

A9-8/A8-5/EF37
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STAFF HEADQUARTERS
THIRTEENTH NAVAL DISTRICT
SEATTLE, WASHINGTON

SECRET

27 March, 1936.

APR 25 1936

From: Commandant, Thirteenth Naval District.
To : Chief of Naval Operations (Office of
Naval Intelligence).

Subject: Japanese Activities in the 13th Naval District.

References: (a) Com 13 13ND-16/60 dated 10/8/34. (Doc. 534) Exhibit file
(b) Com 13 13ND-16/67 dated 5/3/35. (Doc. 2934-R. 2055)
(c) Com 13 13ND-16/67 dated 5/21/35. (Doc. 3665-R. 2055)
(d) Com 13 13ND-16/67 dated 7/8/35. (Document 3625-R. 2055)
(e) Com 13 13ND-16/67 dated 7/11/35. (Doc. 3575) Fujii
(f) Com 13 13ND-16/67 dated 10/18/35. (Doc. 4762-Exhibit
file - Comdr. mtd)

1. Since February 1935 the District Intelligence Organization of this district has been pursuing an active investigation of the organized activities of certain Japanese within the district. At the outset there was no definite or factual information relative to the activities of Japanese in espionage work in the Thirteenth Naval District. Japanese organizations were unknown. There was nothing in the files, other than a number of vague and disturbing reports that had accumulated from widely divergent sources as was set forth in reference (a). A discreet, but thorough investigation of the activities of all other Federal agencies in this district made at this time showed that, aside from the District Intelligence Office, no department of the government was interested in cataloging the activities of Japanese, nor were detailed to this task by competent authority. It was found, however, that some information in these various files collected in the course of the routine business of the departments concerned had a definite bearing on the problem the District Intelligence Office had in mind. This phase of the problem was reported on at some length in paragraph 2 of reference (b).

2. This investigation has been carried out employing the I-V(S) group in this district plus the interested and coordinated cooperation of all Federal departments, certain Public Utility Companies, certain civilians in strategic positions in civil life, sheriff and police organizations and various patriotic organizations throughout the district. The sources of information as set forth in paragraph 3 (a) and 3 (b) of reference (b) have been progressively developed. It is unfortunate that the alphabetical

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 indexing of the Immigration files which was contemplated as reported in paragraph 3 (b) of reference (b) has not been started to date. This has been an obstacle in the prosecution of the investigation as it has made it necessary to spend much time in developing original data.

3. In the interest of security it is not considered desirable to set forth the methods of obtaining information through the agencies outlined in paragraph 2 above. The investigation has proceeded generally as was set forth in paragraph 6 of reference (b) "Future Course of Action." However, most of the additional information covered by this current report has been compiled from original sources.

4. All data obtained has been incorporated in the cross indexed file as described in paragraph 3 (c) of reference (b), and this file now contains some 3000 cards approximately 300 of which are in the active files and are available for use in direct action when and if necessary.

5. In addition to the persons already reported on as leaders of the Japanese espionage ring in this district a new and important individual has been uncovered who is known to be affiliated with the Black Dragon Society of Japan. He has been in this country many years and by explicit direction from Japan expects to stay here for ten or twenty more years, if necessary, until his work is done. He is the head of a staff in this country and in his duties with this staff travels up and down the coast at intervals generally by commercial transport plane. This man's senior in the organization is a Japanese who formerly resided in Seattle employed in a similar capacity, now living in Japan and engaged in similar espionage or Black Dragon work in China and Manchuria. This man, although a low order gambler, narcotic vender, and gunman, and reported to have already killed several Japanese in this country, nevertheless is the closest contact of Lieutenant Commander S. Fujii, I.J.N. (who is now living in Seattle under an assumed name) and is in very close relation with members of the Japanese Consulate Staff from whom he receives communications while away on his trips. Lieutenant Commander S. Fujii receives a large part of his important mail at this person's address. This Japanese has the leading role in the situation set forth in paragraph 5 (c) of reference (b). It is also now definitely known that the organization this man heads has over a period of years been not only engaged in espionage activities, in addition they have been successful in conducting lotteries and carrying on traffic in narcotics. This has been achieved in no small measure through bribing civil authorities who in turn, it has now been learned, have furnished confidential police information to contact men of

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the Japanese organization. This bribing of officials has not been confined to local police alone, but to officials in Federal departments as well.

