

(SC)A8-5/LL
Ser. 0398016

THE SECRETARY OF THE NAVY

Washington

May 22, 1941

From: The Secretary of the Navy

To : Commandant, First Naval District
Commandant, Third Naval District
Commandant, Fourth Naval District
Commandant, Fifth Naval District
Commandant, Sixth Naval District
Commandant, Seventh Naval District
Commandant, Eighth Naval District
Commandant, Ninth Naval District
Commandant, Tenth Naval District
Commandant, Eleventh Naval District
Commandant, Twelfth Naval District
Commandant, Thirteenth Naval District
Commandant, Fourteenth Naval District
Commandant, Fifteenth Naval District
Commandant, Sixteenth Naval District
Commandant, Washington Navy Yard
Commandant, Naval Station, Guam
Commandant, Naval Station, Tutuila, Samoa

UNCLASSIFIED

Subject: Naval Personnel and Civilian Employees of the Naval Establishment engaged in subversive activities.

Reference: (a) DNI conf. ltr. Op-16-B, A8-5/QQ/ND, (SC)A8-5(4), Ser. No. 0309316, of November 12, 1940.

1. In reference (a) Commandants of all Naval Districts and Stations were directed to prepare lists and files of suspects in the classifications of (a) known dangerous, to be immediately picked up in the event of a national emergency, and (b) suspects regarding whom more specific information is desired, but who in the event of a sudden emergency would also be apprehended. These suspect lists and files should contain the names of the subject individuals.

2. Investigations of all Naval personnel and civilian employees in the Naval Establishment and classed as suspects in the above mentioned categories should be expedited and, where practicable, surveillance placed over the "known dangerous."

3. In the event a national emergency is declared, addressees are expected to summarily discharge the subject named personnel in the two suspect categories or to suspend them pending further investigation. Reports and justification of such action should be made immediately to the Secretary of the Navy via the Office of Naval Intelligence.

D

(signed)
FRANK KNOX

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Authority NNO 78643

In reply refer to
Op-16-B
A3-1/A8-5
(SC)P1-7/LL
Ser. 0385216

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

May 26, 1941

~~CONFIDENTIAL~~

UNCLASSIFIED

From: The Chief of Naval Operations
(Director of Naval Intelligence)
To : Commandant, First Naval District
Commandant, Third Naval District
Commandant, Fourth Naval District
Commandant, Fifth Naval District
Commandant, Sixth Naval District
Commandant, Seventh Naval District
Commandant, Eighth Naval District
Commandant, Ninth Naval District
Commandant, Tenth Naval District
Commandant, Eleventh Naval District
Commandant, Twelfth Naval District
Commandant, Thirteenth Naval District
Commandant, Fourteenth Naval District
Commandant, Fifteenth Naval District
Commandant, Sixteenth Naval District
Commandant, Washington Navy Yard

Subject: Federal Bureau of Investigation Instructions
Regarding Investigation of Applicants

Enclosure: (A) Copy of subject instructions, issued by
Federal Bureau of Investigation, dated
March 4, 1941

1. The enclosure is forwarded for the information
of the Naval Intelligence Service.

(signed)

A. G. Kirk

By direction

~~Declassified~~ Downgrade to

Auth: EA 12958

Date: 21 SEP 98 Unit: NCIS 82

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FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

Washington, D. C.

March 4, 1941

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SAC	ALBANY	DES MOINES	LOUISVILLE	PORTLAND
	ATLANTA	DETROIT	MEMPHIS	RICHMOND
	BALTIMORE	EL PASO	MIAMI	ST. PAUL
	BIRMINGHAM	GRAND RAPIDS	MILWAUKEE	ST. LOUIS
	BOSTON	HONOLULU	NEWARK	SALT LAKE CITY
	BUFFALO	HOUSTON	NEW HAVEN	SAN ANTONIO
	BUTTE	HUNTINGTON	NEW ORLEANS	SAN DIEGO
	CHARLOTTE	INDIANAPOLIS	NEW YORK	SAN FRANCISCO
	CHICAGO	JUNEAU	OKLAHOMA CITY	SAN JUAN
	CINCONNATI	KANSAS CITY	OMAHA	SAVANNAH
	CLEVELAND	KNOXVILLE	PHILADELPHIA	SEATTLE
	DALLAS	LITTLE ROCK	PHOENIX	SIOUX FALLS
	DENVER	LOS ANGELES	PITTSBURGH	SPRINGFIELD
				WASHINGTON, D. C.

Re: Investigations of Applicants and
Personnel of Government Departments
other than the Department of Justice;
Alien Employees in Aircraft and
Munitions Production.

Dear Sir:

Previous Bureau instructions regarding investigations of applicants and personnel of Government Departments other than the Department of Justice should hereby be disregarded. In the future, the policy will be as follows:

The Attorney General has ruled that the Federal Bureau of Investigation is not authorized to conduct investigations involving personnel of Government Departments other than the Department of Justice, except in those instances where there is an allegation of subversive activities or a violation of a Federal Statute over which this Bureau has primary jurisdiction.

You were instructed on January 29, 1941, to hold in abeyance investigations of applicants and personnel other than Departmental and Bureau, until further notice. In accordance with the ruling of the Attorney General, you will now place these cases in a closed status. These instructions, however, should not be taken to apply to those cases in which there has been an allegation of subversive activities or a violation of a Federal Statute over which this Bureau has primary jurisdiction.

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On January 31, 1941, you were instructed to discontinue all investigations being conducted regarding alien employees in aircraft and munitions production. Those cases which were closed in accordance with these instructions should continue to remain closed. In the future, however, you should be guided by the following instructions:

The Department has ruled that the Federal Bureau of Investigation has jurisdiction to conduct investigations of alien employees in aircraft and munitions production.

Specific requests will be submitted to the Field by the Bureau in individual cases where investigations of alien employees in aircraft and munitions production are desired. Investigations of this nature should never under any circumstances be initiated in the Field in the absence of specific Bureau instructions.

Very truly yours,

J. E. Hoover

John Edgar Hoover
Director

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NAVY DEPARTMENT
Office of the Chief of Naval Operations
Washington

Reply refer!

