

NAV.

Op-16-B-5

ORD. QC/IntDeptmntl

Int Committee

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AERO Serial No. 0395616

Confidential

MAY 23 1941

MAY 23 1941

C. & R. From : The Chief of Naval Operations  
To : The Secretary of the Navy

Y. & D. Subject : Subversive Elements among the Personnel of the American  
S. & A. Merchant Marine.

M. & S. Enclosure: Survey of conditions in the American Merchant Marine by  
J. A. G. the Interdepartmental Intelligence Committee.

M. G. C. 1. There is forwarded herewith for your consideration the  
BUDGET findings of the Interdepartmental Intelligence Committee relative  
to the existence of subversive elements among the personnel of the  
American Merchant Marine. This Committee is composed of Mr. J.  
Edgar Hoover, Brigadier General Sherman Miles, U.S. Army, and Captain  
Alan G. Kirk, U.S. Navy.

Op. 12. 2. Briefly, the Committee has found that, (a) the efficiency  
Op. 13. of the Merchant Marine has been impaired by the activities of the  
Op. 14. National Maritime Union and the American Communications Association,  
Op. 15. (b) some strategically placed officers and crew members have strong  
Op. 16. pro-Axis or Communist sympathies and meetings of these elements  
Op. 17. have been held on board ship at which propaganda was disseminated  
Op. 18. and discord fomented, (c) there is evidence of serious impairment  
Op. 19. of morale and discipline on board some vessels. In support of its  
Op. 20. findings the Committee has set forth certain specific instances of  
subversive conduct which are described in more detail in the exhibits  
attached to the report.

Op. 21. 3. It is recommended that immediate steps be taken by this  
Op. 22. Department to bring about a correction of the dangerous conditions  
Op. 23. found to exist by the Committee through appropriate legislative or  
Op. 30. executive action. The Secretary of War and the Attorney General  
Op. 38. have received a communication similar to the enclosure hereon.

H. R. STARK

Copies: Brig. Gen. Miles, MID.

Mr. J. Edgar Hoover, FBI.

Dictated by Lieut. Cmdr.

E. B. Gibson

Dictated on May 20, 1941

Typed by W.I. Lackenmacher

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Office of the Chief of Naval Operations

Op-16-B-7

AB-3/WJ(A-29)  
Serial No. 0351116  
(SC) AB-5/QS1

MAY 5 1941

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My dear Mr. Bland:

"FOR OFFICIAL USE"

In reply to your letter of April 29, 1941, requesting information concerning certain radio telegraphists, seamen, longshoremen and others, you are advised that the files of the Navy Department have been searched, and in only one case does it appear that any of the individuals mentioned are presently on the rolls of the Naval forces.

The Navy records show that a William Elvin Kendall enlisted in the Naval Reserve in San Francisco, California, December 19, 1940. This man is not on active duty. He may be identical with the "William E. Kendall" listed on the first page of your letter mentioned above, although your letter indicates this to be the party name of another individual.

Since the investigation of subversive activities in connection with the Merchant Marine comes under the jurisdiction of the Federal Bureau of Investigation, it is suggested that inquiry be directed to this Bureau for further information.

Sincerely yours,

*A. G. Kirk*  
A. G. Kirk

Hon. Schuyler Otis Bland,  
Committee on Merchant Marine and Fisheries,  
House of Representatives U. S.,  
Washington, D. C.

Dictated May 3, 1941  
" by Lt. Cdr. Caskey  
Typed by J. Rizzo

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(SC) AB-5/QS1

Op 38S-03-vc  
(SC) A8-5/QS1  
Serial 015538

1st Endorsement  
Navy Department

April 3, 1941

CONFIDENTIAL

Memorandum

From: Director, Ship Movements Division.  
To: Chief of Naval Operations.  
Via: Director, Central Division.  
Subject: Subversive conditions in U. S. Merchant Marine.