6. Additional leading Japanese in the oyster and truck farming business whose activities are concentrated in the vicinity of the Puget Sound Navy Yard, the Naval Torpedo Station, Keyport, and the Naval Ammunition Depot, Puget Sound, and the Naval Air Station, Sand Point, have been uncovered. These individuals are in contact with Lieutenant Commander S. Fujii.

7. There are 107 Japanese owned hotels in Seattle, 27 in Tacoma, and 80 in Portland. Proprietors of Japanese owned and operated hotels and rooming houses where enlisted men frequent have been card indexed. Lieutenant Commander S. Fujii is in direct contact with these individuals and it is believed they are organized to constitute a flow of intelligence.

8. Further to paragraph 5 (a) of reference (b) "LAKE OZETTE", it has been determined that the Ozette Gold Mining Company was a promotional enterprise in which a number of Japanese and one white men were interested. The white man interested has disappeared, and can not be located. It has now been determined, however, that during the operations of the gold mine project, which may have been legitimate, the Japanese on numerous occasions made photographs covering the entire terrain surrounding Lake Ozette beach and Lake Ozette itself.

9. Further to paragraph 9, reference (f), it has been determined that there is in the Thirteenth Naval District a secret Japanese military organization with strict rules for admission and government of its members. It is known that it comprises at least 100 members, the names of its personnel have not as yet been ascertained. There has recently been started a movement among the various Japanese organizations on the Pacific Coast to organize in all Japanese localities a local organization similar in nature to the "Military Virtue" society, having for its purpose the keeping alive in the minds of the second generation the idea of ultimate domination of the world by the Japanese, and keeping up in the minds of the Japanese youth militaristic ideas and first loyalty to Japan.

10. Further to reference (c), and reference (f), paragraph 12, the arrangement with the Commissioner of Land of the State of Washington in regard to further leasing of state owned lands adjacent to naval reservations for Japanese oyster beds, as outlined in paragraph 12 of reference (b), has operated to prevent further leasing by Japanese of these lands. If the opportunity affords through delay in fulfillment of any terms of the Japanese lessor's contracts, it has been arranged that the Commissioner of Lands of the State of Washington will abrogate such leases.

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11. Additional contacts in the Twelfth and Eleventh Naval Districts of the individuals and organizations under investigation have been ascertained and information in regard to these contacts is available for further investigation by these districts. This will be reported on more in detail in a later paragraph of this letter.

12. The active cooperation of the Japanese Consul of Seattle and the officials of the N.Y.K. company with this group has been established.

13. Further to paragraph 6 of reference (f), through three different and unrelated sources, the times and methods of communication and the means to maintain security between Japan and this group has now been ascertained.

14. Further investigation and study of pro-Japanese propagandists within the district and their methods of operation has gone forward and the results including names of the individuals and organizations concerned card indexed and filed. It has now been determined through reliable sources that the Japanese Government makes a practice of subsidizing college professors who through their talks of cultural Japanese lull the people to a false sense of security and who are naturally interested in expressing pro-Japanese sentiments. The names of most of these professors are known so that their activities and propaganda may be countered at the proper time. It has been just recently determined that a definite and concerted effort was made to secure for a known pro-Japanese who has long been known to be actively working for the benefit of a Japanese association, the post of executive secretary of the Institute of Pacific Relations. Through methods which for obvious reasons are not discussed here, the achievement of this objective has been frustrated by persons in the Thirteenth Naval District. A campaign has been started by the branches of the Japanese Association of America in this district, following a plan promulgated by the secretary of this association, to propagandize American born Japanese now in Japan to return to the United States. It is reputed that funds and emissaries despatched from San Francisco are already in Japan for this purpose.