(SC)A8-5
Op-16-B-1
A3-1/A8-5

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Ser. 0364716

February 18, 1942

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From: The Chief of Naval Operations
To: The Distribution List Appended
SUBJECT: Delimitation Agreement - Revised February 9, 1942.
Reference: (a) CNO conf. ltr. Op-16-B-3, A2-8 (SC)A8-5, Serial 0102916, dated July 6, 1940.
Enclosure: (A) Agreement for Coordination of FBI, MID and ONI dated February 9, 1942.

1. The agreement of June 5, 1940, for coordination of the Federal Bureau of Investigation, the Office of Naval Intelligence and the Military Intelligence Division of the War Department, distributed as enclosure (A) to reference (a), has been reviewed and revised as of February 9, 1942.

2. The revised agreement which supersedes that of June 5, 1940 is forwarded herewith, as enclosure (A), for the guidance of District Intelligence Officers in connection with all investigations of espionage, counter-espionage, subversion and sabotage.

3. Attention is called to the fact that enclosure (A) calls for close cooperation between the three agencies in all fields. ~~Declassified~~ Downgrade to

Auth: ~~E012958~~

Date: ~~21 SEP 98~~

Unit: ~~NCIS 72~~

F. J. HORNE

Acting

Distribution List IV (less 16)(10)

COMINCH

CINCPAC

CINCLANT

Commandant, Potomac River Command (5)

Commandant, Severn River Command (5)

F.B.I. (5)

M.I.D. (5)

F

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February 9, 1942

SUBJECT: Delimitation of Investigative Duties of the Federal Bureau of Investigation, the Office of Naval Intelligence and the Military Intelligence Division.

The Agreement for Coordination of the Federal Bureau of Investigation, Office of Naval Intelligence and the Military Intelligence Division.

I. The undersigned have reviewed the directive contained in the President's Memorandum of June 26, 1939, as augmented by his directive of September 6, 1939, the Delimitation Agreement of June 5, 1940, and the supplemental interpretation and agreements thereunder. It is now agreed that responsibility for investigation of all activities coming under the categories of espionage, counter-espionage, subversion and sabotage, (hereinafter referred to as "these categories") will be delimited as indicated hereafter. The responsibility assumed by one organization in a given field carries with it the obligation to provide a pool of all information received in that field but it does not imply the reporting agency alone is interested in or will work alone in that field. Close cooperation between the three agencies in all fields is a mutually recognized necessity.

II. FBI will be responsible for:

1. All investigation of cases in these categories involving civilians in the United States and its territories with the exception of the Republic of Panama, the Panama Canal Zone, Guam, American Samoas, Palmyra, Johnston, Wake and Midway Islands, the Philippine Islands and the Territory of Alaska other than that specifically described in paragraph III.
2. Investigation of all cases directed from foreign countries on those occasions and in those situations in which the State, War or Navy Departments specifically request investigations of designated group or set of circumstances.
3. The coordination of civilian organizations furnishing information regarding subversive movements.
4. Jointly with ONI, the coverage of Japanese activities in these categories, ONI will continue its coverage of Japanese activities as heretofore and FBI will continue to expand its operations in this field.

(Enclosure (A) to ~~Declassified~~ Downgrade to (SC)A8-5, A3-1/A8-5, Serial 0364716)

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5. Keep MID and ONI advised of important developments, such as:

- (a) Developments affecting plants engaged on Army or Navy contracts.
- (b) Cases of actual and strongly presumptive espionage and sabotage, including the names of individuals definitely known to be connected with subversive activities.
- (c) Developments affecting vital utilities.
- (d) Developments affecting critical points of transportation and communication systems.
(for c and d above, no protective coverage is contemplated)

6. Ascertaining the location, leadership, strength and organization of all civilian groups designated to combat Fifth Column Activities (overt acts of all sorts in groups of armed forces of enemies); and transmitting to MID, ONI and State Department information concerning these organizations and any information received concerning their possession of arms.

7. Keeping ONI and MID informed of any other important developments.

III

MID will be responsible for:

- 1. Investigation and disposal of all cases in these categories in the military establishment including civilian employ, military reserve and military control.
- 2. The investigation of cases in these categories involving civilians in the Canal Zone, the Republic of Panama, the Philippine Islands and the Alaskan Peninsula and islands adjacent including Kodiak Island, the Aleutian and Pribilof Islands and that part of the Alaskan Peninsula which is separated by a line drawn from Iliamna Bay northwest to the town of old Iliamna and thence following the south shore of Lake Iliamna to the Kvichak River to Kvichak Bay.
- 3. Informing FBI and ONI of any other important developments.

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IV. ONI will be responsible for:

1. Investigation and disposal of all cases in these categories in the Naval establishment, including civilians under Naval employ or control, and all civilians in Guam, American Samoa, Palmyra, Johnston, Wake, and Midway Islands.
2. Jointly with FBI, the coverage of Japanese activities in the categories enumerated in Paragraph I.

ONI will continue its coverage of Japanese activities as heretofore, and FBI will continue to expand its operations in this field.

3. Informing FBI and MID of any important developments.

V. The ultimate test of cooperation and coordination of the Intelligence agencies is the manner in which they function under conditions of national emergency or actual warfare. There should be no doubt as to the identity of the agency or official who is primarily responsible for carrying on intelligence operations under the three broad conditions for which the governing principles are listed hereinafter.

PERIODS OF MARTIAL LAW

VI. It is further agreed that when a state of martial law has been declared by the President, the Military Commander assumes responsibility for Intelligence coverage. He has the authority to coordinate the intelligence activities of the participating agencies, within the limits of their available personnel and facilities by the assignment of missions, the designation of objectives, and the exercise of such coordinating control as he deems necessary. He is not authorized to control the administration or discipline of the subscribing agencies to which he does not belong, nor to issue instructions to such agencies beyond those necessary for the purposes stated above.

VII. Personnel of the subscribing agencies will still send reports to and be under the continued supervision of their respective headquarters. The subscribing agencies will render such aid and assistance to the Military Commander and his designated representatives as are possible and practicable. All pertinent information, data, and other material that are or may be necessary or desirable to him shall be furnished by the most expeditious means

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Authority NNJ 78643

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and methods possible consistent with requisite security. The headquarters of the subscribing agencies will promptly be advised of all information and data appropriately identified as having been furnished to the Military Commander.

