

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

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From: Head of Counter Subversion Section
To : Officer in Charge of B-7-CP
Officer in Charge of B-7-F
Officer in Charge of B-7-G
Officer in Charge of B-7-I

Subject: Communist (include agents of the Soviet Union),
French Falange, German and Italian Intelligence
and Propaganda Activities in the United States
during 1941.

Attached is a survey of Japanese intelligence and
propaganda in the United States during 1941.

Each Sub-Section will prepare a similar survey
relating to the activities for which it is responsible,
using as a guide the attached summary. It shall be prepared
without unnecessary delay.

Hartwell C. Davis,
Commander, USN (Ret.)

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NAVY DEPARTMENT
Office of Naval Intelligence
Washington, D. C.

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December 4, 1941

Subject: JAPANESE INTELLIGENCE AND PROPAGANDA IN THE UNITED STATES
DURING 1941.

Note : Prepared by the Counter Subversion Section, Office of Naval
Intelligence, from information received from various sources.

INTRODUCTION

The Kurusu mission to Washington represents the culmination of a year of intense activity which has streamlined Japanese espionage patterns, conditioned programs of sabotage and determined the character and extent of their propaganda launched throughout this hemisphere.

As Ambassador to Berlin, Kurusu signed the Tripartite Pact of September 1940, but it is said that he did so with no great enthusiasm. A top-flight diplomat, he has also been Japanese Consul in New York, Chicago, and Honolulu, as well as Consul General in Manila. In 1929 he was Minister to Chile and for seven years thereafter served in Tokyo as a director of the Commercial Bureau of the Foreign Office.

METHODS of Operation and Points of Attack

With tension growing between the United States and Japan, the Japanese Government decided its system for securing information was inadequate to meet a situation involving war. As early as February, 1941 and coincident with the arrival of the new ambassador Admiral Kichisaburo Nomura, diplomatic and consular representatives were instructed to reorganize and strengthen the intelligence network in this country and to relax the former policy of "cultural propaganda and enlightenment".

Designed to continue in operation, even in the event diplomatic and commercial relations between the two countries were severed, an intelligence machine geared for war was put into operation. As a preliminary measure, Japanese representatives in the United States were instructed to maintain constant watch over American politics, as well as over the economic and social activities of representatives of the U.S.S.R. in this country, particularly as they affect Latin America. For this work, the Japanese planned not only to hire Americans but also to send competent "researchers" from Japan. A decision was also made

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to spread as much political propaganda as possible throughout the United States by means of personal contacts with members of the press and persons influential in American politics and business.

The focal point of the Japanese Espionage effort is the determination of the total strength of the United States. In anticipation of possible open conflict with this country, Japan is vigorously utilizing every available agency to secure military, naval and commercial information, paying particular attention to the West Coast, the Panama Canal and the Territory of Hawaii. To this end, surveys are being made of persons and organizations opposing U. S. intervention in the present European War, and close attention is being paid to all anti-Jewish, Communist, Negro and Labor Movements.

Although not yet fully developed, this new Espionage organization is characterized by a high degree of decentralization. The activity of the Military and Naval section, which is divided into a number of different groups, is supplemented by the work of independent agents, and the general pattern includes individuals, small groups and commercial organizations functioning separately and energetically. In the background lies the Imperial Japanese Government exercising direct control over individuals and organizations through the Embassy and the Consulates.

The new program envisages the use of citizens of foreign extraction, aliens, communists, negroes, labor union members, anti-semites, and individuals having access to Government departments, experimental laboratories, factories, transportation facilities, and governmental organizations of various kinds. Nisei (second generation) Japanese and alien Japanese residents have not been overlooked. Realizing, however, that its nationals in this country would be subject to prosecution "in the event of a slip," the Japanese Government has advised extreme caution in their employment.

In the event of open hostilities, Mexico will probably be the Japanese Intelligence nerve center in the Western Hemisphere, and in anticipation of war, U. S. - Mexican Intelligence routes are being established. This network, covering Argentina, Brazil, Chile, Peru and the Central American countries, will come together in Mexico City, and Japanese co-operation with the German and Italian Intelligence organizations is expected. Such co-operation has been discussed in Tokyo with representatives of the Axis powers and the plan is said to have been approved by them.

At the present time, the District of Columbia, New York City, New Orleans, Los Angeles, San Francisco and Seattle are the espionage centers in the United States with Mexicali, Baja California and Vancouver, British Columbia important boundary outposts.

-2-

CONFIDENTIAL

DECLASSIFIED
Authority NND 883020

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GERMAN-JAPANESE COLLABORATION

As an incident of the treaty with the Axis powers, all possible avenues by which mutual benefit could be achieved began to be explored. Instructions were sent to all diplomatic and consular missions to maintain close contact with officials of Germany and Italy for purposes of exchanging information and to encourage friendships between citizens of the three nations who were living abroad.

A recent investigation conducted in New York City disclosed that Takeo Ezima and Kanegoro Koike, Japanese Naval Officers attached to the Naval Inspector's Office, were co-operating with German espionage agents by accepting confidential data for transmittal to Germany by way of Japan.

On October 19, 1940, instructions were issued from Germany by short-wave radio for a German agent in the United States to contact E. Sato at the NIPPON CLUB in New York City. He made unsuccessful attempts to comply with these instructions until October 31, 1940 when another radio message was received from Germany directing that these efforts be discontinued.

Germany radioed again on May 18, 1941 asking whether its agent in the United States, was prepared to turn over material, inscribed "Sato from Staemer", on May 22, 1941, to E. Sato in the Miyako Restaurant, 20 East 56th Street, New York City. The message also indicated that further meetings should be agreed upon and that this method of transmitting material was safe.

Shortly thereafter, two German agents in the United States complied with these instructions and established contact with an individual who gave his name as Kato. After identifying themselves, they were taken by him to a Japanese restaurant at 41 East 19th Street, New York City, where they occupied a private room. Kato there identified himself as Lt. Commander Takeo Ezima, I.J.N. and took from them a number of items for transmittal to Germany by way of Japan. These items consisted of information developed through the activities of the German Espionage system in the United States, some of which had been microfilmed. However, the original physical articles such as ammunition, a drawing of a hydraulic unit with pressure switch A-5 of the Sperry Gyroscope and an original drawing from the Lawrence Engineering and Research Corporation of a soundproofing installation were also turned over to Ezima on this occasion.

Immediately following a meeting on June 24, 1941, when Ezima received a number of microphotographs of material obtained by German espionage agents, he contacted Kanegoro Koike, Paymaster Commander of the Japanese Imperial Navy, assigned to the Office of the Japanese Naval Inspector in New York City. At the request of the State Department, Ezima was not prosecuted. However, he sailed for Japan on July 5, 1941, and Kanegoro Koike followed on August 14, 1941.

