



# TREASURY DEPARTMENT

INTERNAL REVENUE SERVICE

OFFICE OF DISTRICT SUPERVISOR  
DISTRICT No. 14  
STATES OF CALIFORNIA, NEVADA, AND HAWAII

ALCOHOL TAX UNIT  
SAN FRANCISCO, CALIF.

January 27, 1939.

IN REPLY REFER TO  
14 EA (WPK)

Report examined, approved and  
forwarded

Mr. Elmer L. Ireby,  
Coordinator,  
3322 Internal Revenue Bldg.,  
Washington, D. C.

*W. R. Woods Jr.*  
FEB 9 1939  
Assistant Supervisor (S&A)

Intelligence Report as directed by Circular Letter  
No. 437, dated December 21, 1938.

Sir:

As a preface, it is perhaps appropriate to explain that the writer, in his capacity as commissioned officer, United States Army Reserve, has made a study, survey, investigations and reports to the Military Intelligence, on the subject matter, in the Territory of Hawaii and the Pacific Coast, during the past seven years up to the issuance of Circular No. 437; so much of this report dealing with conditions, organizations and their activities, is based upon such study and survey. That dealing with individuals is based upon information more recently acquired. A preliminary survey and check of available evidence at hand discloses the existence on the Pacific Coast and Territory of Hawaii of the following classes of activities coming under the heading of so-called "spy activities."

- A. Regular accredited military and naval espionage officers of the Nazi, Fascist and Japanese nations, actively engaged in the collection of information regarding our military and naval plans, armaments and construction.
- B. Organizations and individuals engaged in the dissemination of propaganda, collection of information concerning industrial and manufacturing plants under government contracts in the manufacture of aircraft, armaments and munitions, with the view of sabotage. Collection of information concerning our mobilization plans and a study of the characteristics of our Army and Navy commanders.

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January 27, 1950

Note: At present there are no statutes or laws prohibiting the activities listed under "B". Apparently the only procedure is the locating and listing of such groups and individuals as the subject of further investigation, in case of new legislation or national emergency.

- C. Organizations, groups and individuals directly or indirectly opposed to the national interest, subversive and radical in nature, promoting disloyalty or sedition within our armed forces, disloyalty, general strikes and sabotage in industry; promoting and advocating forcible seizure of manufacturing plants, light and power plants, lines of communication and transportation.

The most prominent of such radical organizations on the Pacific Coast is the Communist Party. This is a carefully planned subversive organization, military in structure and discipline, teaching sabotage and armed revolution. Their ramifications in memberships, sympathizers and financial backing, extend into professional, political, and labor groups. All unemployed men and women are potential proselytes and 60% of agricultural labor in the State of California carry Communist membership cards. Rapid recent progress toward the control of labor unions has been made on the Pacific Coast, especially in the C.I.O. unions, looking toward a general strike and wholesale sabotage. Many of the directing heads of these C.I.O. unions are known members of the Communist Party, some then nationally known figures, such as:

- ✓ HARRY BRIDGES: West Coast director of C.I.O., who during maneuvers of the Pacific Fleet was heard to say: "I hope some day to see all those ships on the bottom of the sea."
- G.I. ADAMS: Vice President, California C.I.O.
- HERMAN STUYVELAAR: Secretary, San Francisco C.I.O. Council.
- ✓ GEORGE WOOLF: President, Alaska Cannery Workers.
- ✓ LOUIS GOLDBLATT: San Francisco. Secretary-Treasurer, California C.I.O.

January 27, 1939.

PHILIP CONNELLY: Los Angeles, California. President of California C.I.O.

L. H. MICHENER: Los Angeles, California. C.I.O. Council.

✓ JOHN ORR: San Diego, California. President, Aircraft Local, U.A.W.A.

OTTO W. BENZIGER: San Diego, California. Executive Secretary C.I.O. Council.

✓ DAVE BECK: Seattle, Washington. West Coast Treasurer, Teamsters Union.

PAUL E. GURSKE: Portland, Oregon. President Pro-Ten Portland A.F.L.

GEORGE BROWN: Portland, Oregon. President, Portland C.I.O. Council.

As previously stated, there are at present no statutes prohibiting such connections or activities, but it would seem proper that such individuals should be listed for future consideration or action.