VIII. It is assumed that the Military Commander will not hesitate to call upon any governmental agency outside the three subscribing agencies to this agreement for any assistance, cooperation, or activity.

PERIODS OF PREDOMINANT MILITARY
INTEREST, NOT INVOLVING MARTIAL

LAW

IX. In time of war certain areas will come into prominence as potential theatres of operation. When a Military Commander of such a potential theatre is designated, he definitely has interest in, though not control of, the civilian life within the area. In order that the Military Commander may prepare himself for the discharge of the possible responsibility which may affix to him, the following procedure is agreed upon:

1. Agents of the FBI, of ONI, and of MID will continue to function in accordance with the provisions of paragraphs II, III, and IV.
2. In addition thereto the Military Commander may take steps to analyze the facilities existing and to explore the manner in which complete coverage will be obtained if martial law is declared. Adequate liaison with the other two intelligence services will insure that the Military Commander will have the benefit of the experience, judgment and knowledge of the representatives of the other services.
3. The Military Commander is authorized to request and receive such information from the three agencies as he may desire and they may be able to furnish.

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X. The analysis and exploration referred to above will show the coverage furnished by each of the subscribing agencies and any additional coverage each subscribing agency can undertake. When the Commander feels that more complete coverage is required, it is recognized that his service is authorized to augment the coverage. Prior to any invasion of the spheres normally coming under the cognizance of the other subscribing agency, the Military Commander should obtain the necessary authority from the War Department.

XI. Irrespective of the fact that the preceding recommendations have placed the initiative in the hands of the Military Commander, whenever either of the other two services feel that such a survey to determine adequacy of coverage should be undertaken, it should be so recommended through the director of each service.

XII. The above provisions contemplate that the War Department will be the agency administering martial law. When appropriate, the same principles will govern the Navy Department.

PERIODS OF NORMAL CONDITIONS

XIII. Under these conditions, the Federal Bureau of Investigation, the Office of Naval Intelligence and the Military Intelligence Division will operate in accord with the provisions of paragraphs II, III and IV.

XIV. From time to time it may be desirable in the light of changing conditions to modify or amend this delimitation agreement. Such amendments or modifications when agreed upon by the heads of the subscribing agencies shall be issued in the form of a revised delimitation agreement and not as separate instructions.

/s/ Raymond E. Lee
Assistant Chief of Staff
G-2, War Department

/s/ T. S. Wilkinson
Director, Office of Naval
Intelligence

/s/ J. Edgar Hoover
Director, Federal Bureau of
Investigation

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Par. 4.

"The function of the Naval Intelligence Service is to collect, evaluate and disseminate information and intelligence to the Navy Department and the Naval Establishment. In matters involving espionage, counter-espionage, sabotage and subversion the Delimitation Agreement of 9 February 1942 between the Office of Naval Intelligence, the Military Intelligence Service and the Federal Bureau of Investigation interprets the President's desires as expressed June 26, 1939. Outside these four basic categories, the investigative jurisdiction of the Naval Intelligence Service is not restricted, but the Naval Intelligence Service will not function where there is no Naval Interest."

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"Admiral Train stated that he desired to bring to the attention of Mr. Hoover the information that as a result of a recent survey the Intelligence Division had been ordered to decrease its personnel by twenty per cent, and that a forty per cent reduction had been ordered in connection with the Investigation Section. Admiral Train continued that it had always been his point of view that a certain amount of investigative activity by the Navy was necessary, and that in those cases where there was Federal Bureau of Investigation jurisdiction they were always referred to the FBI with a request for investigation. Mr. Hoover stated that Admiral Train's viewpoint was quite correct and that the FBI, while it might have authority to perform certain investigative work for the Navy, did not consider it particularly desirable to have Naval personnel investigated by any other agency than the Navy. Mr. Hoover continued that in those cases where investigations were performed for other branches of the Government it had been the distinct policy of the Federal Bureau of Investigation to refrain from any administrative determination on the basis of personnel investigations, and that the FBI had no desire to become involved in any of the administrative personnel problems of Governmental agencies. Admiral Train commented on the fact that the efficiency experts who make surveys apparently have a difficult time in seeing why any investigation is necessary at all by the Division of Naval Intelligence and apparently take the point of view that the FBI is available to do any such work which might be required. Admiral Train had stated to these experts the reasons for a certain amount of investigation being performed by ONI and wanted to make sure that his opinions coincided with those of Mr. Hoover. Mr. Hoover assured Admiral Train that this was the case."

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NAVY DEPARTMENT
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
WASHINGTON

Op-30Sa-1h
(SC)A8-5/QM
Ser. 0131730

24 June 1943

From: Vice Chief of Naval Operations.
To: Commandants, All Naval Districts (less 10, 14, 15
and 16).
Commandants, River Commands.
Chief of Air Operational Training.
Chief of Air Technical Training.
Chief of Air Primary Training.
Chief of Air Intermediate Training.
Chief of Naval Airship Training.
Commander, Training Task Force.

Subj: Personnel Security Responsibility - Private Con-
tractors' Employees working within a Naval Shore
Activity.

Note:
This letter
modified and
cancelled by "M."

Ref: (a) SecNav ltr, (SC)A8-5/QM, Ser. 01152716, 5/8/42.

1. By Encl (B) to Ref (a) the War Department assumed respon-
sibility for personnel security of commercial plants engaged
on Navy contracts or subcontracts. The Navy Department has re-
tained responsibility for personnel security of Naval shore
activities.

2. The question not infrequently arises as to the responsi-
bility for individuals employed by private contractors and
doing work that brings them on or into a Naval shore activity.
In such cases it is considered there is a dual responsibility
for personnel security of these individuals: first, the
responsibility as employees of private plants, which is a
function of the Army, and second, the responsibility as visi-
tors to a Naval shore activity, which is upon the head of the
activity.

3. Private contractors' employees performing work at a
Naval shore activity, should be required to complete the Army's
personnel security questionnaire, and turn them over to the
cognizant Service Commandant. The results of such

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(SC)A8-5/QM
Ser. 0131730

processing will be made known to the Commanding Officer of the activity upon request to the District Security Officer. It is considered that the results of this processing will be of aid to the Commanding Officer in determining whether he shall permit these private employees access to his activity. If the head of the activity deems further investigation necessary then the facilities of the Naval Intelligence Service are available to him.