15. Certain Japanese among whose members is a Japanese who has been long resident in Bremerton and who now conducts a cafe and gambling establishment for Filipinos at the end of a blind street abutting at the Navy Yard wall; other Japanese already interested in oyster beds adjacent to the Naval Ammunition Depot, Puget Sound, and members of a Japanese produce company have endeavored to obtain additional leases on state owned tide lands adjacent

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to the Ammunition Depot through an American born Japanese attorney who is known to be intimately connected with Lieutenant Commander S. Fujii and Sataro Minami who is contact man and letter-box for high Japanese officials. It has now been ascertained that Mr. Sataro Minami (whose activities and connection with the problem was reported at length in reference (d)) is closely connected with high military family circles in Japan.

16. Lieutenant Commander S. Fujii has been kept under surveillance as the district organization has permitted for ten months. Some of his activities follow:

(a) He has made trips to California contacting known Japanese individuals in Sacramento and Los Angeles. A considerable list of other contacts, and persons who are in touch with him by mail has been compiled, which individuals and addresses it is presumed he visited while away on trips to California. In Los Angeles, as in Seattle, one of his principal contacts is the head of the Japanese narcotic ring there.

(b) He makes at intervals rounds of Japanese farmers and laborers in the Northwest, one group of which cultivate land and reside adjacent to the Naval Air Station at Sand Point. On a recent trip he carried a Graphlex camera and took pictures of the new construction going on at the Naval Air Station, Sand Point from all sides, after which he spent some time in the house of the Japanese farmer above mentioned residing adjacent to the Air Station.

(c) Included among his regular contacts is a local Japanese fishing company.

(d) It is now known that this officer, concealing his official status, resided in an apartment hotel where U.S. Naval Officers, and women employees of the Navy engaged in confidential stenographic work lived, and while in this apartment utilized the services of three permanent Japanese employees of the apartment hotel. These employees were, and are now ostensibly engaged as his assistants. This being accomplished without the knowledge or suspicion of the Naval Officers or confidential employees of the U.S. Navy. In connection with the foregoing, it has been determined that at various times the Japanese employees of the apartment hotel have been known to enter without legitimate reason the apartment of the confidential stenographers. One of these stenographers is assigned to the Commandant, and the other is assigned to the Chief of Staff

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and War Plans Officer of the Thirteenth Naval District.

17. Important mail, any delay of which causes extreme anxiety is transmitted to and from Japan by the masters of N.Y.K. steamers touching at Seattle and through the Japanese Consul.

18. Leading individuals in this ring were in close contact with the Japanese delegation to the Limitations of Arms Conference when they passed through Seattle.

19. The local Japanese letter-box (S. Minami) received voluminous and important mail for Commander G. Nishida of this delegation.

20.(a) In reference (f), paragraph 4, the activities of the Oji Paper Company in securing detailed charts of the Pacific Coast, copies of which have been furnished the Office of Naval Intelligence, were reported on at length.

(b) In reference (b), paragraph 4 (b), and reference (f), paragraph 7, the activities of C.T. Takahashi Company in placing Japanese laborers on the railroads was reported on at length.

(c) C. T. Takahashi has now been identified as being intimately associated with S. Minami, Commander Taro Isobe, I.J.N. Lieutenant Commander S. Fujii, I.J.N. and the Oji Paper Company - particularly Yasunosuke Fukukita and Yoshiatsu Otsuka, the two Japanese who purchased the maps above mentioned from Mr. Towle in Portland, Oregon.

(d) During the recent visit of the officials of the Oji Paper Company to the United States their American address was given as % C. T. Takahashi Company, Seattle, Washington.

