH, Osmar Alberto, might be a passenger on the SS CABO DE HORNOS, travelling from Argentina to Spain on a diplomatic passport. In view of previous derogatory information in the files of ONI, it was felt that HELLMUTH might be acting as a courier, and Navy representatives at Rio and Trinidad were advised to keep him under observation. Prior to the arrival of the CABO DE HORNOS at Trinidad conclusive information was received by ONI and British authorities indicating that HELLMUTH was on a special mission to the German Government. On the basis of this he was removed from the ship by British authorities at Trinidad and taken to England for interrogation and confinement.

After learning of HELLMUTH's arrest the section correlated the known data concerning his mission with a large amount of information developed over the preceding months concerning German espionage and subversive activities in Argentina. The results of this study were embodied in a memorandum to British Security Coordination, dated 16 November 1943, suggesting certain lines of interrogation which might prove

(Declassified) Downgrade to

~~CONFIDENTIAL~~

Auth: EO 12958

Date: 18 SEP 98 Unit: NCIS 22

~~CONFIDENTIAL~~

Op-16-B-7-Excc.

~~CONFIDENTIAL~~

profitable. The information subsequently obtained from HELL-MUTH by the British, based in part on B-7's memorandum, was largely responsible for the severance of diplomatic relations with Germany by Argentina in February 1944, and the arrest by Argentine authorities of a considerable number of active German espionage agents.

23. George NICOLAUS, outstanding German espionage agent in Mexico with connections throughout Latin America, was brought to the United States in the spring of 1942 with a group of Axis nationals destined to be repatriated to Germany. At the time of his examination at the border he was found to be in possession of certain U. S. Navy plans which he could not have obtained legally. On the basis of information assembled by B-7, the State Department refused to approve his repatriation to Germany in spite of the greatest pressure on the part of the German Government.

24. In September 1943 information concerning Ernst HOPPE was received from the U. S. Naval Attaché, Buenos Aires. After evaluation of original source on basis of material on hand, the information was passed to British Security Coordination in time to enable removal of HOPPE at Gibraltar from a Spanish ship en route to Buenos Aires. HOPPE's confession confirmed that his mission was a highly important one: to supervise in Argentina the arrival and disposal of valuable cases (contents not definitely determined) to be transferred from Germany to Argentina. Among certain additional information, of both intelligence and counter-intelligence value, he revealed German plans to send to Argentina, by clandestine means, two German agents and communications equipment.

25. From January 1942 until May 1944, the section effectively discharged the role of coordinator of mechanical details as between the intelligence agencies in matters pertaining to civilian repatriation in the exchanges between the United States and Germany and Japan. This included a thorough understanding of, and a close liaison with, the Special War Policies Division of the State Department under whose ultimate responsibility this program fell. As result of this work, 85 per cent of the objections to individuals regarded as dangerous was sustained by State.

26. In January of 1943, a plan was formulated by the War Department to assist the War Relocation Authority in

~~Declassified / Downgrade to~~~~CONFIDENTIAL~~

Auth: ... EO 12958

Date: 18 SEP 98 Unit: NCIS 22

-6-

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Op-16-B-7-Fixed.

determining the loyalty of United States citizens of Japanese ancestry up to that time interned at W.R.A. camps. This plan envisaged employment of certain of these citizens in war plants and even the U. S. Army. This section was designated liaison between the Navy Department and the War Relocation Authority. A Joint Board was set up including representatives of the Federal Bureau of Investigation, Assistant Chief of Staff, G-2, the Provost Marshal General, etc., for the purpose of submitting advisory recommendations to the War Relocation Authority and to the Adjutant-General. The section has handled 33,955 cases under the program and submitted information on 5,753 individuals.

27. In September 1943, at the specific request of CINCPAC, the section prepared digests of material provided by the Federal Communications Commission, Foreign Broadcast Intelligence Service, and from other pertinent intelligence reports to the specific ocean area. The service was discontinued when a faster method of getting the material to CINCPAC was devised by the section.

28. At request of Commander, 12th Fleet, a list of some 5,000 persons known to be engaged in enemy intelligence and sabotage operations in Europe was prepared and forwarded by the section.

29. In November of 1943, a detailed study entitled "Smuggling of Strategic Materials for the Benefit of the Enemy" was prepared which revealed that espionage elements played a minor role in smuggling activities being carried on between South America and Germany on neutral vessels. This study led to a clarification of the Navy's procedure in meeting its responsibilities in regard to smuggling.