4. Cases may arise where because of urgency admission to a Naval activity is sought prior to completion of the Army's processing of the questionnaire. In these instances the head of the activity may call upon the Naval Intelligence Service for checks and investigations as deemed necessary.

/s/ J. H. NEWTON,

J. H. NEWTON,
Acting

COPY to:
Bureaus and Offices, Navy Dept.
PMG, War Dept.
Opl6

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Op-16-B-4
A8-6/QM

NAVY DEPARTMENT
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
WASHINGTON

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Serial No. 01914416

August 11, 1943

From: Vice Chief of Naval Operations.
To: All Bureaus and Offices, Navy Department.
Subject: Clearance of Commercial Companies in Connection
with Classified Contracts for the Army and Navy.
Reference: (a) Under SecNav letter No. (SC)P14-2/QM Op-16-
B-10 P14-2/QM, Serial 01038616, dated
October 25, 1941.
(b) Under SecNav letter No. (SC)P14-2/QM,
Serial 0425616, dated February 22, 1942.

1. In the interest of security and community of
action by the Army and Navy, Joint Security Control recommends
as follows:

- "(a) When the Chief of any agency of the War or Navy
Department charged with making contracts awards
a classified contract to a commercial firm, he
shall supply the following information to the
appropriate Intelligence Service (MIS or ONI):
- (1) Name of company to which contract is awarded.
 - (2) Classification of the contract.
 - (3) Nature of work or material which is the subject
of the contract.
 - (4) Information as to whether the awarding of the
contract denotes a limited clearance of the
company - for that contract only - or indicates
that by virtue of the award the company is
cleared to receive other contracts without
restriction as to classification.

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Date: 2/5/98 Unit: NCI 522
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Serial No. 01914416

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- (b) Decisions as to clearance of commercial firms to perform classified contracts shall be made:
 - (1) In the War Department by the Military Intelligence Service based on information secured by the Military Intelligence Service.
 - (2) In the Navy Department by the appropriate contracting agency (Bureau or Office) based on information secured by the Office of Naval Intelligence.
- (c) MIS and ONI shall keep a file of the information mentioned in (a) above and shall mutually exchange such information.
- (d) Contracting agencies shall under no circumstances issue letters of clearance to civilian firms or laboratories. (By clearance is meant authority to receive classified information from the Army and Navy.)"

2. The Vice Chief of Naval Operations concurs in the above-quoted recommendations and the addressees are directed to comply therewith.

3. The reports herein required of contracting officers are intended to supplement, but not to supplant, the lists furnished by inspection officers pursuant to references (a) and (b).

/s/ F. J. Horne

F. J. Horne

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BACKGROUND DATA ON ORIGIN OF
INVESTIGATIONS BY THE
NAVAL INTELLIGENCE SERVICE.

Intro-
ductory.

The functions of the Naval Intelligence Service as regards investigative activity can be traced basically to an activation and reorganization of the entire Naval Intelligence Service in 1916. The definite date that actual investigative work commenced is not apparent, but with the entry of the United States into World War I in the spring of 1917, it is certain that such functions were immediately begun. This contention is supported by a report prepared by Admiral Roger Welles, USN, the Director of Naval Intelligence from 1917-18, which reviews in detail the investigative functions of the Office of Naval Intelligence during the World War I period. Further reference will be had to this report in subsequent data set forth.

Archives;
basic data.

From the Office of Naval Intelligence Archives, a communication has been secured which fixes the reorganization of the Office of Naval Intelligence as 1916. A copy of this communication, marked Exhibit A, is being appended hereto to avoid detailed discussion thereof. The reorganization plan alluded to in this exhibit could not be located in the Naval Archives after two exhaustive searches.

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Capt. D. W. Knox, USN (Ret.), Op-16-E, whose name is mentioned in this letter, telephonically attested on 5 November 1943 to the existence of the approved reorganization of ONI referred to therein.

Hearings,
64th Congress.

That investigative duties were being considered for the Division of Naval Intelligence in 1916 is apparent from certain testimony at the Hearings before the Committee on Naval Affairs, House of Representatives, 64th Congress, 1st Session, on Estimates Submitted by the Secretary of the Navy, 1916. Pertinent testimony on this is being reproduced herein for record purposes.

Testimony
of CNO.

Page 3133, Volume 3 of said hearings, contains the following comments of Admiral W. S. Benson, CNO at the time, in speaking of the development of the office of the Chief of Naval Operations generally on 16 March 1916:

"**** Now we are developing all the time. I want another thing in regard to the Office of Naval Intelligence; I want its utilities expanded. For instance, it now principally collects information from abroad and I think that if they had the means, their usefulness to the service, not only to the Department but to the whole country, could be very greatly increased. They should be in a position to collect all kinds of information and they should be in close proximity to the Secretary's Office so that they could be referred to at any moment and any information obtained. ****"

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Further, in testifying on the same date, Admiral Benson in outlining the general duties of Naval Operations states:

"Before any intelligent plans can be made or any effective work accomplished, complete and comprehensive information is necessary. The duty to collect and disseminate information is assigned to the Office of Naval Intelligence."

The foregoing statement appears on page 3105 of these hearings.

Testimony
of SecNav.

It is worthy also to note the testimony of the then Secretary of the Navy, Josephus Daniels, on 31 March 1916 at this same hearing which is found beginning on page 3635:

"Secretary Daniels: On page 4, there is an item added to the appropriation, the words "and at home." You approve money to obtain information abroad and I ask to have the words "and at home" put in because we very often need money to obtain information in America as well as abroad. *** And we ask an increase of \$50,000 for naval defense districts. *** The collection and tabulation of information at home under the instruction of Naval Intelligence will be done by the districts and the expense will be borne by this appropriation. ***

The Chairman:

There are 1 or 2 matters, Mr. Secretary, that I want to ask you about. On pages 4 and 5 there is

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submitted some proposed legislation. "PROVIDED, that hereafter expenditures from this appropriation shall be accounted for specifically if in the judgment of the Secretary of the Navy they may be made public, and he shall make a certificate of the amount of such expenditures as he may think it advisable not to specify." That is to allow for confidential expenditures out of that. Will you tell us for what purpose that is or the reasons for the recommendations?