The Communist organization is not generally engaged in espionage activities. Their specialties are: direct opposition to the national interest, subversive action to promote disloyalty, sedition and sabotage within the Army, Navy, and industry, general strikes, seizure of factories, electric light plants, telephones and all lines of communication and transportation, collection and dissemination of information concerning locations and capacities of factories designated by the government as manufacturers of armaments in time of war; collection and dissemination of information concerning the economic and psychologic status of the civilian population.

ESPIONAGE AND PROPAGANDA AGENTS:

✓ HERMAN SCHWIN, Pacific Coast leader of the German Bund. Arrested by District Attorney's office at Los Angeles, California, January 15, 1939, on charges of possession and distributing German propaganda pamphlets and literature.

January 27, 1939.

ESPIONAGE AND PROPAGANDA AGENTS:

✓ PAUL D. SANDFUEHRER, alias Paul D. Sander, owner of 23 acre ranch with buildings, Route 1, Box 110, Los Gatos, California. Market value \$10,000. Employed as butler on estate of George T. Cameron, Eucalyptus Drive, Hillsborough, California. Wife: Hannah, employed as maid by Neil Hamilton, Box 151, Menlo Park, California. This man is a former German Army officer and suspected German agent in California. Claims to be a naturalized citizen. Strictly pro-Hitler. Had in his possession on May 19, 1938, current dated correspondence bearing official Nazi seal of Germany, also in his effects the following penciled notation under the heading of addresses:

Von Bernard, German Consulate General, 201 Sansome St. Garfield 4294. Von Bernard is a German Army Intelligence Officer attached to the San Francisco Consulate.

× RALPH TOWNSEND, San Francisco. Former U.S. Consular Service in China. Reported receiving pay from Japan; makes pro-Japanese radio talks; author of many pro-Japanese pamphlets, one dated August 1938, entitled "America has No Enemies in Asia", published by the "New World-Sun," a Japanese language paper in San Francisco.

× VON BERNARD, accredited military attache, German Consulate General, San Francisco. Directs military espionage in California. Office, 201 Sansome Street, San Francisco.

× HANS THORENSEN, Pacoima Camp, State Relief Administration, Los Angeles, California. Former Captain, German Army, and not an American citizen. May be in the United States illegally. At present engaged in compiling information on the U.S. Army and relief matters. (Reference: Capt. Ralph E. Riordan, in charge of Bouquet Camp, State Relief Administration, Los Angeles.)

January 27, 1939

ESPIONAGE AND PROPAGANDA AGENTS:

- ✕ EUGENE MITTNACHT, 2222 Baker Street, San Francisco. German born naturalized citizen. Reported as visiting Japanese Consulate frequently; reads, writes, and speaks Japanese language fluently. Suspected of being in pay of Japanese Consulate.
- ✕ HANS BATTMAN, Technician, Stanford Pathological Laboratory. Suspected German agent. Corresponds with friends employed in aircraft plants. (Reference: Mr. Newman, Canadian veteran, patient in social service unit, County Hospital, Potrero Street, San Francisco.)
- ✕ WALTER ZECH, Steward on S.S. MONTEREY. Receives visits from German Consuls in various ports touched by the MONTEREY. This vessel is owned by the Matson Navigation Company and visits the ports of Honolulu, Australia and the Samoan Islands.
- ✕ JOHN B. HALEY, Mining Engineer, Reno, Nevada. Resident of Reno for many years. During the summer of 1938 Mr. Haley visited Germany and while there traveled in official cars placed at his disposal by the German Government. (Reference: Captain James H. Smith, Office of the Commandant, Reno High School, Reno, Nevada.)
- ✕ UBERTUS ULRICH, 4480 Crenshaw Blvd., Los Angeles. Member of the Royal Family of Germany and owner of 6400 acre ranch in Modoc County, California. (Reference: Mrs. John A. Myer, 6574 Fountain Ave., Los Angeles; wife of a Los Angeles bank official, reports Ulrich to be a German agent.)
- ✕ HENRY LAGE, also known as Heinrich Lage and Herman Lage, 34 Buena Vista Terrace, San Francisco. In June 1938, was discharged from the employ of the Franklin Hospital, San Francisco, because of his activity as a leader of the San Francisco German Bund. Is known to visit many German ships on their arrival in San Francisco, and during the recent drydocking of the bombed Nazi freighter in San Francisco Bay, was engaged by the German Consulate to conduct German sailors on shore leave.

January 27, 1939.