1. Forwarded, contents noted.

2. In connection with the general subject of subversive activities aboard United States merchant vessels, there is quoted herewith certain testimony which has been given before the Merchant Marine and Fisheries Committee of Congress by representatives of this office Friday, 28 March, 1941:

"I wish to express my views in relation to our present-day problems on board our merchant vessels. I, as an ex-merchant marine master, and formerly employed as personnel manager of the seagoing personnel of the Grace Line of New York, wish to state for the record that it has been generally stated and must be admitted that the labor organizations, representing most of the seamen contain radical leadership, not only ashore but afloat. It does not necessarily follow that a large majority of seamen accept this leadership, in fact, I am of the opinion that at least 85% of seamen are loyal citizens of the United States. The problem, therefore, is to displace the undesirable 15 per cent and provide the desired leadership by insisting upon proper shipboard discipline.

This can be accomplished by:

1. Obtaining from the office of Naval Intelligence the names and descriptions of those persons known to be members of subversive organizations.

2. Discharging such persons from the employ of merchant vessels of the United States at the first opportunity.

3. Rejecting the applications for employment of such persons.

4. Refuse admittance to vessels of such persons

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Subject: Subversive conditions in U. S. Merchant Marine.

even if they represent labor organizations.

5. Increase the supply of seamen.

6. Abolish the rotary system of hiring in the union hiring halls.

7. Make it unlawful to hold union meetings on board vessels while vessels are at sea.

8. Give the ship operator the right to select his sea-going personnel from union hiring halls instead of the right to rejection.

9. Relax rules of the Bureau of Marine Inspection and Navigation of the Department of Commerce, so as to allow special ratings, such as electricians, machinists, refrigerator engineers, and pumpmen to sail in such ratings without six months' service as wiper, if they satisfy professional requirements.

10. Increase facilities of training through the U.S. Maritime Service. Training of raw recruits at all U. S. Maritime Service Training Stations. Abolish requirement of one year's service in the last three years for other seamen.

11. Re-opening of sea service bureaus in all major seaports. By a recent order of the Secretary of Commerce, these bureaus were discontinued. In order to provide a place where unaffiliated seamen and graduates from the U. S. Maritime Service will be readily available when unions are unable or unwilling to furnish satisfactory replacements.

12. In order to defeat any conspiracy on the part of radical leaders to take advantage of the certificated requirements of the Bureau of Marine Inspection and Navigation through the medium of "pulling" certain ratings from the crew at the last minute, vessels should be allowed to proceed when in the opinion of the master they are sufficiently manned for the voyage.


3. It will be noted that the testimony contains twelve

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Subject: Subversive conditions in U.S. Merchant Marine.

recommendations which recommendations are desired to displace the undesirable 15% unlicensed personnel estimated to be employed by the U. S. Merchant Marine. These men (15%) represent members of organized unions.



R. M. BRAINARD

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Finished-GARY-File



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and No.

Op-12-CTB  
(EC) A8-5/PSI

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NAVY DEPARTMENT  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
WASHINGTON

March 31, 1941.

Memorandum

From: Director, War Plans Division.  
To: Chief of Naval Operations.

Via: (1) Director, Ship Movements Division.  
(2) Director, Central Division.

Subject: Subversive conditions in U. S. Merchant Marine.

Enclosures: (A) Memorandum from Captain W. O. Spears, U.S.N.  
with enclosures.  
(B) Memorandum from Captain E. W. Burrough, U.S.N.

1. The above enclosures are forwarded herewith, with the recommendation that they be given very serious and early consideration. It is recognized that the problem of improvement of personnel conditions in the U. S. Merchant Marine is very delicate and very difficult. Its importance and seriousness, however, merit an immediate attempt to solve it.

2. For information, it may be stated that Captain Spears' opinions developed as the result of three years' effort, as Director of Naval Reserve Personnel, to obtain reliable and disciplined crews for the Merchant Marine. Before preparing his memorandum, he consulted with the Chief of the Bureau of Navigation, with various Divisions of the Bureau of Navigation, and of the Office of Naval Operations, and with officers of the Division of Ship Movements who will be charged with the operation during war of merchant vessels which may be taken over by the Navy.

cc: Capt. Spears  
Capt. Burrough

R. K. Turner.

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Nav.	Ord.	Y. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aero.	U. S. M. C.	C. in C. U. S.	Com. Bat. For.	Com. Sec. For.	C. in C. A. F.	Com. Speron.	Com. Atron.	F. A. T. U.	
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March 29, 1941.

Op-12A-2-aw

Memorandum for Admiral Turner.

Subject: Subversive conditions in Merchant Marine.