-3-

CONFIDENTIAL

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Reports from the middle west indicate that German and Japanese nationals are carrying on espionage activities through their control of re-insurance companies who underwrite insurance carried by National Defense industries. Although they appear to be owned and operated by Americans, the largest re-insurance companies in the world are German owned.

In the summer of this year, the German Consul Fritz Wiedemann was said to have been considerably perturbed because Japanese steamship lines were not co-operating with him in evacuating German nationals from the United States. He was particularly incensed over the refusal of the NYK Steamship Company to grant accommodations to Karl Anton Bayer and claimed that the failure of the Japanese Consul General to override the Captain of the boat gave the Germans grounds for suspicion that the Japanese were working against them. Additional reports of friction were received from Shanghai where it was stated that the Japanese were generally hated by the Germans. However, German war vessels are known to have been overhauled in the ports of Nagasaki and Kobe and there has been a certain amount of trade in metals between the Germans living in Mexico and Japan.

German-Japanese conferences were scheduled to take place in Havana early in September, and it was reported that they would be attended by such important Germans as Wiedemann, Vonspiegel and Arthur Dietrich.

RELATIONS WITH THE NEGROES

As early as May 1941, the Office of Naval Intelligence became aware that the Japanese Government was establishing connections with influential Negroes in this country for the purpose of studying the negro movement. A short time later it became apparent that representatives of the Japanese Government in the United States were attempting to organize the Negroes for the purpose of retarding National Defense efforts and to commit sabotage. In furtherance of this project, the Japanese expect to take advantage of the political strength of such organizations as the NEGRO CONGRESS, THE NEGRO ALLIANCE, and the NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE.

The Japanese decision to utilize this minority group for their own advantage was first manifest in the latter part of 1940 when the government in Tokyo financed the opening of a news service for negro newspapers by a negro literary critic named Utley. According to reliable reports, Utley has had relatively good results in stimulating subversive activities among the negroes.

A Japanese by the name of Hikida (probably K. Hikida of 257 W. 85th Street, New York City) is the most intimate contact with negro groups and their leaders. Reported to be a well-to-do research worker and writer, he led a round-table discussion on the Negro problem in the office of the

CONFIDENTIAL

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Japanese Naval Inspector in New York City in December 1938. Since then, he is reported to have received grants of money from the Consul General in New York City to carry on propaganda among the Negroes in an effort to organize them.

The District of Columbia is the focal point of this particular branch of the Japanese Espionage system because nearly all Negro organizations have their headquarters in this city. However, Hikida's organization in New York will receive strong support for the purpose of encouraging its rapid expansion, and when organizations in both cities are working satisfactorily, attention will be turned to Chicago, Los Angeles, and New Orleans.

Japanese authorities are watching closely the Negroes who are employed in defense production plants, naval stations, and other military establishments, particularly in the naval bases at Norfolk, Va., Philadelphia, Pa., and Brooklyn, N.Y. They plan to organize skilled and unskilled workmen in these cities to secure military and naval information for the Japanese Government.

In the summer of 1941, a closer association between young Japanese and young Negroes in the San Francisco Bay area was observed. Meetings have been held at the Mikado Grill, 1699 Post Street, San Francisco, Calif. but no definite connections between these mixed groups and Japanese Government representatives have been established. Such mixed parties are known to have gone to Oakland, Calif., to attend meetings of the Nisei Young Democratic Club.

In propagandizing the Negroes, the Japanese are utilizing the services of J. H. Smythe and Walker Matteson. Because of his success in arousing negro opinion, Smythe has been put in charge of the column "Behind the Headlines" for negro publications and both men will be used for editorializing.

FALANGE

Suppression of Axis organizations has caused a shift of totalitarian support to nationalist Latin American groups and these are employed to create unrest with the ultimate object of destroying Pan-American solidarity.

For years it has been a well established fact that Nazi, Fascist, and Falange agents are co-operating extensively in their espionage activities, and it now appears that the Japanese as well as the Germans and Italians are making increasing use of members of Falange organizations because of the limitations on their own connections and activities throughout the Americas.

CONFIDENTIAL

The present organization of the Falange Party dates from April 18, 1937 when General Franco was chosen as its leader. One day later, he announced that the Falange would be the one and only official party in Spain. In direct opposition to Pan-Americanism and the Monroe Doctrine, the basic aim of this group is the restoration of the Spanish Empire of the days before the defeat of the Spanish Armada. This group, together with Nazi and Fascist organizations, is believed to subsidize financially the Union Nacional de Sinarquistas, generally known as "Sinarquistas", which was organized in Mexico in 1936. Drawing its membership and support from the Peons and lower middle-class Mexicans, it is opposed by the Mexican Federal Authorities as well as by labor unions in that country.

According to the terms of an agreement signed by Berlin, Madrid, and Tokyo, the Philippine Falange is coupled with that in Japan and instead of being a German, its chief is Japanese. The Spanish Board for the Philippines is subordinate to the Spanish Embassy at Tokyo and also has a Japanese Councillor.

SILVER SHIRTS MOVEMENT

In the summer of 1941, it became apparent that the Japanese Government was interested in the Silver Shirts Movement in the United States. Kazuyoshi Inagaki, attached to the office of the Japanese Consul General in San Francisco has been mentioned as a Government contact man in the west coast area, and Totaro Iwasaki, an alien Japanese, is also reported as having made inquiries about the status of this group. The Japanese Government appears to be interested in acquiring detailed information about the movement with particular emphasis on its world views and the personal and intellectual capacities of its members.

It appears that Tokyo wishes to use this political group as a means of establishing "Justice" in the United States. If, after a thorough investigation, it is found that Iwasaki has the proper background and training, he will be sent to Japan at Government expense in connection with the movement.

LABOR UNIONS

In the spring of 1941, the Japanese Government indicated that in the event of war with the U.S., labor unions would become a major political factor in obstructing the unification of this country. With that in mind, Japanese officials here were instructed to contact leaders of labor unions, the Communist party, Socialist groups and other anti-Roosevelt movements. In this connection, the Japanese are studying the possibility of using a self-exiled Japanese socialist now living at Northwestern University in Evanston, Illinois. His name is believed to be Oyama (O. Oyama or Iku Oyama).

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ESPIONAGE AND PROPAGANDA

For many years, the Japanese have maintained an extensive organization in the United States to gather intelligence information and to disseminate propaganda. Information of a commercial and political nature has normally been collected by the various consulates which also carry on propaganda under the direction of the Embassy in Washington. Numerous agents have been employed at various times to supplement this work and military and naval information has been gathered by groups of Army and Navy officers and technical experts attached to the Office of the Japanese Army Ordnance Inspector and the Japanese Naval Inspector's Office in New York City. Regular military and naval attaches have also contributed to the pool of information, as have the personnel of Japanese business organizations located throughout the United States. In general, although much information of a military and naval character has been obtained, the system as a whole has been effective only in producing data of a general nature and in disseminating propaganda favorable to the Japanese point of view.