ESPIONAGE AND PROPAGANDA AGENTS:

✕ DR. V. W. VON HAGEN, 2747 Haste Street, Berkeley, California. Recently applied for commission in U.S. Army Reserve. Was refused. Investigation shows him to be German officer and arrested as such in San Francisco and Texas during the World War. Highly educated. Dr. of Philosophy; an American of German extraction; educated in England and Germany; expert in war mapping on a scale of 1:1,000,000; makes frequent trips to foreign countries including Germany. Has an income of undetermined source; <sup>wife</sup> graduate of the University of California. Four or five years ago questioned by the U.S. Secret Service when discovered in possession of several thousand gas bombs. At that time he was attempting to organize a world cruise in a chartered boat. Secret Service files on this matter have since been destroyed.

✕ HUGH SHELLY, 673 Oak Street, San Francisco, California. Testimony of Dela Shelly, his wife, on December 21, 1938, in the divorce court of Superior Judge Alfred J. Fritz, San Francisco, shows this man to be a rabid Communist advocating Communistic form of Government and seizure of property by the people.

✓ NIGEL BROWN, Chateau des Fleurs, 6626 Franklin Ave., Hollywood, California. Banks at Canadian Bank of Commerce, Los Angeles. Former illegal dealer in arms and international spy and suspected German Agent in Southern California. (Reference: Gen. Naper Rakes, c/o Wm. F. Cox, Paramount Pictures, 5451 Marathon Street, Hollywood, California.)

✕ SIGEURA TAKEUCHI, Yokohama Specie Bank Ltd., 415 Sansome Street, San Francisco. Telephone Garfield 8676. Age 35. Active Japanese Military Intelligence Officer on the Pacific Coast. Ardent golf and tennis player; mother lives in Japan, to whom he writes regularly. Owns automobile and equipment; graduate of the Japanese Imperial University and classmate of Prince Chichibu. Met during the Prince's visit to San Francisco in 1933. Photograph of subject and subject without glasses. During the summer of 1933, the writer gained access to the subject's quarters and found propaganda, literature and maps of the commercial, financial and economic conditions of the Territory of Hawaii. During 1933 and



January 27, 1939.

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January 27, 1939.

ESPIONAGE AND PROPAGANDA AGENTS:

(SIGEURA TAKEUCHI Cont'd) 1934 he was connected with the Yokohama Specie Bank Ltd., in Honolulu, and occupied quarters at 2511 East Manoa Road. The writer also found at his quarters reports on, and criticisms of the United States armament program; one city map of Honolulu with fortified Diamond Head, Fort DeRussy, Pearl Harbor and the residence of Wilfred C. Tsukiyama (now City and County Attorney at Honolulu), marked in red ink; one map of the Pacific Ocean with red ink marking what appeared to be a boundary line running from Alaska to Hawaii to Formosa and north of the Philippine Islands. Photographs of subjects in uniform and civilian dress were also found. (Copies of all matters found in said quarters with report submitted by the writer to G-2 Hawaiian Dept., under date of December 16, 1933.) The subject moved to San Francisco on or about July 1934, and is now located at 415 Sansome Street, San Francisco.

✓ WALTER W. CRIBBINS, in the employ of the Japanese Government as managing director of the Japanese American Public Information Bureau, Market Street, San Francisco. Not registered in the U.S. State Department, as required by law.

✓ FRED B. WILLIAMS, 605 Market Street, San Francisco. Receives \$400 per month from the Japanese Government as representative Japanese Committee on Trade and Information.

✓ J. PARKERSON LEAS, employed as Japanese propaganda agent in California and on October 7, 1938, broadcasted a Japanese propaganda speech over station KYA at San Francisco.

✓ HISAKATSU WATANABE, Japanese Trade Commissioner, San Francisco. Reliable but confidential information proves this man to be the Japanese financial man for propaganda in the state of California.



January 30, 1939.

## ESPIONAGE AND PROPAGANDA AGENTS:

GERMAN CHAMBER OF COMMERCE, San Francisco. Actively engaged in the dissemination of Nazi propaganda and reported as financing propaganda agents in California. Examination of their bank transactions may uncover persons receiving pay from

# DEAD END



## STOPPING FOREIGN PROPAGANDA:

MONDAY, NOV. 28

Montgomery Street, San Francisco. The paper in its first issue describes a school primer sent to all Italian schools. The books are illustrated with maps and teach the Fascist doctrine of loyalty to said Fascist Government.