Secretary Daniels: I touched upon that, Mr. Chairman, when I said "information from abroad and at home."

Mr. Butler: He wants the words "and at home" put in there.

The Chairman: That is with reference to including the words "and at home" and this is to give you the power to expand?

Secretary Daniels: And you might have to employ civilians to make investigations. This year, I know, we have had to call on other departments to make investigations of a military character because the Navy Department had no money to make them. You will observe that the increased appropriation for everything including the Naval Defense is only \$50,000.

The Chairman: Not the increase, but in other words it is to give you the same power that the State Department has?

Secretary Daniels: Exactly.

The Chairman: In dealing with matters of a confidential character abroad and at home?

Secretary Daniels: Yes; matters of a military character that

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the State Department does not account for specifically. This is upon the recommendations of the Chief of Operations.

Mr. Roberts. Would it be objectionable to you to put a limitation in here that not more than \$30,000 could be used for obtaining this information?

Secretary Daniels: Yes, that would be all right.

Mr. Roberts: And then make this account apply to the \$30,000?

Secretary Daniels: Yes."

H. R.
Report #743

After the termination of these hearings on the Naval Appropriation Bill, House Report #743 dated 24 May 1916 was prepared to accompany the Bill, H. R. 15947. Comments of particular interest by the Committee regarding the Office of the Chief of Naval Operations are quoted below:

"The last Congress created the Office of the Chief of Naval Operations.**** The Committee is of the opinion that an essential element of preparedness is the proper handling of the personnel and material after they are supplemented in sufficient quantity to afford an adequate defense to the country. **** At the present time, the Naval War College, the Office of Naval Intelligence, General Board and all the Bureaus of the Navy Department are working harmoniously to the greater efficiency of the naval establishment, but the Committee is of the opinion, however; that the office of the Chief of Naval Operations besides perfecting an organization for the supply of material and the training of personnel should pursue certain investigations and studies resulting in detailed plans for use in the naval defense of the country. This requires **** the study of inherent interest of all nations and the policies which naturally follow; the study of the theatres of possible wars from every aspect and the sources and means of supply for the military and naval forces; ****

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the study of the logistic aspects of the strategy and tactical plans involving the requirements as to supplies at the beginning of the war, during war, and organization of transportation and many other things incident to the auxiliary service including the inspection of merchant vessels; **** the study of the mobilization with a view to keeping always up to date plans for mobilizing for each of the various stations arising from or conflicting with possible enemies; **** the study of plans devised for the execution of all work connected with preparing for war."

Naval
Appr. Bill,
H. R. 15947

An examination of the Naval Appropriation bill as passed after the hearings and report set forth above, indicates that Secretary Daniels' recommendations as to the inclusion of the words "and at home" as applied to the collection of information, were incorporated in the bill and an appropriation of \$30,000 made available for such purpose.

Senate
Naval
Investigation

In 1920, the United States Senate conducted an intensive naval investigation growing out of allegations by a naval official that the Navy Department's conduct of the war had been found lacking. Responsible officials of the Department during the war period were called as witnesses and part of the testimony and evidence adduced at that time is interesting from a historical point of view insofar as a history of the investigative activity of ONI is concerned. This exhaustive investigation is a matter of public record and it should be pointed out that none of the references to ONI at the time were presented in a critical vein, but rather to show that the Department had not been derelict

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in its preparation for and ultimate prosecution of the war. It has been shown already from the hearings on the naval appropriation bill in 1916 that some investigative work and confidential expenditures for gathering information at home was contemplated for the Division of Naval Intelligence. The following evidence, therefore, introduced at the Senate Naval Investigation in 1920 shows a further trend in that direction. These latter hearings were held before the 2nd Session of the 66th Congress and are indexed at the Library of Congress under "Naval Investigation."

CNO testifies and presents plan of General Board.

Admiral W. S. Benson, USN, who was CNO from 11 May 1915 to 25 Sept. 1919, introduced as evidence a basic plan, drawn up by the General Board, and identified with Serial 666, General Board #425, bearing date of 4 February, 1917, subject "Steps to be taken to meet a possible condition of war with the Central ^{European} Powers." This plan was from the senior member of the Board, Admiral Badger, to the Secretary of the Navy. Among its provisions for readiness of the naval establishment for war were the following:

"Complete complements and allowances of all kinds, first of the A and B fleet, then of the C fleet and naval districts ***** Organize a comprehensive system of intelligence service covering the whole theatre of war in accordance with the plans of ONI. ***** Place under surveillance all citizens of the Central Powers in the Navy or in Government employ in naval establishments and remove them from positions in

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which they may do possible harm. ***"

A subsequent memorandum from the General Board to the Secretary of the Navy under the same subject and identified with Serial 688, dated 20 March 1917, reiterates all of the recommendations made in the Memorandum of 4 February 1917, including the quotations therefrom given above.

State-
ment by
CNO.

Admiral Benson then placed in the record a statement of the Chief of Naval Operations dated 12 October 1916, and stated that he endorsed this statement and everything therein. A portion thereof contains the remarks:

"A complete study of one district was worked out and was furnished to the commandants of the districts as a type organization with direction to organize each district along similar lines. This work is now being completed in the most satisfactory manner and in addition the Offices of Naval Communications Service and Naval Intelligence have prepared rules for obtaining and transmitting information within the naval districts."

SecNav
testifies
re work of
ONI in War.

In the opening paragraph of this review, mention was made to a report made by the Director of Naval Intelligence during the war period and detailing the work of ONI. It is significant that many portions of this report were offered for the record during the Senate Investigation in 1920. Those portions of particular interest to investigations are being included in this summary. This report was placed in the record during the testimony of Secretary of the Navy Josephus Daniels on 20 May 1920 and begins on page 2710,

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Volume 2 of the report:

"One of the first steps in the war activities of the Office of Naval Intelligence was the organization in every naval district of an intelligence service similar in many respects to the central organization. This was immediately begun and was created to promote and coordinate the work of the central organization. An aide for Information was appointed to direct the work in each district and funds were apportioned to those Aides. The importance of this can be realized when it is stated that at the outbreak of the European war a greater part of our foreign commerce was handled by persons who were not citizens of the United States.