Reference: (a) Captain Spears' memo on this subject dated March 27, 1941.

1. There is no question of the seriousness of the conditions which have been discussed by Captain Spears. The insubordination, inefficiency and unreliability of the average merchant crews is such as to offer a very real threat to our overseas and coastal communications in time of war.

2. In regard to the solutions of the present deplorable conditions as discussed in paragraph 15 of reference (a), the following comment is made:

Even though, as stated by Captain Spears, present political labor relations make it doubtful if any effective action can be obtained toward ameliorating the conditions, there is no reason why the Navy Department should not do its utmost to assist the Maritime Commission in their endeavors to "clean house". The latter agency has recently proposed that the present hiring hall system be abolished, and that ship's masters be given authority to sign on only such crew members as they desire. This is considered to be one of the most important of the considerations involved because at present neither the ship's officers nor owners have the slightest control over the men signed on, and they must take whatever men are sent to them by the hiring halls regardless of their ability or known subversive activities. It is believed that with the present feeling throughout the country in regard to labor agitators and subversive operations that were the Navy to put its weight behind legislation as proposed by the Maritime Commission it would go far toward obtaining reliable crews for merchant ships.

3. There is no basic reason why Americans can not be trained to become able and reliable seamen as is the case in Great Britain.

4. The alternative suggested by Captain Spears, is to make it mandatory for crews of subsidized merchant vessels to be members of the Naval Reserve. This would add a tremendous burden to the Navy and would divert some of the effort so urgently required to train personnel for the many new ships being built.

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Attaché at		Op-10/11	Op-12	Op-13	Op-14	Op-20	Op-21	Op-22	Op-23	Op-30	Op-38	State	Com-merce	Maritime Com.		
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5. Another factor to be considered is that longshoremen are at present in close liaison with the Maritime Union and that they must be cleaned up concurrently with the ships' crews. There have been innumerable instances of "slowdowns" and work interference by longshoremen's unions which, in the aggregate, would greatly hamper any war effort unless this situation is cleared up.

6. To summarize, the most important steps are considered to be:

(a) Allow masters and owners to shipcrews desired by them without any regard to labor union hiring halls.

(b) Eliminate all subversive and communistic elements.

(c) Give ship's officers the necessary backing rigidly to enforce discipline and prosecute any men who engage in mutinous acts, sit-downs or slow-downs whether in port or at sea.

(d) Require each member of the crew to have a record book which is an indication of the loyalty and efficiency of the man concerned.

(e) The Navy Department should take a strong stand in this matter which is so vital a factor of war readiness, and should support vigorously the other Government Departments who are seeking to solve the present unsavory situation.

*E. W. Burrough.*  
E. W. Burrough.

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Op-12C-CMD

NAVY DEPARTMENT  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
WASHINGTON

March 27, 1941.

Memorandum to Director, War Plans Division.

Subject: Subversive Conditions in Merchant Marine.

Enclosures: (A) Reports of Naval Attache, Habana,  
dated March 8, 1941 and March 13,  
1941.

1. The enclosed reports are typical of reams of correspondence now on file in the office of Naval Intelligence regarding the dangerous conditions now existing in our Merchant Marine.

2. These conditions should be considered on the assumption that a much closer cooperation between the Navy and the Merchant Marine will be required as the War progresses. Specifically, we should assume that it may be necessary to provide convoys of United States vessels to send material to Europe in the near future.

3. The present situation appears to be more dangerous than the crises encountered in either 1917 or 1937. It will be remembered that in 1917 it was necessary to strip our combatant vessels to such an extent as practically to demobilize them in the York River, in order to provide reliable armed guards and crews for merchant vessels. At the same time it was necessary to inaugurate a vast training program to provide adequate and loyal merchant seamen to man the vessels composing our convoys in the World War.

4. In 1936 the Communist activity in the Merchant Marine caused a general strike on the West Coast, which caused a loss to shipping and commerce estimated to be approximately a billion dollars. The present situation is considered to be more dangerous than that encountered either in 1917 or 1937, for the reason that we now have an amalgamation of Nazis and Communists, whereas before we had to deal only with Communists.