Price Five Cents

LOS ANGELES, Nov. 27.—Picket lines may be formed before WPA headquarters here following a series of mass layoffs on local projects, Workers Alliance spokesmen announced. Protests over dismissals of workers on the project for "unsatisfactory work" were growing as 300 workers prepared to take action before WPA headquarters unless some satisfactory explanation for the sudden discharges was forthcoming.

Ruth Reagan, organizer for the Alliance, declared that dismissed project workers were streaming into the organization asking that something be done. She believed immediate action would be forthcoming as a result of the mass pressure.

"I think these actions coming on the heels of the Democratic victory in the state are a direct attack on the New Deal and the Olson administration," she charged.

### WORKERS JAILED

Two workers, Richard Ponce and Ben Orleck, were arrested and jailed when they protested their dismissal last Wednesday from the project near the Rose Bowl at Pasadena.

Dragged before Police Judge Kenneth Newell in Pasadena, after they tussled with one of the foremen directly responsible for their dismissal, the two were not allowed legal counsel and were forced to plead guilty. Appearing for their hearing, they asked to change their plea to not guilty, but were flatly refused.

Ponce was held incommunicado and without legal counsel in the Pasadena jail for four days. Orleck was released on \$200 bail and charged with assault and battery. "They didn't let me change my plea to not guilty," declared Orleck after he was released. "The entire mess of charges of unsatisfactory

dismissal slip when he checked in after the day's work.

"He was going to hit me first and called me dirty names," Ponce, 24-year-old Mexican said; "so I hit him first."

The Alliance has in its possession some 45 affidavits describing the altercation and naming the project foreman as the instigator. It is expected that Leo Gallagher, famed labor attorney, may be asked to take over the case.

Some 80 laborers from two projects in the same area were laid off for the same reason: "Unsatisfactory work—dismissed until additional assistance can be written." Action is expected through R. R. Smith, public relations director of the local office, who will reply to demands made by the Workers' Alliance.

—Dollars for Democracy—

## Held Out \$3,900 On Needy Husband

CHICAGO, Nov. 27. (TP) — All Works Progress Administration worker John Carlson has to do to get \$3900 tomorrow is to go to the county hospital and identify himself.

The money in bills tumbled from the corset pocket of Carlson's dead wife, as hospital attendants were preparing to turn the clothing over to her niece. The niece calculated that Mrs. Carlson had saved the money from insurance policies on

Montgomery Street, San Francisco. The paper and is a rabid Communist. Z. Foster, Harry Bridges, and other contributors. On November 28, 1938, the paper carried a full view of the postage stamp attached.

San Francisco. The paper is attacking Japanese control of North America and Hawaii, and the doctrine of internationalism by demanding posts by the Japanese.

### COAST:

Los Japanese Commerce, held a meeting and voted to call for a National Association for Calling Japanese Home as special agents.

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**Graft  
County**

**28**

**Jury Gets**

# Workers to Fight Mass WPA Layoffs With Picket Lines

**Protests Mount as Officials Find Pretexts  
For Discharges; Two Jailed for Resisting  
Provocation of Project Foreman**