Organization

The military and naval espionage system is organized into more than one independent de-centralized machine. Information sought may be classified as professional, commercial, domestic, and political, and while the duty of each section is practically the same, the detection and destruction of one group will in no way lead to the destruction of the remaining ones.

In addition to the organized machines operating under their respective chiefs, there are many individual agents whose trail will never be picked up. If they are apprehended, they can never be proved to be anything but irresponsible individuals operating without pay, authority, or direction. It is also well to remember that every Japanese commercial organization is an actively functioning information unit for the Japanese Government. Their normal business activities are nationwide, as are their contacts, and the Japanese Government exercises direct control over these groups through its Embassy in Washington as well as through its many consulates.

The Second Secretary of the Japanese Embassy, Hidenari Terasaki, was reportedly charged with the responsibility of co-ordinating and directing Intelligence operations in the United States. Morita Morishima, Japanese Consul General at New York City, is the directing head of the New York unit, and there is a possibility that the Washington and New York units may be combined into one agency with the latter as the "nerve center".

New Policies

In March, 1941 a meeting was held at the Japanese Embassy to formulate new policies concerning intelligence activities. A decision was

CONFIDENTIAL

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made to carry out a most vigorous and comprehensive program and the Embassy requested an allotment of \$500,000 for its development during the year.

In reorganizing the Espionage Network and pursuing a new Propaganda policy, Japanese officials decided to dismiss immediately all persons of little value; to divert the most capable persons currently being used for the dissemination of propaganda into intelligence collecting and espionage activity; and to transfer to the JAPAN INSTITUTE the most effective groups and persons in their employ. Because of "freezing legislation" which brought about a shortage of funds available for distribution to civilian personnel, salaries and expense funds were also streamlined.

Pursuant to this program, the "Culture on Wheels" Library was transferred to the JAPAN INSTITUTE which was also made responsible for the distribution of propaganda films. Operated for several years by Helmut Ripperger, an American citizen who registered with the Department of State as a propaganda agent for the Japanese Government, this reference library carried propaganda by truck to various parts of the U. S., concentrating particularly on American colleges and universities. Until recently, Ripperger received approximately \$1,300 a month from the Consulate General in New York City. The JAPAN INSTITUTE is an affiliate of the KOKUSAI BUNKA SHINKOKAI (Society for Promotion of International Cultural Relations) in Tokyo, a powerful quasi-official propaganda organization, international in scope.

Early in July, it was disclosed that the Japanese were financing the "Living Age" Magazine. At that time its backers decided to sell it and ceased publication in September. If a purchaser is not found soon, the organization will probably go into bankruptcy.

Publication of the "Foreign Observer" was discontinued during the summer; the distribution of films through the Y.M.C.A. and other agencies is to be discontinued as soon as present contracts have expired; plans for publishing propaganda booklets in connection with the World-Over Year Book have been scrapped; the English edition of the Japanese American newspaper has been temporarily suspended; the Japanese subsidy of the Globe Wireless Company has been withdrawn. In addition, in accordance with the policy of utilizing to better advantage the services of its propagandists, two lecturers for the JAPAN INSTITUTE, Arthur Clifford Reed and Arthur Donald Bate, are in reality being used as espionage agents.

Approximately one year ago, Japanese Consulates on the West Coast began to collect information about the movement of British, French and American naval and air forces, stressing the importance of having eye witnesses make reports. At the same time, it was suggested in Tokyo that a naval officer be assigned to each consulate in the United States as a "clerk" to secure information for the Naval Ministry.

CONFIDENTIAL

-8-

DECLASSIFIED
Authority NND 883020

The officer in charge of intelligence at the Embassy in Washington, was designated "Press Attache". His duties include investigation and the gathering of secret information on the division of American public opinion about Japanese-American relations.

In accordance with instructions to pay particular attention to German and Italian fifth column activities, the Japanese studied the reactions of German and Italian Americans in the recent Presidential Election and the attitude of the Communist party at that time.

Latin America

In accordance with its new Espionage policy, the Japanese have established an organization in Latin America to evaluate U.S. public opinion as well as our military and diplomatic situation. Its function is to collect and evaluate information obtained from the offices and personnel of American ministries in Latin America; to study the effectiveness of American and Latin American printed matter and radio broadcasts; and to secure information from offices of third powers in Latin America as well as from individuals in government offices in those countries.

In this connection, it is interesting to note that the Foreign Office in Tokyo has announced the reassignment of Hidenari Terasaki to the Legation in Brazil.

Close attention is being paid to the selection of spies by all Japanese representatives in the Americas. They are particularly anxious to obtain the services of any informants who have been seamen, in order to place them in the employ of steamship companies, and are prepared to spend large sums of money for this purpose. They have advised extreme caution in making selections since they believe FBI makes a practice of trying to get its men into confidential positions in the offices of the Axis Powers. The importance of broadcasts is also stressed and a modified radio monitoring system is envisaged. Leading U.S. newspapers and magazines are carefully scrutinized and efforts are made to obtain detailed information about Panama. To this end, telegraphic sections of all offices concerned are being expanded, sources of information open to Domei News Agencies and other special correspondents tapped and indirect use of Spanish and Portuguese language correspondents is being made. The Japanese plan to keep abreast of current U.S. economic conditions through their merchants.

In the event German and Italian diplomatic officers are ordered out of the country before the Japanese, Tokyo plans to take over confidential informants used by Axis representatives. These informants are not limited to Latin Americans but include those living in Spain and Portugal.

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Continental United States

In June 1941, after the Tachibana Espionage Case was exposed to the public, the Japanese consulates at Los Angeles, San Francisco, and Seattle were instructed to observe the movements of American warships, to gather other information of interest to the Japanese Navy, and to cable it to Tokyo without delay. This action was taken because the activities of Japanese Naval Representatives (Language Officers) in the United States had been suppressed by the U.S. authorities in a series of "incidents", and there was a shortage of naval personnel to do this work.

In reporting progress in the U.S. shipbuilding industry to the Foreign Minister in Tokyo, an espionage agent in this country stated that "America is moving heaven and earth in her Defense Program."

West Coast

In an effort to establish an integrated intelligence organization in the Southern California area, Japanese authorities are intensifying their efforts to establish contacts. Dr. Ken Nakazawa, who is Professor of Japanese Culture and Oriental Studies at the University of Southern California at Los Angeles, is actively engaged in this work. An attache of the Los Angeles Japanese Consulate, as well as an Aide for Japanese propaganda, he is investigating and summarizing first hand information as well as newspaper reports about military movements, labor disputes, communist activities, and other matters of interest to the Government in Tokyo.