21. It is interesting to note that the consular representatives of Japan stationed in Seattle are invariably "comers". Among these have been Hiroshi Saito, Ambassador to the United States and Chuichi Ohashi who is credited as being next to Comei the Japanese who did most to bring about the Manchurian episode in 1931 and who is high up in the Black Dragon Society. It is logical to believe that the permanent staff of the Japanese organization that has been long resident in Seattle are very closely allied with this society through their associations with successive consuls, and factual evidence has been uncovered to further verify this situation. In this connection a former Japanese consul, Mr. U. Nishimuri, a person of great influence among the Japanese residents in the northwest, is

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domiciled on Vashon Island. A list of the Japanese consuls since 1900 follows:

HAYASHI, Sotokichi		1900 - 1901
OKI, Yasunosuke,	(acting)	1901 - 1903
SAITO, Kazu		1903
HISAMITSU, Saburo		1903 - 1907
TANAKA, Tokichi		1907 - 1910
HAYASHI, Kyujiro	(acting)	1910
ABE, Kahachi	(acting)	1910
TAKAHASHI, Seiichi	(acting)	1911 - 1916
TAMAKI, Tsuruya		1916
MATSUNAGA, Naokichi		1917 - 1920
HIROTA, Morinobu		1920 - 1921
SATO, Toshito	(acting)	1921
SAITO, Hiroshi		1921 - 1923
OHASHI, Chuichi		1923 - 1924
MIYAZAKI, Shinro	(acting)	1925
KAWAMURA, Hiroshi		1926
HANAWA, Yoshiyuki	(acting)	1927
OKAMOTO, Suemasa		1928 - 1930
TANAKA, Senpachi	(acting)	1930 - 1931
UCHIYAMA, Kiyoshi		1931 - 1935
OYA, Yoshimi	(acting)	1935
OKAMOTO, Issaku		1935 - to date

22. Two conferences have been held between representatives of the District Intelligence Offices of the Eleventh, Twelfth and Thirteenth Naval Districts. The first conference held in November disclosed the situation that the Eleventh and Twelfth Naval Districts did not have at that time effective organizations with which to prosecute an investigation of the Japanese espionage ring with hope of any degree of success or security. A limited number of leads were given the District Intelligence Offices of the Eleventh and Twelfth Naval Districts with the request that they be followed up. In the interest of security and for convenience in building up uniform and interlocking files an agreement was made to transmit information on 3 x 5 cards between these District Intelligence Offices.

23. The second conference was held in February, and the officer representing the Thirteenth Naval District at this conference has made the following report:

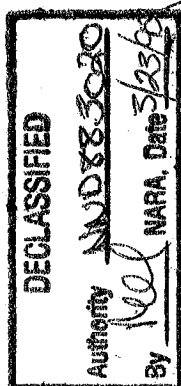
"1. Pursuant to the understanding with regard to maintaining security, developing active liaison and coordinating the activities of the three Pacific Coast Naval Districts in connection with the special problem,

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I have visited the District Intelligence Officers of the Eleventh and Twelfth Naval Districts. First, I contacted Commander Clay, who had just recently assumed the duties of District Intelligence Officer in the Twelfth Naval District and who was new to the problem. I outlined the objective and method through which we were communicating information between the districts. It was arranged that I should spend considerable time with him on my return from visiting Los Angeles and San Diego. Arriving in Los Angeles I was met by Lieutenant McCollum and Lieutenant Rochefort, Fleet Intelligence Officer with whom I exchanged notes and apprised them of the recent developments in our uncovering the definite tie-up with the coastwise organization associated with Japanese naval intelligence officers who have been, and who are now operating on the Pacific Coast. In company with Lieutenant McCollum I then went to San Diego and explained thoroughly to Commander Davis the plan which we had inaugurated in the Thirteenth Naval District. I received a very fine reception and found that they were doing excellent work with the meagre facilities which they have available in the Eleventh Naval District. I was able to furnish the Eleventh Naval District with a great many additional names and addresses of parties active in their district known to be definitely connected with the organization under investigation. The conference held in the Eleventh Naval District was, in my opinion, highly successful. I learned much which will be of future value to the Thirteenth Naval District in furthering the problem. From my two years study of this problem, the last year of which has been in its active prosecution I have been impressed with the fact that a compact undercover group with a permanent assistant District Intelligence Officer must be developed if counter-espionage in this particular problem is to be made successful in each of the three districts on the Pacific Coast. I am not alone in recognizing the necessity of this, as Commander Davis, Lieutenant McCollum and Lieutenant Rochefort are all of this same opinion, and had arrived at the same conclusion prior to my visit. This undercover organization need be but slightly larger than that which is at this time engaged in it, but those now so engaged must be better coordinated and better trained in secret service principles and counter-espionage. With proper training, and by being properly organized as a well functioning unit it should be made at least eighty per cent more effective with the same expenditure of funds. Having made an exhaustive study of the problem with special emphasis on the needs of the Naval Establishment this conclusion is not based on idle theory, but on an actual comparison of the problem as it is now being conducted as compared with similar operations I have handled