5. It is the opinion of reliable Merchant Marine officers that the present situation is such that

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Nav.	Ord.	Y. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aero.	U. S. M. C.	C. in C. U. S.	Com. Bat. For.	Com. Sco. For.	C. in C. A. F.	Com. Speron.	Com. Atron.	F. A. T. U.	
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Memo. to Director, War Plans Division.

it would be almost impossible for us to send convoys to Britain, in case our policy should require this action. These officers of the Merchant Marine insist that there would be a general strike instigated by Nazis and Communists, brought on by demands for double pay and excessive bonuses to operate ships in war zone. Or if not for this reason some other cause would be found. These officers insist that in case all demands are met, these ships could not safely operate as a part of a convoy without regular Navy armed guards on board, and without regular Navy radio operators in control.

6. Lest there be any doubt about the Navy's interest in this situation in the Merchant Marine, the following is the preamble of the Merchant Marine Act of 1936:

"It is necessary for the national defense and development of its foreign and domestic commerce that the United States shall have a Merchant Marine.....

.....  
(b) capable of serving as a naval and military auxiliary in time of war or national emergency, (c) owned and operated under the United States flag by citizens of the United States insofar as may be practicable, and (d) composed of the best-equipped, safest, and most suitable types of vessels, constructed in the United States and manned with a trained and efficient citizen personnel."

7. Article 501 (b) of the Act requires the plans and specifications for proposed vessels be submitted to the Navy Department in order to insure that the construction is such that it "shall be suitable for economical and speedy conversion into a Naval or Military auxiliary, or otherwise suitable for the use of the United States Government in time of War."

8. Article 302 (g) reads as follows:

"All of the deck and engineer officers employed on vessels on which an operating-differential subsidy is paid under authority of title VI, or employed on the Commission's vessels, after one year after the passage of this Act, shall, if eligible, be members of the United States Naval Reserve."

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Nav.	Ord.	Y. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aero.	U. S. M. C.	C. in C. U. S.	Com. Bat. For.	Com. Sec. For.	C. in C. A. F.	Com. Spec. For.	Com. Atron.	F. A. T. U.	
Attaché at		Op.-10/11	Op.-12	Op.-13	Op.-14	Op.-20	Op.-21	Op.-22	Op.-23	Op.-30	Op.-38	State	Com- merce	Maritime Com.		
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Memo. to Director, War Plans Division.

9. In this respect I wish to call attention to the hearings before the House Naval Appropriations Committee on Navy Department Appropriations Bill for 1938, Pages 191 to 198. In these hearings the then existing conditions in the Merchant Marine were discussed with definite recommendations made for improvements. The policies expressed showing the interest of the Navy in the Merchant Marine (which still exist) were those advocated by the Chief of Naval Operations, the Chief of the Bureau of Navigation, and approved by the Secretary of the Navy. It was hoped to obtain trained and disciplined crews for the Merchant Marine through the medium of the Merchant Marine Reserve. By the Merchant Marine Act it was mandatory for officers to join the Merchant Marine Reserve but optional with unlicensed personnel.

10. In the meantime the Navy Department has initiated Naval training for Merchant Marine Naval Reserve officers on a small scale, and the Coast Guard, acting as agent for the Maritime Commission, has developed a program of training for unlicensed personnel.

11. The Navy Department has repeatedly announced a policy that regardless of any initial training of the Merchant Marine personnel, a certain amount of Naval training must be provided for keeping men trained and prepared for their war time duties. The only practicable method of doing this is through the medium of the Naval Reserve.

12. The claim is made by the Merchant Marine operators that they consider that 80% of the personnel are loyal enough to be trusted, but that the other 20% are in doubt.

13. It would appear that in order to insure reliable crews the problem is either:

- (a) To initiate a program for procurement and training of new elements free from Union control for the entire Merchant Marine, or
- (b) Eliminate undesirables and substitute with dependable citizens.

14. The time element involved is against developing a vast training program at this time to make convoys to Britain effective. It may be necessary if the War continues. The most effective immediate method seems to be the elimination of undesirables, utilizing loyal men and recruit new blood as necessary.