Working through white persons as well as Negroes and maintaining close relationships with Japanese Associations, Chambers of Commerce, and newspapers, this group is attempting to keep aeroplane manufacturing plants, military and naval establishments under close surveillance. Its members have already added to the ranks of this group reliable Japanese in the San Pedro and San Diego areas who will keep a close watch on all shipments of aeroplanes and other war materials, and will report the amounts and destinations of such shipments. In addition, observers have been stationed to watch traffic in war materials across the U.S. - Mexican border.

Reports of activities within the United States Army are sought from second generation Japanese in that branch of the armed services, and although the information has not yet been confirmed, there are reports which indicate second generation Japanese are working in west coast aeroplane plants for intelligence purposes.

Prominent Americans and Japanese connected with the motion picture industry have been employed by the Consular Intelligence Network to investigate anti-Jewish movements in this country, particularly on the West Coast, and influential Negroes have kept this group currently informed about the negro movement.

CONFIDENTIAL

-10-

DECLASSIFIED
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California-Mexican Border

Yoshiaki Miura, Japanese Minister in Mexico City, has been the head of the Japanese Intelligence Network in Mexico and Central America. In June, 1941, Kiyoshi Yamagata, travelling Japanese Ambassador, conferred with Miura about plans for organizing the Mexico City office on a wartime basis. During the same month, Yamagata held a conference with Fujio Kato, Japanese Consul at Mexicali. Kato told Yamagata that due to the predominance of American influence in that area and the fact that its many Japanese inhabitants were uneducated, personnel and funds should be supplied to operate Mexicali only as a branch intelligence center. They both agreed that in spite of the difficulty in carrying on their work in a border city with a population of only 15,000 persons, work there would prove useful providing the intelligence network in Los Angeles and vicinity was well organized and particularly if the Japanese Government found it necessary to withdraw its officials from the United States. As a result, Yamagata recommended that connections be established at once between Los Angeles and Mexicali.

Pacific Northwest

In this region also, there is considerable evidence that Japanese agents have put into operation their new policies of espionage.

Kanji Kaneko, Chancellor of the Japanese Consulate at Seattle, is in charge of Intelligence and has been collecting information from second generation Japanese draftees on matters dealing with troops and morale in the United States Army.

Labor unions and political organizations in this area appear to have been intensely utilized by the Japanese. The legal representative of the Cannery Workers and Farm Laborers Union (C.I.O. Local #7 in Seattle) is a second generation lawyer whose name is Kenji Ito. Legal Adviser to the Japanese Consulate in Seattle, he has been active in the collection of information about anti-government organizations and the anti-Jewish movement. It is worth noting that this particular union is composed of about 70% Filipinos and 30% Japanese.

Shoji ("Welly") Okamaru, an American born Japanese with dual citizenship, is head of a unit which contacts labor unions in search of Communist Party members. For the past six or seven years, he has acted as a Secretary of the Japanese Consulate at Seattle, but was promoted to Consular Assistant in June, 1940. He has as an associate an alien Japanese who is active in the labor movement as a committee chairman and organizer.

Before war broke out between Germany and Russia, communist machinists of German origin who are members of labor organizations at the Bremerton Navy Yard and Boeing Aeroplane factories, were supplying information to Japanese authorities. This is but another example of the

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effort Tokyo is making to obtain information on military efforts, construction of ships, aeroplane production, production of copper, zinc, aluminum, yield of tin from cans and labor resources through competent Americans.

Such efforts were supplemented until July, 1941 by the activities of Lieutenant Commander Sadatomo Okada of the Imperial Japanese Navy. He, like Commander Itaru Tachibana, who operated from Los Angeles, was requested by the State Department to leave the country because of his espionage activities in the Pacific Northwest.

Information on political questions is sought by the Japanese in this area, from John Sylvester, speaker of the lower house in the state of Washington, Ralph Horr, chairman of the Republican Party's local committee, and Daniel Trefethen, who is a strong Catholic layman.

Alaska

Although their reliability has not been ascertained, reports have been received which indicate that the Japanese Consulate in Vancouver, B. C., is endeavoring to employ Canadians to visit Alaska to obtain information on land and sea-plane bases in the Yukon, the strength of military supplies and personnel in that area, the distribution, location, and quantity of heavy oil, and progress of base construction in Fairbanks, Seward, Anchorage, and Kodiak. Tokyo is also said to be interested in having a description of dry-docks, data on troops and arsenals in the vicinity of Kodiak and the number of war craft visiting Alaska during the past year. Further, they would like to have a confirmation or denial of the fact of U.S. troops crossing Canada from Fort Haynes to Alaska and their construction of a military road. The Japanese are particularly anxious to determine whether roads are being built to carry heavy oil from Fort Nelson to Alaska.

TERRITORY OF HAWAII

Out of a total population of 423,330 in the Hawaiian Islands, there are 157,905 Japanese, approximately one third of which are aliens. Japanese are known to organize for every conceivable purpose, and social, civic, educational and religious societies have existed in the Hawaiian Islands from the time of the earliest Japanese migrations. It is believed that every Japanese resident in Hawaii belongs to one or more purely Japanese organizations. However, only the more important groups are of interest, since they are in a position to engage in espionage, sabotage and other acts inimical to the best interests of the U. S.

A study of these organizations discloses interesting inter-relations through duplication of activity and plurality of position held by many

CONFIDENTIAL

individuals. For example, a Buddhist priest may be the principal of a Japanese language school as well as a consular agent or an officer or member of an organization appearing in another category.

Each of these groups is at least strongly influenced if not directly controlled by similar ones in Japan. The consular organization is obviously controlled by the Japanese Foreign Ministry, and religious sects are supervised from headquarters in Japan, which in turn are under governmental domination.

Consular Agents

The center of the consular organization, as well as of alien Japanese activity, is the Japanese Consulate General at Honolulu under the direction of Consul General Nagao Kita. For purposes of disseminating instructions or news, it is said to utilize the services of such prominent organizations as the United Japanese Society of Honolulu, the Honolulu Japanese Chamber of Commerce, the Hilo Japanese Chamber of Commerce as well as the Hilo Japanese Society and the Japanese Language Press.

By far the largest and most diversified group under the direction of the Consulate General is that of the "Consular Agents" or "Toritsuginin". Two hundred and nineteen of these agents are located geographically so as to form a comprehensive information system for the Consulate General throughout the Hawaiian Islands. These men are well educated American born and alien Japanese above average in intelligence. Many of them are non-quota aliens operating as Buddhist priests and principals or teachers in Japanese language schools. Scattered throughout the Island, these agents have denied being under the control of the Consul General, and there are none located in the City of Honolulu.

Propaganda

The Buddhist and Shinto sects, the Japanese language schools and civic and commercial societies are powerful propaganda agencies because of the nature of their work with the Japanese community and the fact that their business is carried on usually in the Japanese language.