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—Dollars for Democracy—

**Held Out \$3,900  
On Needy Husband**

CHICAGO, Nov. 27. (TP) — All Works Progress Administration

\$60,000 Needed for  
Publication in 1939

# PEOPLE'S WORLD

For Security,

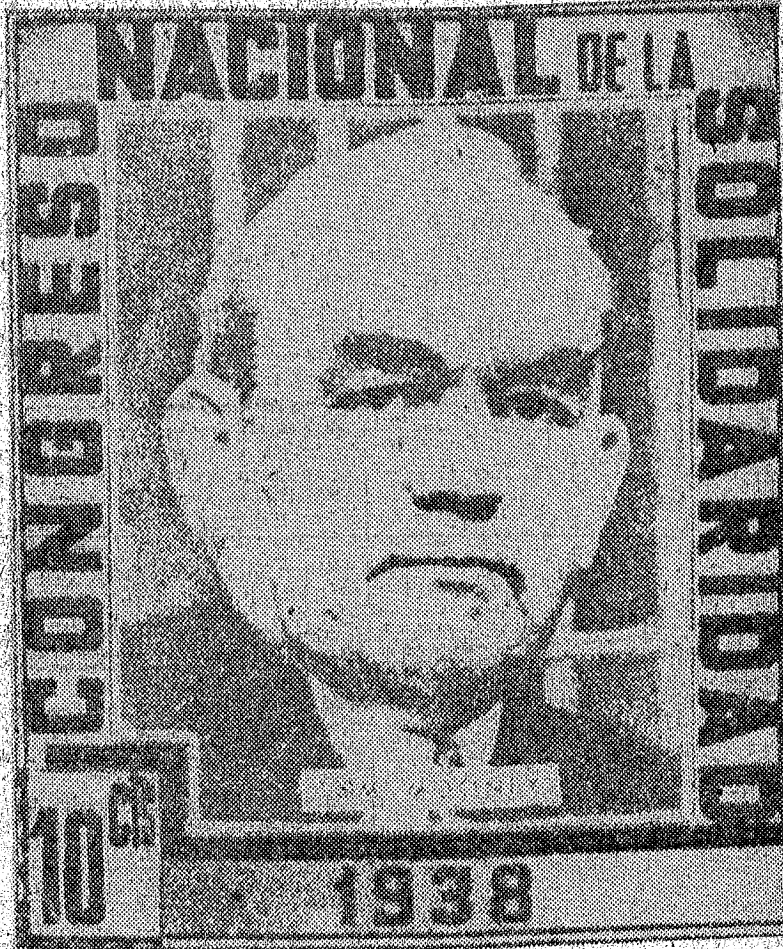
Democracy, Peace

MONDAY, NOV. 28, 1938

Entered as Second Class matter at the Post Office  
San Francisco, Calif., under the Act of March 3,

Vol. 1, No. 282.

## Spain Remembers Mooney



TOM MOONEY, California's famed labor prisoner, adorns a new Spanish postage stamp, one of a series to feature prominent international figures. This stamp, the first of its kind

Washington  
Hear Pleas t  
Cement Unit

January 27, 1939

JAPANESE ACTIVITIES IN HAWAII AND PACIFIC COAST:

A scheme of economic and political control dictated by Japan was established in the Territory of Hawaii four years ago, and is now intensively active. Actors in this scheme, are among others, Wilfred C. Tsukiyama, American-born Japanese (educated under the Japanese Royal Prince Fishimi Fellowship Fund), who is now City and County Attorney for Honolulu, and the Honolulu Territorial Senator Yamashiro, also American-born Japanese.

The Hawaiian Islands, in respect to espionage, present a problem all their own, located as they are 2400 miles from California. They are our outpost in the Pacific Ocean, and guard our entire coast line, from the Mexican border to the very end of the Aleutian Islands, only 700 miles from the continent of Asia.

The Island of Oahu, upon which is located the city of Honolulu, is a fortress and also contains Pearl Harbor, the ranking naval base in the United States. TO protect this vital naval base, forts have been erected equipped with the largest caliber artillery in existence. The Islands, that is Oahu, is defended by all arms, troops, naval vessels, submarines, mines and air force. Considering the strategic importance of the Hawaiian Islands, in case of war with Japan, espionage activities there present a far more serious aspect than generally realized.

The writer, during the period 1933 to 1935, made an extensive study and investigation of Japanese activities in the Territory of Hawaii, and found active, intensive and expert Japanese espionage was then, and is now, with increasing intensiveness, being carried on in the Territory and the Pacific Coast. The Japanese espionage organization is not one that can easily fail. They are not making the same mistake that Germany did during the World War, whose organization might have been described as highly decentralized, that is to say; the organization within each enemy country was a miniature replica of the machine at home. Under this system, no agent was of any value except as he cooperated with other agents, and in order to achieve this cooperation, it was necessary for agents to know each other. Obviously, the risk of capture or detection increased with the degree of cooperation and results obtained. Not only that, but the detection of one agent opened the way to detection of others, and the final destruction of the entire organization.

January 27, 1939.

JAPANESE ACTIVITIES IN HAWAII AND PACIFIC COAST:

Unlike the foregoing, the Japanese military espionage system is organized into more than one independent decentralized machine, and may be classified as professional, commercial, domestic, and political. While the duty of each class is practically the same, the detection and destruction of the one machine will in no way lead to the destruction of the remaining ones.

Undoubtedly there are, in addition to the organized machines operating under the representative chiefs, many agents operating independently whose trail will never be picked up, or if picked up could never be proven to be anything but irresponsible individuals operating without pay, authority or direction. This latter class may be estimated in the thousands, and presents by far the greatest menace; and generally overlooked by our counter-espionage service.