30. The Secretary of the Navy was requested by the Attorney General in September of 1943 to cooperate with the letter in a prosecution by the United States of General B. WINHOLD, et al., in which thirty-three persons were charged with conspiracy to undermine the morale of the Armed Forces of the United States. Information of such activities involving Naval personnel was gathered and forwarded to the Department of Justice.

Declassified / Downgrade to:

Auth: EO 12958

Date: 18 SEP 98 Unit: NCS22 -7-

~~CONFIDENTIAL~~~~UNCLASSIFIED~~

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Op-16-B-7-Exed.

31. A similar request was made of the Secretary of the Navy by the Administrative Assistant to the President, Mr. Jonathan Daniels, regarding the correlation of information concerning tensions and difficulties involving minority groups, with particular reference to the Negro problem in the Navy.
32. Upon the specific request of the Army, this section, in February 1944, commenced the formidable task of "processing" the names of 8,000 Japanese-Americans eligible for induction into the United States Army. Under this program, hundreds of pertinent summaries containing significant derogatory information were forwarded to the Army for which service satisfaction was expressed.
33. Cooperation of the section with the Federal Bureau of Investigation contributed to the arrest of Velvalee DICKINSON, doll expert and dealer of New York City, for sending information about the damage done to and progress on repairs to Naval vessels brought to West Coast yards after the attack at Pearl Harbor. The defendant was convicted in 1944.
34. In August, 1943, the Sabotage Desk forwarded to Commander, 3rd Fleet, a description of sabotage devices and techniques. This information had been requested by Commander, 3rd Fleet, for use in determining the desirability of the employment of surreptitious warfare in South Pacific areas.
35. In March 1944, a letter was forwarded to all Districts, Naval Observers and Attachés and to the other security agencies outlining a change in the method employed by the Germans in sabotage of merchant ships. It was believed that this letter was of value in the protection of cargoes of Allied war material.
36. In May 1944, Warren G. HORIE, S2c, was discharged from the Naval Service. HORIE had a long record of Communist activity and suspected sabotage. He was discharged after the Bureau of Naval Personnel had been informed that he is the son of Hisetoshi Togo HORIE, a Japanese alien. This fact had not appeared in HORIE's Naval record.
37. Through the work of the section in the summer of 1944 a scheme of German Intelligence Services to use prisoners of war in Germany and the mail system set up for the benefit of all prisoners of war as a channel for conveying intelligence from the United States was revealed.
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Auth: EO 12958

Date: 18 SEP 98 Unit: NCS 22

-8-

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Op-16-B-7-Exco.

38. At the request of ComNavEu the section prepared, in September 1944, and forwarded a list of approximately 350 Japanese intelligence personnel and European collaborators for use in the advance into Germany.

39. Early in September, at the request of M-2, U. S. Marine Corps, the section prepared and forwarded a list of Japanese intelligence personnel and native collaborators on islands in the Palau Islands group.

40. Derogatory information concerning Laurent H. J. BRACKX was developed by ONI and the Federal Bureau of Investigation following his return to the United States in June, 1940. On the basis of this information, BRACKX was discharged on 28 March 1942, from the U. S. Naval Merchant Marine Reserve, in which he had held a commission as Lieutenant. Following inclusion of his name in the Merchant Marine Suspect List, and through direct recommendation of B-7, BRACKX was excluded from all vessels and waterfront facilities in June 1943; and in August 1943, his name was added to the U. S. Barred List. Information developed by the Naval Intelligence Unit, Naples, through interview with Italian officers, was correlated in B-7 with the previous file on BRACKX, and brought to the attention of the Federal Bureau of Investigation by letter of 14 February 1944. It was this last information which conclusively proved BRACKX to have been an enemy agent and led directly to his subsequent arrest in September. (See also May 1945)

41. In August 1944, in response to two requests from the Joint Post-War Planning Committee of the Joint Chiefs of Staff, Op-16-B-7 cooperated with PA-4 in the preparation of two memoranda concerning German potentialities for guerrilla and underground resistance and the para-military organizations which might be expected to play a leading part in such resistance. Special emphasis was placed on the potentialities of the police and intelligence organization completely controlled by Heinrich HIMMLER and having wide experience in underground movements and world-wide connections. It also indicated plans of the German General Staff to go underground in exile for self-preservation.

Respectfully,

~~UNCLASSIFIED~~Wallace S. Wharton
Captain, U.S.N.R.

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Auth: EO 12958

Date: 18 SEP 98 Unit: NCIS 22

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