Each community in the Hawaiian Islands where there are Japanese residents has one or more Buddhist temples or preaching places (Fukkyojo). Because of respect which the Japanese have for priests, they are readily influenced by these men who hold services in accordance with Japanese custom. In this connection, many Buddhist and Shinto priests are non-quota aliens who have lived in the Islands a comparatively short time.

CONFIDENTIAL

Schools

The Japanese educational system in the Territory of Hawaii centers around the Hawaiian Japanese Language School Association. This is an organization composed of representatives or directors from each of fourteen districts. These districts or sub-groups all carry distinct titles and in turn are composed of teachers from the individual schools and school boards under their jurisdiction. In this connection, it should be noted that while the majority of male teachers are alien, many of the citizen teachers were also educated in Japan. Almost invariably, school principals are aliens and frequently they are Buddhist priests.

At the present time, more than 39,000 pupils attend Japanese schools in Hawaii.

Newspapers

Of nineteen newspapers and magazines printed in the Japanese language, the NIPPON JIJII and the HAWAII HOCHI, published daily at Honolulu, are of principal importance. All of the news organs, however, carry pro-Japanese editorials and news items from time to time.

THE TACHIBANA CASE

Head of the Japanese Espionage Network on the West Coast during 1940 was Commander Itaru Tachibana, IJN, who came to the United States as a language officer. Following his arrest in 1941 for violation of the espionage statutes, he was released on \$50,000 bond and finally left the country in June, 1941 at the request of the State Department.

Other Japanese Naval Officers involved in this subversive group were Lieutenant Commander Sadatomo Okada, Commander Iwao Arisaka, Lieutenant Commander Sadayoshi Nakayama and Engineer Lieutenant Wataru Yamada. Okada and Yamada, like Tachibana, were requested to leave the U. S. because their activities were considered to be inimical to the safety of this country, and Commander Arisaka and Lieutenant Commander Nakayama sailed suddenly from New York for Brazil in July, 1941.

Prominent among the organizations which were apparently furnishing information to the Japanese Government through Tachibana were the NIPPON KAIGUN KYOKAI (Japanese Navy Association), the SAKURA KAI (Cherry Association) and the SUIKO SHA (Reserve Officers Club).

The many ramifications of Tachibana's activities were disclosed by translating into English numerous Japanese papers, documents, and reports which were seized by the F.B.I. at the time of his arrest at the Olympic Hotel in Los Angeles.

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Part of the material seized consisted of the records of the North American branch of the JAPANESE NAVY ASSOCIATION (Nippon Kaigun Kyokai). With headquarters in Tokyo, this organization has as its chief objectives the dissemination of information about navies of other countries and the development of Japanese Naval strength. To this end, it has established investigating agencies to study domestic and foreign navies, maritime transportation and other maritime matters. Investigation disclosed that members of the Japanese Navy Association had been working in collaboration with rank officers of the Imperial Japanese Navy stationed in Los Angeles, and it appears that Tachibana, who was collecting intelligence for the benefit of the Japanese Navy, was assisted by the investigating branch of that association.

Among Tachibana's effects was found considerable correspondence from Dr. Takishi Furusawa, director of the Los Angeles Suiko Sha, which is an organization composed of officers and reserve officers of the Imperial Japanese Navy. He and his wife, Mrs. Sachiko Furusawa, appear to be the directive force behind this organization. Both of them are exceedingly prominent in Japanese affairs.

The names of Dr. Kijima Amano, secretary of the Sakura Kai, Shunten Kumamoto, president of the Los Angeles Japanese Association and Gongoro Nakamura, president of the Central Japanese Association of California, also appear among Tachibana's papers and it is interesting to note that all of them, including the Furusawas, are on the research committee of the Sakura Kai.

During the course of investigation of the activities of Dr. Furusawa and the Japanese Navy Association, a large amount of evidentiary material was uncovered indicating a probable violation of federal statutes. As a result, the FBI is conducting a vigorous investigation of this association at the present time.

Tachibana's correspondence also included the names of representatives of a few of the important Japanese language newspapers such as the RAJU SHIMPO (Los Angeles News), KASHU MAINICHI (California Daily), and the NANKA SANGYO NIPPO (Southern California Industrial Daily News).

EXPATRIATION

Reports from Hawaii indicate that the Japanese are resorting to subterfuge to convince Americans that expatriation is reducing the number of dual citizens in that territory. Recently, the acting Japanese Consul General announced that he had asked the Foreign Office for additional employees to handle the increasing number of expatriation applications received by the Consulate in Honolulu. He stated that more than four hundred such applications are submitted each month and that a marked

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increase has been noted during the past eight months. It is worth noting, however, that the total number of expatriations in 1940 was only slightly higher than the figure for 1933.

Formal expatriation of Japanese citizenship, heretofore required of public school teachers as a condition precedent to their continued employment in the Territory of Hawaii, was recently relaxed in the case of American citizens of Japanese ancestry who are not registered with the Japanese Government. This action was reported to be the result of intercession on the part of the Hawaiian-Japanese Civic Association of Honolulu.

Out of a total Japanese population of 320,000 in the United States and its possessions, it is estimated that more than 127,000 have dual citizenship. This estimate is based on the fact that more than 52% of American born Japanese fall into this category. In the Territory of Hawaii alone, dual citizens constitute approximately 35% of the total Japanese population.

Recently, a petition carrying over 30,000 signatures was submitted to the Secretary of State requesting this government to negotiate a more simplified expatriation procedure with the Japanese Government. Many people who signed this petition were already expatriated and it appears that the emphasis of the campaign was on obtaining an imposing number of signatures to the petition rather than to represent the real desires of dual citizens.

Expatriation is almost universally opposed by the parents of dual citizens who claim that for the names of their children to be struck from the family register is an affront to their ancestors and an act of disloyalty to Japan.

The present Japanese Nationality Law of 1924, which liberalized the process of expatriation, was announced as a result of representations made by a group of Hawaiian Japanese who went to Japan especially for that purpose. It would seem that if the Japanese were sincere in their desire to facilitate expatriation at this time, they would follow the method previously so successfully employed. The fact that they now call upon the State Department to intervene with the Japanese Government on their behalf and surround the campaign with a fanfare of publicity, gives rise to the belief that those behind the present movement are deliberately trying to portray the dual citizens of Hawaii as the unwilling possessors of Japanese citizenship.

It is worth noting that the various expatriation campaigns have coincided with junctures in American-Japanese relations or with the development of local issues which tend to bring the Japanese racial situation sharply into focus. This recent campaign in the Territory of Hawaii

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is believed to have arisen from the questioning of Japanese candidates about their citizenship status during the recent Territorial elections.

Residents in the United States and Hawaii have had 18 years in which to renounce their Japanese allegiance. The fact that comparatively few have done so negates the supposition that they now desire to cast off their Japanese citizenship as an expression of their Americanism.