"It was well known in this country that the Germans had established a wonderful spy system through which Berlin was being informed of the activities in every branch of industry in the country. It is probable that there was not a manufacturing establishment here that did not have at least one paid agent of the German Government who kept that Government informed of everything that was going on. There is no doubt that even in the departments at Washington, German agents were at work at all times. It was supposed that bases of some sort for the supplying of gasoline and supplies to German submarines were being secretly established in different points along the coast of Mexico, Central and South America. Before the United States entered the war Germans were allowed to enter this country freely.

"The day the U. S. declared war the activities of the Office of Naval Intelligence were increased tremendously for it became the duty of this office to not only continue its peace time activities but to form an investigation section to seek out the Germans who had been active in propaganda in favor of Germany; who were attempting to prevent by sabotage, by explosions, by fomenting strikes and by many other ways the manufacture of munitions of war; who were making bombs for the purpose of blowing up our ships and factories; and in general to prevent the activities of Germans and German sympathizers from continuing their nefarious pursuits.

"This meant the expanding of the office in Washington tremendously, the reorganization of its personnel and extending its activities to every country of the globe as well as covering every State in the Union.

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"The United States had, by direction of the Secretary of the Navy, been divided into 15 naval districts. Those districts covered the whole coast of the United States- the Atlantic, Pacific, Gulf, Great Lakes, in addition to Hawaii and the Canal Zone. The naval activities of each district were in charge of an officer known as the Commandant. In each district there was an aide for information, who acted at first directly under the Director of Naval Intelligence at Washington. Each district was further subdivided into sections in each of which was appointed a section aide for information who reported directly to the district aide for information. The activities of these aides, especially in our large ports of entry such as Boston, New York, Philadelphia, Baltimore, Norfolk, etc., were tremendous.

"The work handled by these district organizations was outlined by the central organization and included the following: First, subjects to be investigated by the aide for information:

"(A) Navy Personnel.

- (1) Apprehension of deserters and stragglers; investigations and surveillance of enlisted men reported to the commanding officers of all U. S. Ships; reported imposters appearing in the uniform of the Navy.
- (2) Suspects attempting to enlist in the U. S. Navy or U. S. Naval Reserve Force.
- (3) Collusion between firms holding Navy contracts and enlisted men.
- (4) Cooperation with other naval districts in the investigation of cases reported by them which fall within the field covered by the aide for information.

(B) Navy Yard Employees.

- (1) Investigation and surveillance of Navy Yard suspects.
- (2) Investigation of reported pro-Germanism of Navy Yard employees.
- (3) Thefts from the Navy Yard.
- (4) Cases referred by Commandant relating to the Naval establishment.

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- (5) Investigation of labor agitation connected with the Navy Yard.
- (C) Miscellaneous Investigations.
 - (1) All cases referred by the mail censorship bureau.
 - (2) Investigations of suspicious individuals reported in the vicinity of Navy piers, wharves, docks, warehouses, etc.
 - (3) Investigation of applicants for pilot licenses.
 - (4) Investigation of cases involving radio apparatus.
 - (5) Investigation of suspicious fires on piers, docks, and wharves under the Navy Department.
 - (6) Protection of shipyards within the naval district doing Navy work and of naval vessels building or repairing within those shipyards.
 - (7) Protection of the operation, product and personnel of plants manufacturing munitions or other material for the branch Office of Naval Intelligence.
 - (8) Investigation of enemy agents and sympathizers, and civilians, concerning any activities inimicable to the interests of the Navy.
 - (9) Investigation of addressees of such cables as may be referred to the aide for information by the cable censor.

"In order to carry on these investigations, a large number of men were enlisted whose qualifications showed them to be particularly fitted for this sort of work.

*** The Office of Naval Intelligence first made a list of all materials covering agricultural or manufactural or manufactured, in storage at the port of New York. It then became the business of the office to be informed as to all facts of a suspicious nature relating to firms, individuals, and companies

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doing business under contract with the Navy Department, as to firms whose business may be in contravention of the "Trading with the Enemy Act;" as to alien suspects and their activities; as to the apprehending of deserters and absconders; as to evidences of German propaganda; as to information relating to the enemy; enemy sympathizers, or suspected spies taking passage on vessels sailing to or from the United States, and as to suspicious ships and shipments. ****"

"**** The above named activities of ONI are those which were added as wartime activities and which had previously not been recognized as being legitimate functions of the office. ****"

The foregoing quotations conclude the references to the Division of Naval Intelligence at the Senate Naval Investigation.

Recollections
of an officer
on duty in
ONI 1917-18.

At the time of World War I, Lt. Comdr. Edward McCauley, USN, was on duty in the Office of Naval Intelligence. This gentleman is now a retired Captain and serves as one of the Commissioners of the U. S. Maritime Commission. Capt. D. W. Knox, USN, advised a representative of the Investigation Section of 5 November 1943 that Capt. McCauley had been instrumental in setting up the first investigative activity of ONI. Accordingly, after due approval had been secured, an interview was arranged with Capt. McCauley on 19 November 1943.

Capt. McCauley recounted certain details of this activity which are briefed in the following remarks and confirm to a great extent information already found from an examination of the appropriation bill headings in 1916 and the Senate Naval Investigation of 1920. Other comments by the Captain were the

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result of first hand information known to him during his tour of duty in the Department and are included in this summary for the sake of completeness of the record:

Actually, ONI began some investigative work prior to the outbreak of war in anticipation of that event; original appropriation was in 1916, and was made larger in 1917 and 1918; Asst. SecNav F. D. Roosevelt was the one in the Department really behind the move to have ONI engage in this activity; ONI was the first in the field on having undercover agents in foreign countries by sending men to Mexico and other Latin American Countries as early as 1916; that investigative work in the U. S. was first begun through the establishment of an undercover office in New York where originally the personnel served on a voluntary basis; that this practice led to the establishment of other similar offices in the larger U. S. cities with regular paid men and that these offices worked under the direction of the central organization in Washington and not under the immediate direction of the aide for information; that the domestic investigations were begun because the Navy needed such work undertaken and other agencies were not available to perform the same; and that the investigative work of ONI was functioning most smoothly at the time of the Armistice in 1918, after which, he regretted very much, it practically ceased.