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Nav.	Ord.	Y. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aero.	U. S. M. C.	C. in C. U. S.	Com. Bat. For.	Com. Sec. For.	C. in C. A. F.	Com. Spec. For.	Com. Atron.	F. A. T. U.	
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15. Undesirables on board merchant vessels can be eliminated by the following methods:

- (a) By investigations of F.B.I. and conviction by the courts.
- (b) By empowering the Maritime Commission or other government agencies, with necessary authority to ship all crews, instead of leaving this to Union hiring halls.
- (c) By amending the Merchant Marine Act of 1936 to make it mandatory for crews of subsidized merchant vessels, and those specified by the Secretary of the Navy, to be members of the Naval Reserve.

16. In the present political labor relations it is doubtful if any effective action could be obtained through either (a) or (b). In case it is mandatory for designated vessels to be manned by Naval Reservists, they would be governed by the Naval Reserve Act of 1938, which provides as follows:

"The Secretary of the Navy shall prescribe all necessary and proper regulations, not inconsistent with the provisions of this Act, for the recruiting, organization, government, administration, training, inspection, and mobilization of the Naval Reserve....."

17. It is readily seen that the Secretary of the Navy can prescribe such regulations as may be necessary to eliminate Nazis, Communists, and any other undesirables from the Naval Reserve under the Naval Reserve Act, and we can thereby build up loyal, efficient citizens aboard those Merchant Marine vessels necessary to be employed in convoy duty, if required.

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Nav.	Ord.	Y. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aero.	U. S. M. C.	C. in C. U. S.	Com. Bat. For.	Com. Sec. For.	C. in C. A. F.	Com. Speron.	Com. Atron.	F. A. T. U.
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Memo. to Director, War Plans Division.

18. It is suggested, therefore, that the Merchant Marine Act of 1936, Article 302 (g) be amended to read approximately as follows:

"All of the deck, engineer officers and unlicensed personnel, including radio operators, employed on vessels on which an operating-differential subsidy is paid under authority of title VI, or employed on the Commission's vessels, or serving on seagoing vessels documented under the laws of the United States, as may be approved by the Secretary of the Navy, immediately upon the passage of this act, shall, if eligible, be members of the United States Naval Reserve; Provided that, those not eligible to join the Naval Reserve, due to physical incapacity, age, or other requirements, shall be required to meet such standards as may be prescribed by the Secretary of the Navy.

19. It might require a showdown with the Unions in order to obtain the above. In case a serious strike should occur during the consideration of the proposed change its chances for passage through Congress would be more favorable. In the meantime, we have 50 organized Reserve Divisions available for crews and armed guards. We also have a radio operators school to draw upon. We should step up recruiting for the Merchant Marine Reserve sufficiently to fill all anticipated vacancies in our merchant vessels, as a result of the proposed act, in case it should be passed.

20. The alternative seems to be a recruiting and training program for the Merchant Marine on a large scale similar to that of the World War.

*Woodspears*

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NAVY DEPARTMENT

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INTELLIGENCE REPORT

Serial R-99-41 Monograph Index Guide No. 203-100  
(Start new series each year, i. e. 1-40, 2-40) (To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attaché at Habana Date 8 March, 1941  
(Ship, fleet, unit, district, office, station, or person)

Reference \_\_\_\_\_ (Directive, correspondence, previous related report, etc. if applicable)

Source Informant Evaluation Reliable  
(As official, personal observation, publications, press, conversation with—identify when practicable, etc.) (As reliable, doubtful, unverified, etc.)

Subject United States Social Forces - Degree of Contentment.  
(Nation reported on) (Main title as per index guide) (Subtitles) (Make separate report for each title)

BRIEF.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

GERMAN SPEAKING CREW MEMBERS OF SS AMERICA AND ORIENTE OVERHEARD DISCUSSING STRIKE BEING PLANNED IN U.S. BY MARITIME ORGANIZATIONS WITH MUTUAL COOPERATION ON BOTH COASTS WITH RESULT STRIKERS WILL GET ALL THEY DEMAND DUE TO THE WAR.

An informant reported that several German speaking crew members of the SS AMERICA and ORIENTE were in conversation at Fred's COZY CORNER BAR here on the night of 1 March at about 8 p.m. They were overheard discussing a projected strike that is being planned in the U.S. by different maritime organizations. One of the men from the AMERICA stated that the West Coast strike turned out as it did because they did not have the backing of the East Coast organizations. But that now, on account of the war, they will have the shipping people just where they want them, and that the strikers can get everything they demand.