Recently it was brought to the attention of the Office of Naval Intelligence that out of a total of 198 postal employees in Honolulu, 51 have dual citizenship and that the foreman in the registry section, Ernest Hirokawa, is an alien Japanese. As a result of this discovery the registered mail for the fleet stationed in Hawaiian waters is now routed directly to the Pearl Harbor Navy Yard as a security measure.

MILITARY CONSCRIPTION

Japanese residents in the United States, especially dual citizens, have been urged to return to Japan to do military service with the armed forces of that country. In some cases even expatriated citizens of Japanese ancestry have been encouraged to do this while visiting Japan. All male Japanese citizens are eligible for military duty during the so-called "military age" (Tekirei Nendo) which is the year following that in which they reach their twentieth birthday.

Considerable evidence exists of such pressure being brought to bear on dual citizens and even expatriated citizens of Japanese ancestry who are in Japan as students or workers. In this connection, a certain Kazuichi Hashimoto of Terminal Island, California is reported to have taken a group of forty young Japanese to Japan, ostensibly for the purpose of teaching them fencing. However, it is suspected that these young people were taken to Japan for military duty.

Once each year, local Japanese consulates publish announcements in Japanese language newspapers concerning registration and deferment applications. Japanese males living abroad who have retained their Japanese citizenship, but who have already been excused from military duty, must nevertheless submit reports of residence. Those who wish to be deferred, upon reaching military age, must execute a "Deferment Application for Residents Abroad".

It is important to note that the categories of those eligible for military service in Japan include males with dual citizenship (Japanese born in the United States after 1924 whose birth was registered with the Japanese Consulate within fourteen days). Under Japanese law, these persons are just as liable to answer to the military authorities as are full Japanese citizens.

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Toward the end of 1940, the Government in Tokyo conducted a national and international census. All persons of Japanese ancestry were required to fill out questionnaires, even those United States citizens of Japanese ancestry who had expatriated themselves.

JAPANESE NAVAL COMMUNICATION AND COURIER SERVICE

A heavy traffic of telegrams, radios, and cables has been noted between the Japanese Ministry of Marine in Tokyo, and the various Naval Attaches and Inspectors in the United States, Canada, Mexico, and Europe.

There is strong evidence that the Naval Attache's Office in Washington operates a short wave sending and receiving set disguised as an "Amateur Station", and that it is linked to the numerous "Ham" stations known to be operated by Japanese on the West Coast and in Hawaii. This fact has yet to be proved, but the interest shown by the Naval Inspector for Radio in New York City seems to be a bit out of the ordinary. In addition, leads from a radio transmitting antenna enter the building of the Japanese Embassy in Washington, and one of the Embassy clerks recently made an unsuccessful attempt to secure an amateur radio operator's license.

In addition to radio and cable, the Naval Attache has at his disposal the service of the diplomatic mail pouch. However, it is evident that the Naval Attache relies on his own couriers to transmit items between this country and Japan. It is believed that the greater part of this service is concerned with sending to Japan samples, charts, models, reports and other documents which are not entrusted to the usual mail and express service.

An analysis of the itineraries of visiting officials and certain language officers indicates a systematic and periodic movement between strategic points throughout this country. Language officers are used for transcontinental officer-messenger service only when there is no "visiting officer" available. Their primary function is to collect and distribute information to agents located in various key cities throughout the country. If no naval personnel are aboard incoming or outgoing Japanese ships, a language officer will contact the Captain (who is a Naval Reserve Officer) to receive and send Naval Attache mail.

Confidential mail service between the Japanese Embassy and the Naval Attache in Ottawa, Canada appears to be indicated by the regularity of officer travel between Washington and Buffalo. Likewise, at frequent intervals, officers are sent from Washington to Miami, New Orleans, Houston and return.

CONFIDENTIAL

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While in Miami, they invariably fly to Havana and return the same day. On the West Coast, a language officer from Los Angeles or Seattle, frequently travels up and down the Coast from Vancouver, B.C. to Tiajuana, Mexico for no apparent reason unless it is to contact agents to collect and distribute information. On occasion, the West Coast language officer will travel from Los Angeles to Chicago and return via Seattle, Portland, and San Francisco. On the East Coast, an officer frequently goes from Washington to Chicago via New York and Cleveland. It would appear therefore, that Chicago is the meeting place for officers stationed on the East and West Coasts.

EXPENDITURES

Secret funds in cash are maintained by the Japanese Embassy and Consulates for the purchase of intelligence information from civilian agents who report directly to consular agents and representatives.

While the Naval Inspector's Office was in operation, it was primarily interested in obtaining detailed technical information which could be used to advantage by the Japanese Navy. Disbursements of this office in New York City alone amounted to approximately \$500,000 a month, but aside from fuel oil, the purchases were all nominal and varied. They covered aircraft parts, radio, electric equipment, tools and accessories which were apparently obtained for purposes of examination only.

Archer Saki Huntington reported that Fukichi Fukumoto, former New York representative of the OSAKA MAINICHI and TOKYO NICHI NICHI newspapers, paid him \$2300 to obtain the drawings of an exhaust super-charger used in aeroplane engines.

Prior to the Executive Order freezing the assets of all Japanese and Chinese nationals in the United States, the Yokohama Specie Bank, Ltd. withdrew \$150,000 in cash from the Guaranty Trust Company in New York City and \$50,000 in cash from its account at the Chase National Bank.

In the summer of 1941 the Yokohama Specie Bank of San Francisco prepared to pack and ship a large number of Japanese bonds to Japan aboard the NYK Liner "Tatuta Maru". As a result of Federal action, Japanese bonds of various descriptions having a par value of \$9,621,100 were recovered.

Through confidential sources it was learned that on July 25, 1941, cash funds amounting to \$180,000 were allotted by the management of the Yokohama Specie Bank in San Francisco to its officers and employees, most of whom are Japanese nationals. These funds were distributed in

CONFIDENTIAL

proportion to the yearly salary received by the individuals and this move appears to have been made in order to prevent total loss of funds through seizure by the U.S. Government in time of war.

Funds of Japanese nationals and corporations located in the District of Columbia, New York City, San Diego, Los Angeles, San Francisco, Seattle, Honolulu, and New Orleans are being monitored at the present time to determine the source of income and the nature of withdrawals made from accounts in various banks in these localities. Any deposits of unusual size, and likewise any withdrawals, made by individuals, Japanese owned corporations and organizations are brought to the attention of the proper Federal authorities, and serial numbers of bills in denominations of \$500 and \$1,000 are recorded in order to permit investigation of subsequent negotiation of such bills. In this way, it is possible to determine whether funds are being used for activities inimical to the welfare of this country.