Archives;
Office
Organization
1918.

From the Archives, an Office Organization of ONI dated 1 September 1918 was located in which the duties of the investigation section are shown under the "A" Section as Division V of that Section. This represents a wartime operating program, and, because of a number of parallels to the present (1943) set up, is being incorporated into this summary by reproduction below:

"The duties of this division constitute the investiga-

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tion of various suspects, classified as follows:

1. Investigation of Navy Personnel

- (a) Officers
- (b) Enlisted men

Where there is a question as to the Subject's loyalty, pacificism or pr-Germanism, or any act committed by him which might have direct or indirect bearing on the prosecution of the war.

- (c) Apprehension of deserters.

2. Investigation of Suspicious Travellers

- (a) Officers and crew of merchant marine.
- (b) Passengers.

When there is reason to suspect that they are mail carriers, smugglers, enemy agents, enemy aliens, carriers of irregular passports, persons of doubtful nationality, sentiments or business.

3. Investigation of suspects in the U. S.

- (a) Individuals in plants having contracts with the Navy.
- (b) Civil employees of the Navy Department.
- (c) Individuals employed in shipyards.
- (d) Activities of individuals around naval property.
- (e) Radio operators.
- (f) Persons suspected or trying to obtain or transmit information pertaining to naval or shipping matters.
- (g) Suspicious signalling.
- (h) Investigations by special request.

4. Investigations of persons to determine their fitness for positions in the Navy Department, requiring special qualifications as to loyalty and capability.

- (a) Information of interest to outside organizations is disseminated to them with notations showing which organization has case for action.
- (b) Information of interest to ONI is referred to aides for information, Branch offices and other agencies, for investigation and report, for action and report, or for their information.
- (c) Information upon which no action is necessary is filed for future reference.
- (d) Cases involving legal prosecution are referred to A-2 for action.
- (e) Results of investigations and information of special interest to other offices and bureaus of the Navy are referred to them for action."

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Information
from ONI
files.

The majority of the information presented previously in this review has been from records located outside of the Office of Naval Intelligence itself. A review of 2 files in the ONI file room has resulted in the following information bearing on investigative work by the Intelligence Service.

A3-1/EN3-10
Folder #2
(1919)

(a) An unsigned and undated document in this file bearing a pencil notation at the top thereof "approximate date 1919." entitled Office of Naval Intelligence Organization reveals among the duties of ONI the quotations indicated which apply to investigations.

"Collection and classification of information from abroad and at home for the Navy Department and other naval activities that may require it. *** Cooperation with other executive departments of the Government in discovering and bringing to justice persons engaged in activities against the United States. *** Maintenance of close touch with all naval activities both in and out of the Navy Department. *** Espionage and counter espionage."

Under a breakdown by sections, this document further itemizes the following under Section B:

"District Intelligence Officers; Selection and Control of Agents; Liaison with other Departments of Government; Espionage; Counter-espionage."

A3-1/EN3
Folder #1;
(1923)

(b) In a memorandum dated 5 March 1923 the revised organization orders of the Office of the Chief of Naval Operations are formally approved by Admiral R. E. Coontz, CNO. In the

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functions of the Intelligence Division are the following statements:

"The Intelligence Division is charged with the collection of information for the Department and for other naval activities which require it. *** It cooperates with the other executive departments of the Government in bringing to justice persons engaged in activities against the United States. *** It is the duty of the Office of Naval Intelligence to keep in close touch with all U. S. activities, both in and out of the Navy Department."

A3-1/EN3
Folder #1
(1926)

(c) The organization for the Office of the Chief of Naval Operations approved by Admiral E. W. Eberle, CNO, on 15 June 1926, gives the same functions as far as investigations are concerned as in (b).

A3-1/EN3
Folder #1
(1929)

(d) In the organization of Naval Operations approved by Admiral C. F. Hughes, CNO, and dated 15 April 1929, those duties of ONI referring to investigative work are:

"It maintains a liaison between the Navy Department and the investigating services of other Government Departments with a view to apprehending and bringing to justice persons guilty of offenses against the United States. *** It is charged with espionage and counter-espionage."

A3-1/EN3
Folder #1
(1933)

(e) A memorandum of 13 January 1933 from the Director of Naval Intelligence, Captain Hayne Ellis, to the CNO, lists the following functions of Intelligence as bearing on investigations:

"It maintains a liaison between the Navy Department and the investigative services of other Government Departments. It is charged with the protection of the naval establishment against espionage."

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A diagram of the Intelligence Division accompanied this memorandum in which the following duties are listed under Branch 16-B, then called the Intelligence Branch:

"Collection, evaluation, and dissemination of foreign and domestic intelligence; espionage and counter espionage; investigations."

A3-1/EN3
Folder #1
(1934)

(f) An unsigned CNO organization memorandum bearing date of 1 July 1934 presents the duties of the Intelligence Division in outline form and under the heading "Domestic Intelligence" is included:

"Maintains a liaison between the Navy Department and the investigating services of other Government Departments. It is charged with the protection of the naval establishment against espionage and other subversive activities."

A3-1/EN3-10
Folder #2
(1939)

(g) A document signed by Admiral R. S. Holmes, Director of Naval Intelligence, and dated 18 February 1939 on the "Assignment of Various Activities in ONI, " indicates that the Investigation Section existed at that time as a functioning entity under the B Branch of ONI.

A3-1/EN3-10
Folder #2
(1939)

(h) A memorandum dated 9 October 1939 from the Director of Naval Intelligence to the CNO on the subject of additions in ONI made necessary by Neutrality Enforcement, speaks of activating certain sections of the Division which are inactive in peace times. The existence of investigative

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functions has already been shown over a period of years; however, this memorandum by inference reiterates and acknowledges the existence of such a duty in peace time. This memorandum was signed by Admiral W. S. Anderson, DNI at the time.

Chronologically, this last item should occur after the Executive Memorandum of 26 June 1939 which formed the basis for the delimitation agreement between ONI, FBI, and MIS, but was included in the above summary because items (a) through (h) have constituted a review of information reflected in the ONI files.

Resume.