LOYALTY TO THE UNITED STATES (IN CASE OF WAR WITH JAPAN).

Loyalty to the United States by Japanese alien residents, and citizens of Japanese extraction, does not exist. Expatriation is pure bunk, a camouflage covering ulterior motives by Hawaiian-born Japanese; was never thought of, practiced, or resorted to until 1933, when the celebrated traitorous senator, Mamashiro, on the floor of the Territorial Senate, criticised the U.S. Government, the U.S. Navy, and its officers. At that time public indignation and questioned loyalty under dual citizenship brought about a rush for expatriation. How many did so through sincerity or desire to really renounce allegiance to Japan is a question that will never be answered. Certainly, the temper of the leopard is not ameliorated by the changing of its color, nor will the issuance of a certificate of expatriation (if such really is issued) cause a Japanese to lose one iota of that well known, inherent, passionate love of Japan, which is born and bred in all Japanese children. Children, even in the second and third generation of a Hawaiian born Japanese, are taught that while this may be the country of birth, the Mikado is their god, and often on the playground or on the streets in fits of anger, shout: "One Japanese can lick four Haoles (whites)." These children are reared under Japanese customs, with the Japanese emblem continually before them, and Japanese school education is compulsory.

January 27, 1939.

The Territory of Hawaii is producing this type of American citizen at an alarming rate, many, in fact, too many, are holding public office, appointive and elective. A predominance of voting power already exists and it is estimated that in the 1938 election, almost 51% of the voters in the Territory of Hawaii were Japanese, and they will soon control all public offices in the Territory. Their slogan is "An American Territory governed by Japanese." There may be in the Territory of Hawaii Japanese who are loyal to the United States under normal conditions, but certainly none in case of war with Japan.

The writer has learned by experience that loyalty does not exist in a Japanese to any country other than Japan.

#### JAPANESE ESPIONAGE ORGANIZATION:

As previously stated, this organization may be classified as professional, commercial, domestic and political, each performing its particular duties and reporting through its own individual channels.

PROFESSIONAL Under this title are grouped doctors and lawyers.

Doctors: Plans and preparation for sabotage against forces of the United States through medical and chemical science.

Lawyers: Securing and compiling legal data; protecting and representing Japanese aliens in matters of law; securing grants and contracts; obtaining appointments to public office and then rendering opinions of law favorable to aliens.

POLITICAL This subdivision is by far the most effective propaganda for war in time of peace because of its ramifications. By virtue of their power of office, they control the masses. They have access to all Government records and data as well as control of appropriations and engineering projects; and as a majority in politics, they dominate and control legislation within the Territory Government. Their activities and effectiveness are clearly evident in every legislative session by apparent effort to tear down constructive legislation and substitute therefor impractical and destructive laws. Through their Oriental cleverness they receive in this direction much assistance from politicians of nationalities other than whites.



January 27, 1939.

CONTRACTORS: This industry is monopolized by Japanese, and they are given preference in contracts for construction of municipal, county and Territorial projects, and quite frequently due to their lower bidding and financial responsibility, are often successful in obtaining contracts in federal projects. Consequently, they have had for many years access to plans and specifications to all constructions within the Territory. It is reasonable to assume that unless this subdivision has been neglectful in their duties, undetectable devices and means have been constructed for quick and complete destruction of communication, transportation, and water supplies on the Island of Oahu in the event of war with Japan.

DOMESTIC: This organization consists of individuals in the employed class, servants, clerks, etc., and the ramifications of this subdivision reach into every home, office and industry in the Territory. Japanese cooks, maids, yard boys, etc., are employed by officers of the Army and Navy, civilian employees by both branches of the service, as well as administrative officers of the Territorial and Federal Government. These servants have access to the private papers, conversations, and conferences of all their employers. American-born Japanese clerks are employed in offices of the Army, Navy, and Federal and Territorial Governments, and have access to confidential and official records of these offices. This employment, by virtue of civil service, is difficult to terminate.

Statistical data obtained by the writer in 1935 shows that approximately 90% of all mechanics in the Territory are Japanese, and employed in all industries including the Pearl Harbor Navy Yard. It can safely be estimated that this activity is so organized, and its personnel so placed, that in case of war with Japan, instant and effective sabotage can be directed against each mechanical device and equipment of military and naval value in the Territory of Hawaii.