JAPANESE LANGUAGE NEWSPAPERS

Since November, 1940 there has been a definite effort on the part of certain agencies and ministries of the Japanese Government to establish control over the Japanese language press throughout the world. Following the organization of the powerful OVERSEAS JAPANESE CENTRAL SOCIETY late in 1940, officials of the Japanese Ministries of Commerce and Industry, Foreign Affairs, Navy, War, Overseas Affairs, and other lesser agencies determined to ensure further control over Japanese living abroad through the medium of the press. They scheduled a convention to be held in Tokyo in November, 1941 and invited the most pro-Japanese publishers and editors to attend. At the conclusion of the convention, half the delegates toured China, while the others traveled through Japan Proper at government expense.

A similar tendency is revealed in a report of a meeting held in Japan during the summer of 1941 by the WORLD ECONOMIC FEDERATION (formerly the JAPANESE ECONOMIC FEDERATION) at which representatives of overseas Japanese newspapers were requested to act as an investigative unit in a study of world economic movements. Efforts of this sort on the part of Tokyo are entirely in keeping with that Government's comprehensive re-organization of intelligence and propaganda policies. Close contact between Japanese newspaper correspondents and officials of the Embassy and Consulates has been observed during 1941, and many Japanese newspapers in the U.S. are being pressed into service by the Embassy, the consulates and officials in Tokyo to assume intelligence duties previously carried on by regular military and naval agents. At the same time, they are expected to function as instruments of propaganda.

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Authority NND 883020

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As an example of this arrangement, when Fukuichi Fukumoto, the former New York representative of the Osaka Mainichi and Tokyo Nichi Nichi newspapers was ordered to return to Japan by his employers, the Embassy procured a recision of his orders and he was designated Washington representative of the Tokyo Nichi Nichi.

Most Japanese language newspapers in the U. S. appear to be conventional news organs with no more pro-Japanese bias than one would expect in view of their affiliations. Others, however, such as the NEW WORLD SUN DAILY NEWS and the JAPANESE AMERICAN NEWS, both of San Francisco, are strongly pro-Japanese, and their editorials, from time to time, severely criticize American domestic and foreign policy vis-a-vis the Japanese. Representatives of these two papers were particularly active in the Tokyo meetings mentioned above.

There is also a small category of radical Japanese newspapers published in this country, perhaps the most interesting of which is the DOHO, a communist organ in Los Angeles. The TAISHU weekly of Seattle, Washington, a one man proposition with no consistent editorial policy, would also be included in this category.

In conclusion it should be mentioned that in several instances where there have been both English and Japanese sections within a paper, two diametrically opposed points of view are expressed, that in English being either neutral or pro-American, whereas the Japanese language section is definitely pro-Japanese. The UTAH NIPPON of Salt Lake City, Utah, and the ROCKY NIPPON of Denver, Colorado, are perhaps the best examples of this dual editorial policy.

ORGANIZATIONS

Although many Japanese residents of the United States are leaving the country in anticipation of war, and many representatives and officials of Japanese commercial interests have been recalled or transferred South, the span of Japanese organizations across the United States continues to be useful in collecting intelligence and disseminating propaganda for Tokyo.

Commercial Interests

Normal business activities of Japanese commercial firms in this country are nation wide and until the advent of the National Defense Program, contacts of their employees were practically unlimited. Both the firms themselves and their directive heads are under the immediate control of the Embassy and the various consulates.

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Until recent legislation forced their retrenchment or withdrawal there were sixty Japanese companies in New York City alone available for the collection of technical information as well as for the dissemination of propaganda. Chief among these were:

Bank of Chosen (Korea)
Bank of Taiwan (Formosa)
Domei News Agency
Japanese Army Ordnance Inspector's Office
Japanese Chamber of Commerce
Japanese Financial Commission
Japanese Naval Inspector's Office
Japanese Raw Silk Intelligence Bureau
Mitsui and Co.
Mitsubishi Shoji Kaisha, Ltd.
Nippon Yusen Kaisha
Okura and Co.
Osaka Shosen Kaisha
South Manchuria Railway Co.
Sumitomo Bank, Ltd.
Tokyo Commercial and Industrial Museum

Most of them, as well as other important ones not listed, maintain well staffed branch offices in other cities.

Such gigantic organizations as the Mitsui, Mitsubishi, Okura, and Sumitomo interests may be said without exaggeration to control the financial and economic life of Japan. They are all directly or indirectly subsidized by the Japanese Government and may be considered quasi-official in nature.

In connection with the intensification of Japanese Intelligence efforts in the Americas, it is worth noting that the Mitsubishi interests have been extremely active in the shipment of various metals, fuel and lubricating oils, concentrating particularly on scrap iron, heavy machinery, and machine tools. In addition, they are known to have collaborated with German interests in an attempt to corner the market on mercury at the expense of the United States.

Mitsubishi is one of the fourteen semi-official organizations specifically designated to collect and report intelligence information formerly sought by Tokyo through regular Military and Naval agents. Reports of ship and troop movements, arrangements of inspection trips for visiting Japanese officials to important American plants and military establishments and the collection of all available information about the National Defense effort are illustrations of the "extra curricula activities" carried on by this organization. The same general pattern holds true with respect to other Japanese business houses.

CONFIDENTIAL

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Since the freezing of funds in July of this year, all Japanese business houses in the United States are closing or continuing operations with a skeleton force.

Civic

By far the most important Japanese civic organization in the United States is the JAPANESE-AMERICAN CITIZENS' LEAGUE which is an outgrowth of the AMERICAN LOYALTY LEAGUE. It has a total membership of approximately 10,000 persons distributed among 51 individual chapters and grouped geographically into four regional councils which cover the Pacific Coast and extending inland as far as Arizona, Idaho, and Utah. Its alleged objective is to encourage better citizenship among Americans of Japanese ancestry. It also supports all movements designed to improve the status of the Japanese in the United States.

One section of this organization which warrants particular attention is the so-called KIBEI group. Representing approximately 6% of the total membership, these members must be considered as pro-Japanese in their ideas and affiliations. Although American born, they have been educated in Japan and ordinarily have little or no background of American culture or appreciation of our form of government.

Recent reports indicate that the JAPANESE-AMERICAN CITIZENS' LEAGUE flatly rejected an offer of subsidy from the CENTRAL JAPANESE ASSOCIATION, apparently for fear of loss of independence if it accepted financial aid from this source.

Religious

Japanese religious organizations in the U. S. embrace Buddhist and Shinto temples and Christian churches as well as affiliated social or welfare clubs and schools. The Buddhist and Shinto priests in the U. S. and Territory of Hawaii number over 350. In addition to serving as principals or teachers of Japanese Language Schools, most of them are Japanese consular agents. Inasmuch as strict supervision of religion has for centuries been a characteristic of Japanese governmental policy, it follows that both priests and teachers are to a considerable extent subject to orders from Tokyo or, what amounts to the same thing, from their religious superiors in Japan.