All of the foregoing has been by way of showing the origin of the investigative activities in the Division of Naval Intelligence during World War I and the existence of some such duties and interests after the cessation of hostilities in 1918. It has been seen how, when war was declared against the Central European Powers in 1917, the investigative functions of ONI were manifested in response to the need for such an undertaking.

Activation
1939;
Conclusion

Similarly, when war again loomed in Europe in 1939

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and it was evident that any such conflict would have an effect on the outlook and activities of the United States, it became necessary to give consideration to the needs of the Naval Service in the investigative field. Once again, the Office of Naval Intelligence was recognized as the only agency of the naval establishment equipped for and authorized to conduct investigations. Fortunately, authority for such work is still fresh in the minds of those who were familiar with present activities in this endeavor.

Appendix II lists those sources of authority which have been interpreted as being applicable to investigative work by ONI. Inasmuch as these items are self-explanatory and have been included in Appendix II in some detail, discussion of them is being omitted from this summary.

For record purposes, a diagram of the Investigation Section as functionin in November 1943 has also been included in Appendix II. This diagram is interesting in that it represents the organization and work of the section not only as of November 1943, but as it existed and functioned well prior to the actual outbreak of war in December 1941.

The achievements and operations of the investigations section from June 1939 to October 1943 have been compiled

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for submission to Op-13 in compliance with a CNO directive to prepare such a document. Information reflected in that paper is not incorporated herein in view of the fact that the purpose of this review has been more concerned with historical data and precedents for conducting investigations than in a report of the everyday actual work of the section.

Note:

Appendices not included herein but ARE AVAILABLE IN the "B" copy of ABOVE.

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NAVY DEPARTMENT BULLETIN

SEMIMONTHLY



OFFICIAL CIRCULAR LETTERS TO ALL SHIPS AND STATIONS

Vol. IV, No. 6

WASHINGTON, D. C.

31 MARCH 1944

**44-941—Civilians and Technicians—Admission to the Naval Establishment—
Certification of To Receive Classified Information and the Issuance
of Credentials for Passage in Naval Vessels and for Duty in Combat
Areas**

Op30S4-1h, Serial 624430, 27 March 1944

ACTION: ALL SHIPS AND STATIONS

(Ref.: (a) CNO ltr. Op-30Sa-1h, (SC)A8-5/QM, serial 0131730, 24 June 1943;
(b) SecNav ltr. Op30S4, serial 223630, 19 Nov. 1943; N. D. Bul. of 30
Nov. 1943, R-1617.)

1. In order to release personnel to other duties, the War and Navy Departments have found it necessary to severely curtail investigations in the personnel security field. Reference (a) is canceled. (Since reference (a) did not receive the same distribution as this letter, nonholders of reference (a) will disregard it.)

2. Paragraph 6(b) of reference (b) is canceled and the following is substituted therefor:

"Require the employees of private contractors who perform work at a naval shore activity to complete the personnel security questionnaire (WD PMG-ID Form 58). Personnel security questionnaires submitted by contractors' employees other than those to be processed in accordance with paragraph 13 hereof, will be carefully screened by designated representatives of the commanding officer. In general, it is considered that as a result of such screening only those cases involving a suspicion of disloyalty or having unusual opportunities for sabotage will be forwarded to the cognizant Army service command for further processing. On the basis of such screening, further processing by the Army as deemed essential, and any necessary additional investigation by the district security organization, assisted as required by the Naval Intelligence Service, the commanding officer of the activity will determine whether he will permit such private employees access to the activity. In cases of urgency, admission to a naval activity may be authorized in the discretion of the commanding officer prior to normal processing."

3. Paragraph 13(b) of reference (b) is canceled and the following is substituted therefor:

"Simultaneously, in order to expedite certification, the officer under whose cognizance the need arises shall have prepared for the civilian concerned a personnel security questionnaire (WD, PMGO-ID Form 58) which may be procured from local district security officers or Army Service Force representatives. The completed form should be sent in quadruplicate direct to the Chief of Naval Operations (Op30S4), Navy Department, Washington 25, D. C., who will process it as necessary."

—Sec Nav. Ralph A. Bard.

M

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Op-23-D-1
3-1/EN3-10
CONFIDENTIAL
Serial 0223P23

THE SECRETARY OF THE NAVY
WASHINGTON

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1 NOV 1945

From: The Secretary of the Navy.
To: All Ships and Stations.
Subject: Naval Investigative Functions and Responsibilities.

1. Naval Intelligence personnel are currently authorized to conduct investigations of naval personnel and civilians under naval control in cases of actual or potential espionage, sabotage, or subversive activities, and in those cases which relate to the security of classified naval information.

2. (a) The investigative jurisdiction of the naval intelligence organization is hereby broadened to permit the use of naval intelligence personnel and facilities to investigate:

- (1) Naval personnel
- (2) Civilians under purely naval administrative control, and
- (3) Matters under purely naval administrative control

in cases not specifically and exclusively within the investigative jurisdiction of other Government Departments or Agencies and subject to the limitations set forth in subsequent paragraphs.

(b) Authority to administer, operate, and maintain an investigative service for the Navy to accomplish the purposes outlined in this letter is hereby assigned to the Chief of Naval Intelligence acting under the Chief of Naval Operations.

3. (a) Investigations under the provisions of paragraph 2 (a) shall not be undertaken except on specific request to the Chief of Naval Operations or a District Commandant by competent naval authority such as (1) the Immediate Superior in Command, the Senior Officer Present, or a flag officer afloat, or (2) the Commanding Officer of a naval station, base, shipyard, ammunition depot, or higher authority ashore.

(b) Such requests shall be accompanied by a statement of the necessity for the employment of personnel and facilities of the naval

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intelligence organization and the lack of other adequate means of obtaining the desired information.

4. Investigations regarding naval personnel shall not be undertaken without the full knowledge and approval of the individual's commanding officer.

5. Where a command or commanding officer is under investigation, the investigation shall not be undertaken without full knowledge and approval of appropriate higher authority.

6. In cases of doubt, questions regarding the priority of, availability of facilities for, or the propriety of conducting investigations requested in accordance with this letter, the matter shall be referred for decision by the Chief of Naval Intelligence.

7. Any outstanding orders or directives which are in conflict with this letter are hereby cancelled.

James Fournel

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