HAYNE D. BOYDEN  
Major, U. S. Marine Corps,  
Naval and Air Attaché

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(SEE NEXT PAGE FOR F-7 NOTE)

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Op.-16		Op.-16-1		A-B-C-D-E-F-X-Z F-1, F-2, F-3, F-4, F-5, F-6, F-7, F-8, B-3, B-4, B-8				Mono-graph	Archives	Budget	Gen'l Board	Sec. Nav. Off. Invt.	War College	M. I. D.	H. O.	
Nav.	Ord.	Y. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aero.	U. S. M. C.	C. in C. U. S.	Com. Bat. For.	Com. Sco. For.	C. in C. A. F.	Com. Speron.	Com. Atron.	F. A. T. U.	
Attaché at			Op.-10/11		Op.-12	Op.-13	Op.-14	Op.-20	Op.-21	Op.-22	Op.-23	Op.-30	Op.-36	State	Com-merce	Maritime Com.
Civil	Aero	Auth	Com-3	Com-4	Com-8	Com-11	Com-12	Com-10	Com-13	FBI						Return to Room No. _____



(F-7 NOTE: Reports from Cuba, Guatemala, Dominican Republic, Mexico, and Puerto Rico received during the past nine months indicate that nearly all American flag ships contain powerful Communist and Nazi nuclei in their crews, which serve to transmit messages, smuggle propaganda, agents, and in some cases weapons for the Communists and Nazis. From what had been learned of their plans, it was believed they intended to prevent the U. S. Merchant Marine from functioning efficiently in support of the Navy and the United States in case of war with Germany or Russia. Apparently the Nazi and Communists in the crews have been operating in cooperation under protection of the National Maritime Union (N.M.U.). Previously it had been indicated that they intended to apply sabotage methods to gain their objectives in case of war. The above report is the first intimation noticed by this section that they intend to strike, although a strike would appear to be a more logical method, given the support which has been accorded by this government thus far to strikers. It would appear from past experience that they would have a much better opportunity to accomplish their ends by striking than by using sabotage.

Due to the existing shortage of ocean tonnage, and the additional demands which will occur with the aid to Britain program it is not at all improbable that a strike tying up our Merchant Marine might cause the defeat of Britain and our own subsequent defeat.

It appears from the evidence on hand that the National Maritime Union is quite capable of striking in the immediate future and tying up the U. S. Merchant Marine unless immediate steps are taken to purge the union of its Communist controlled leaders and Nazi and Communist members in the crews of our Merchant Marine. It is not believed that we will be able to efficiently aid Britain or even defend ourselves unless and until the alarming conditions in our Merchant Marine are corrected.)

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ISSUED BY THE INTELLIGENCE DIVISION  
OFFICE OF CHIEF OF NAVAL OPERATIONS  
NAVY DEPARTMENT

## INTELLIGENCE REPORT

Serial R-100-41

(Start new series each year, i. e. 1-40, 2-40)

Monograph Index Guide No. 104-500

(To correspond with SUBJECT given below. See O. N. I. Index Guide. Make separate report for each main title.)

From Naval Attaché

(Ship, fleet, unit, district, office, station, or person)

at HabanaDate 13 March, 1941Reference R-536-40, 4-41, 5-41.

(Directive, correspondence, previous related report, etc. if applicable)

Source Informant

(As official, personal observation, publications, press, conversation with—identify when practicable, etc.)

Evaluation Reliable

(As reliable, doubtful, unverified, etc.)

Subject Cuba - Germany Political Forces - Foreign Penetration.

(Nation reported on)

(Main title as per index guide)

(Subtitles)

(Make separate report for each title)

BRIEF.—(Here enter careful summary of report, containing substance succinctly stated; include important facts, names, places, dates, etc.)

TWO BROTHERS BAR IS COOPERATING WITH NAZIS AS MEETING PLACE FOR AGENTS AND CELLS FROM VESSELS, AND IS "MESSAGE CENTER" FOR EXCHANGE OF PACKAGES BETWEEN THEM.