To appreciate fully the potentialities of these organizations as media for subversive activity, it should be noted first, that there are well over 100,000 Buddhists in the continental U. S. alone, and secondly, that every Japanese, no matter what his professed faith, is a Shintoist. Shintoism is commonly though somewhat erroneously referred to as a religion. In reality, it is defined by the Japanese Government as a patriotic code founded upon the worship of the imperial line and the mythological gods accredited with the creation of Japan.

CONFIDENTIAL

The work of these priests involves travel along the West Coast of the U.S., throughout Hawaii and to Japan. Investigations of Japanese organizations suspected of subversive activity disclose that these priests frequently hold office in such suspect groups as the HOKUBEI ZAIGO SHOKO DAN (North American Reserve Officers Association) and the NICHIBEI KOGYO KAISHA (Nichibei Kinema Co.).

Affiliated with Buddhist and Shinto temples are Japanese Language Schools, welfare societies, young people's Buddhist societies, and Buddhist women's associations. They provide excellent resources for intelligence operations, have proved to be very receptive to Japanese propaganda, and in many cases have contributed considerable sums to the Japanese war effort.

Japanese Christian Churches are much less closely affiliated with the Japanese Government, and there is considerable evidence to indicate that their major concern outside of religious matters centers on improving Japanese-American relations and the restoration of peace in Eastern Asia. At the same time, it is true that some individuals and groups among Japanese Christians are working against the interests of this country. In this connection, the JAPANESE STUDENTS' CHRISTIAN ASSOCIATION in New York City, is reported to disseminate pro-Japanese propaganda among the Nisei in addition to carrying on its regular functions as a religious association.

Military

Of the many and varied types of Japanese organizations in the United States, by far the most active and subversive to the interests of this country are such military organizations as the NANKA TEIKOKU GUNYUDAN (Southern California War Veterans), Los Angeles, NIPPON KAIGUN KYOKAI (Japanese Naval Association), Los Angeles, SAKURA KAI (Patriotic Society), Los Angeles, HOKUBEI BUTOKU KAI (Military Virtue Society of North America), Alvarado, California, and the HOKUBEI HEIHKI GIMUSHA KAI (Association of Japanese in North America Eligible for Military Duty), San Francisco.

These organizations are intensely nationalistic and until recently made heavy contributions to the Japanese War Chest. Members of the NANKA TEIKOKU GUNYUDAN, NIPPON KAIGUN KYOKAI, and SAKURA KAI are suspected of being either veterans of or reservists in the Japanese armed forces. They have co-operated closely with official Japanese Agencies in the United States and the arrest of Commander Tachibana disclosed that the last two organizations, together with the SUIKO SHA (Reserve Officers' Club) in Los Angeles, were supplying him with intelligence information to be sent to Tokyo.

CONFIDENTIAL

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Although their membership is drawn from a younger age group, such organizations as the HOKUBEI BUTOKU KAI and HOKUBEI HEIEKI GIMUSHA KAI are none the less loyal to Japanese principles, particularly to the expansionist program of the present military regime in Tokyo. In both of these organizations, internal friction has been noted and in those branches where the conservative element is dominant, there has been a tendency to de-emphasize military activities and in some cases to sever altogether affiliations with headquarters in Japan. On the other hand, where extremists have retained control, a marked increase in attendance to military sports, to local intelligence activities, and closer co-operation with the home government have been noted.

Many local branches of these organizations have changed their names during the last few months in order to avert suspicion. In the event of war between the United States and Japan, Japanese organizations of this general type are certain to be delegated important espionage and sabotage functions in the area where they now operate.

Cultural

Two of the most influential of the Japanese cultural organizations in the U. S. coming under the direct control of the Government in Tokyo are the JAPAN INSTITUTE in New York City, and the JAPANESE CULTURAL CENTER OF SOUTHERN CALIFORNIA at Los Angeles. Operating on extremely generous budgets they distribute propaganda of all kinds, sponsor lectures and demonstrations, and subsidize American and Japanese scholarship in Oriental studies. Many individuals associated with both organizations are known dangerous propagandists and espionage agents.

It is interesting to note that the JAPAN INSTITUTE is preparing to cease operations and early in December of this year began to destroy its records.

Of minor importance are such cultural groups as the FAR EASTERN INSTITUTES held every summer at different American colleges and universities, THE STUDENT INSTITUTE OF PACIFIC RELATIONS and the ZAIHEI NIPPON-JIN JISEKI HOZON KAI. The latter is a small group carrying on American historical research.

In March of 1941 the NICHIBEI KOGYO KAISHA of Los Angeles which is one of the most active propaganda - espionage organizations in the United States was reorganized under the name of the NICHIBEI KINEMA COMPANY, INC. Incorporated in December, 1937, it was originally designed as a front for the LITTLE TOKYO GAMBLING CLUB owned by Hideichi Yamatoda. At the present time, however, most of the control rests with officials of the CENTRAL JAPANESE ASSOCIATION of San Francisco, California, and the LOS ANGELES JAPANESE CHAMBER OF COMMERCE. Most of its officers are suspects and have wide affiliations with suspect organizations and firms. This organ-

CONFIDENTIAL

ization acts as a distribution center for foreign and domestic motion pictures and gramophone records. It also co-operates closely with Tokyo in arranging engagements for lecturers, theatrical troupes and musicians along the West Coast and in Hawaii. As an indication of the importance of its function, this organization's capital stock was increased from \$25,000 to \$250,000 in March, 1940.

CONCLUSION

During the first week in December, large scale shifts in key diplomatic personnel from Canada and the United States to Mexico and Latin America have taken place, and a mass exodus of Japanese residents is under way. On December 1, 1941, the Consulate General on the West Coast began to destroy its records, as did the Consulate General, the Japanese Chamber of Commerce and the Japan Institute in New York City. Secret codes and ciphers at the Japanese Embassy were burned on the night of December 5, 1941.

Such organizations as the Japanese Raw Silk Intelligence Bureau, the Silk Department of Mitsui & Co., Gunze Corporation, Asahi Corporation, Japanese Cotton & Silk Trading Co., Hara & Co., Katakura & Co., Morimura & Co., Arai & Co., and Shinyei & Co. closed on Saturday December 6, 1941, and personnel of these commercial houses plan to leave this country December 16 aboard the Tatuta Maru. The Japan Institute has announced its closing date as December 9, 1941.

Although incomplete, the foregoing picture of Japanese intelligence and propaganda activities during 1941 illustrates the extent of Tokyo's effort to penetrate this Hemisphere. Current U.S.-Japanese relations are not clearly defined. However, in anticipation of a possible crisis, the FBI is prepared to take into custody and detain all persons whose activities are inimical to the best interests of the United States.

To: All Naval Districts, FBI, MID, COI, State Dept.

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-26-

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