These Hawaiian born Japanese government employees are immune from dismissal or internement by virtue of their civil service status and American citizenship. In time of war, the Commanding General of the Territory of Hawaii who will possibly be confronted with the responsibility of making a decision, will find on his hands 139,179 Japanese of which 91,185 are Hawaiian born, and not subject to deportation, internement or control, except on the same basis as other American citizens. Literally,

January 27, 1939.

the military authorities will have on their hands in case of war with Japan, 91,185 stinging yellow-jackets.

COMMERCIAL: This organization consists of merchants, and persons in the shipping and fishing industry, who, through their export and import connections, have direct communications with Japanese high command. Their regular shipping and correspondence will permit the uninterrupted transmission of information, material and money in either direction, and through their local transactions and contact, direct and control the operation of their agents and allied industries, such as the so-called fishing industry. This organization alone presents a serious problem from a military and naval standpoint.

In the Territory of Hawaii there are approximately 970 motor-driven sampans, 800 of which are contracted to and under the control of four Japanese companies:

✓ Hawaiian Suisan Kaisha, Aola Market, P.O. Box 998, Honolulu, T. H.

✓ Pacific Fish Company, Cook Street, Kakaako, Honolulu.

✓ Suisan Kabushiki Kaisha, Hilo, Hawaii.

✓ Honolulu Fishing Company, Maunakea & Panahi Streets, Honolulu, which is a subsidiary of the T. Sumida & Co., Ltd., importers and wholesale dealers in general merchandise. Officers of the company:

T. Sumida, owner, residence: Osaka, Japan.

~ President: D. Sumida, residence: Honolulu, T.H.

~ Treasurer: K. Odo, residence: Honolulu, T. H..

~ Secretary: O. Nakamura, residence; Honolulu.

This company started a few years ago with one small store, and has increased to three large subsidiary stores or companies, and also the Honolulu Fishing Company, which in itself is a man-sized industry. It is indicated that they either own or control the Pacific Bank of Honolulu. They seem to have prospered beyond logical expectations. Significance can be attached to the fact that the owner is a resident of Japan, who not only controls but directs the activities of the Pacific Bank of Honolulu, the Honolulu Fishing Company, and a large number of sampans and other



January 27, 1939.

importing and wholesale activities. The largest of these fishing boats, or sampans, are being built by S. Fumai, a Japanese shipbuilding company of Honolulu. While all boats are subject to certain regulations and inspection by the United States Customs, such supervision and inspection is generally lax and the construction, power and equipment of these boats are questionable. A check of records by the writer showed that 583 of these boats were Japanese owned, and in other instances, some were registered to owners of other nationalities but were in reality owned by Japanese.

A survey of the activities of these vessels showed that they have access to every foot of coast, all islands in the Hawaiian group, and that the larger type boats are capable of a cruising radius of 40 days. Some are known to make frequent trips to the Marshall Islands and Frigate Shoals. This enormous fleet of Japanese-controlled boats has other military value in time of war, such as the laying of mines and the meeting of transports far at sea beyond the range of Oahu's guns, unloading and conveying troops to the shores and landing them under cover of darkness on any portion of the Islands. The larger of these boats are equipped with Diesel engines and radio equipment, and are commanded by Japanese Naval Reserve officers.

The same condition exists on the Pacific Coast where numerous fishing boats are reported to be Japanese-owned, commanded by Japanese Naval Officers, and make constant observation of fleet maneuvers, soundings of the California coast, and other naval activities.

Our Army Intelligence, Ninth Corps Area Headquarters, has repeatedly endeavored, without results, to have some government unit with investigative authority, check the status, antecedents and citizenship of all Japanese residing within 50 miles of the California Coast. The Ninth Corps Area has also endeavored to obtain the investigation of all employees engaged in the aircraft industry, as well as other industries engaged in the manufacture of armaments and munitions.

G-2 of the Military Intelligence has no investigative authority outside of the military forces, and therefore, the files of G-2 in every corps area headquarters are fairly bulging with uninvestigated information and

January 27, 1939.

records of individuals and organization engaged in so-called spy activities. Such information is available to investigative units of the Federal Government providing a liaison is established between the investigative unit and G-2 of the nine corps areas in the United States.

The writer has made no recent thorough investigations of the individuals and organizations set up herein and the purport of this report is simply to comply with Circular No. 437, and to place on record, individuals, organizations and conditions, which should be given attention in the event of new legislation or the granting of investigative authority to this Unit.

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