An informant reported that the TWO BROTHERS BAR in Habana on the water front cooperates with the German Legation and various agents engaged in subversive activities. It is the meeting place for these local agents and Nazi cells from various vessels which call here. In the night the last time the AMERICA was in port, 10 March, a meeting took place on the second floor of the BAR between KERSTEN, and Eugen MITTERMAYER, Walter PAUL, Wilhelm HARTWIG, and Herbert ZEISSIG, latter four from that vessel. This BAR is also used as a "message center" for leaving and receiving packages for and from cells of various vessels and the local Nazis. On the instance of the last call of the COPIAPO, Pablo SCHWENDT left a package there for a member of the crew.

/s/ Hayne D. Boyden

HAYNE D. BOYDEN

Major, U. S. Marine Corps  
Naval and Air Attache

(F-7 Note: The National Maritime Union (CIO) was organized by the waterfront section of the COMMUNIST PARTY on May 3, 1937. Communists control the Union, and Communist and Nazi cells exist on nearly all American ships, except oil tankers. The U. S. LINES, MOORE-MCCORMACK LINES, AND PUERTO RICAN LINES are particularly bad in this respect. The purpose is to transmit messages, couriers, and funds, and to prevent efficient operation of the U. S. Merchant Marine in case of war, either by sabotage or strikes. It is not believed that the U. S. Merchant Marine will be at all dependable until the Communists and Nazis are eliminated. This situation appears to be of vital Naval and Military interest due to the increasing seriousness of the shipping situation, and tenseness of our international situation. Ample evidence is available as to the true conditions existent in our Merchant Marine, but apparently nothing is being done to correct them.)

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		F-1, F-2, F-3, F-4, F-5, F-6, F-7, F-8, E-3, E-4, E-5														
Nav.	Ord.	Y. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aero.	U. S. M. C.	C. in C. U. S.	Com. Bat. For.	Com. Sec. For.	C. in C. A. F.	Com. Speron.	Com. Atron.	F. A. T. U.	
Attaché at		Op-10/11	Op-12	Op-13	Op-14	Op-20	Op-21	Op-22	Op-23	Op-30	Op-33	State	Com-merce	Maritime Com.		
Civil	FBI	Com-3	Com-4	Com-5	10/	Com-11	Com-12	15								
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Op-12-CTB  
(SC) A8-5/PS1  
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March 31, 1941.

Memorandum

From: Director, War Plans Division.  
To: Chief of Naval Operations.  
Via: (1) Director, Ship Movements Division. ✓  
(2) Director, Central Division.  
Subject: Subversive conditions in U. S. Merchant Marine.  
Enclosures: (A) Memorandum from Captain W. O. Spears, U.S.N.  
with enclosures.  
(B) Memorandum from Captain E. W. Burrough, U.S.N.

1. The above enclosures are forwarded herewith, with the recommendation that they be given very serious and early consideration. It is recognized that the problem of improvement of personnel conditions in the U. S. Merchant Marine is very delicate and very difficult. Its importance and seriousness, however, merit an immediate attempt to solve it.

2. For information, it may be stated that Captain Spears' opinions developed as the result of three years' effort, as Director of Naval Reserve Personnel, to obtain reliable and disciplined crews for the Merchant Marine. Before preparing his memorandum, he consulted with the Chief of the Bureau of Navigation, with various Divisions of the Bureau of Navigation, and of the Office of Naval Operations, and with officers of the Division of Ship Movements who will be charged with the operation during war of merchant vessels which may be taken over by the Navy.

cc: Capt. Spears  
Capt. Burrough

R. K. Turner.

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Op-16	Op-16-1	F-1, F-2, F-3, F-4, F-5, F-6, F-7, F-8, B-3, B-4, B-8								monograph	Archives	Budget	Board	On. Invtis.	College	M. I. D.	U. S. N.
Nav.	Ord.	Y. & D.	C. & R.	Eng.	S. & A.	M. & S.	Aero.	U. S. M. C.	C. in C. U. S.	Com. Bat. For.	Com. Sco. For.	C. in C. A. F.	Com. Speron.	Com. Atron.	F. A. T. U.		
Attaché at		Op-10/11	Op-12	Op-13	Op-14	Op-29	Op-21	Op-22	Op-23	Op-30	Op-36	State	Com-merce	Maritime Com.			
Civil	Aero	Com-3	Com-4	Com-8	Com-11	Com-12	Com-13	Com-15	FBI								
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