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successfully over a period of years. It is also most important and vital to this counter-espionage work that the coordination work which we have inaugurated, such as the trip I have just made must be continued, and developed in order that the work may be carried on successfully on the coast. District lines must be disregarded as far as coordination is concerned just as state lines are disregarded in the successful prevention of crime.

"2. On my return north I stopped off at Palo Alto by pre-arrangement with Commander Clay. It was unfortunate that Commander Clay had just received a telegram that his father was dying, and it was necessary for him to leave for the east. I requested Commander Clay to detail a special agent who is an I-V(S) officer, and who has been working out of his office to me that I might indoctrinate him in the special problem. I found him to be a capable young man, and spent a day giving him specific instructions, how to proceed in pursuance of the special problem. With further indoctrination along this line this young officer can be developed into a highly satisfactory assistant in the Twelfth Naval District. He has already responded in a gratifying manner. The Twelfth Naval District, is however, the least developed of the Eleventh and Twelfth Naval Districts, and in my opinion the Twelfth Naval District is important from the standpoint of uncovering original data.

"3. From my visit I was able to learn that the methods employed by undercover agents, were in many instances, amateurish to the extent of compromising the problem. No criticism of the District Intelligence Officers is meant by this statement. It is a complex problem and one that requires a great deal of experience in counter-espionage, secret service and organization work to properly carry it on without compromising the problem.

"4. Indoctrinated personnel specially trained in obtaining such information and maintaining its security is an absolute prerequisite. The proper personnel has not been available to them. Competent and reliable personnel of this character is not available on the open market in any of the districts. I can say this from years of experience in the employing of individuals engaged in this type of work. The utilizing of the personnel which has been available in other districts has in some instances resulted in compromising the mission (as outlined by the Office of Naval Intelligence, "that under no circumstances should the individuals under

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investigation be led to believe that counter-espionage activities are being carried on").

"5. It must be understood that what I have said heretofore is no criticism of the District Intelligence Officers in the Eleventh and Twelfth Naval Districts, but is due to the fact, that there has not been developed over a long period of time the specially trained personnel essential to carry out the mission. It is impossible in a short space of time to develop a competent staff of undercover agents whose work will be successful on this specific problem. It requires time, patience and intensive training to develop the proper staff to successfully carry on such work without compromising the mission from its inception.

"6. In conclusion the conference was highly successful from the standpoint that we now have a definite understanding and working arrangement between the districts and a close liaison with the Fleet Intelligence Officer on this particular problem.

24. It is believed that these conferences have been of real value in furthering the problem and that they should be continued.

25. The investigation shows that there is a well established organization of Japanese in this district who are associated with Japanese in the Eleventh and Twelfth Naval Districts, the ramifications of which constitute a serious menace to the security of the U.S. Fleet and presents the probability of a grave situation indeed prior to or before the outbreak of possible hostilities between the United States and Japan, or in the event of war between Japan and any other power in which it would be for the best interest of Japan to manipulate the neutrality of the United States.

26. It is hereby certified that the originator considers it to be impracticable to phrase this document in such a manner as will permit a classification other than secret.

27. The urgency of delivery of this document is such that it will not reach the addressee in time by the next available officer courier. The originator therefore authorizes the transmission of this document by registered mail in the continental limits of the United States.


T. T. Craven.

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