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Headquarters of the
Commandant Third Naval District
Federal Office Building, 90 Church Street
New York, N. Y.

10 May, 1941

SECRET

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My dear Betty:

I regret that you were not in the conference with the Secretary and Alan Kirk when Astor reported to the Secretary last week for I am sure that you, being conversant with the affairs under discussion, would have helped greatly to clarify the matter.

First of all the question of employment of Captain del Funga Giera is of a great deal more importance than Kirk seems to attach to it. When you sent Commander Kaufman and the two chemists here to report to me I immediately had them go to Giera's place at Mongaup Valley, about 100 miles from here, and make a thorough investigation and analysis of what Giera could do and what he had. I saw Kaufman before he went and told him that I wanted him to go there with an unbiased mind, to make a thorough investigation and report to me. Kaufman returned with a verbal report in which he stated that he was very much impressed, as were the experts with him, and that he thought that we were missing a bet if we did not use Giera. Afterwards Giera came to my office and when I asked him for a definite proposition he stated that he was anxious to show his loyalty to our country, that he would be willing to lease to the government his whole plant of some 10 acres with all of his laboratories for \$12,000 per year with the understanding that a naval officer and naval men would be placed in charge and that he would act absolutely under them and at their direction. He further stated that he would only ask for a nominal salary of about \$12,000 to \$15,000 a year for his full time services and would guarantee to turn over to the government all of his formulae for explosives, etc., which he had perfected in the last 10 or 12 years and, further, that he would devote his entire time to the invention of explosives and anti-sabotage chemicals and methods to meet the present situation.

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(SC) A 8-5

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As Astor had visited his place, had investigated him and was familiar with my ideas, I requested in my letter to the Secretary and you that Astor go to Washington and make a full report giving his ideas as well as my ideas as to the use of this man. I would have gone myself had I not been tied to this office daily until about 7 o'clock or later and did not feel that I could get away. Astor in discussing Giera with British authorities and with Army officers received an expression of opinion from them that it would be very valuable for the Navy to take him under control and use him. I firmly believe, notwithstanding Kirk's opinion, that this man Giera should be placed immediately under our control, that the price is cheap for his services and for his place, and that whether or not he ever succeeded in inventing any further explosives or anti-sabotage methods, that he would be of great value to us. I directed Kaufman after he had explained what he had found and after he had given me his recommendations as to the employment of Giera to proceed to Washington and to report directly to you. I hope he has done so.

As I have stated before, I am not holding any brief for Giera. I have examined thoroughly his entire record. He has undoubtedly dealt with foreign governments in the past but when requested by O.N.I. to stop his activities with them he did so. There is no evidence on his record however that he has ever been disloyal to the United States.

I am concerned with sabotage which may break out in this port at any minute and I am also concerned in our Navy getting every possible assistance at the present time.

I am writing this in the hope that you will give the matter very careful and serious consideration.

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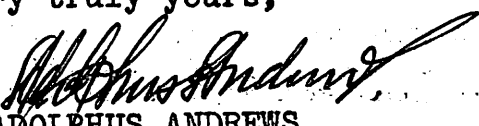
SECRET

The other matter which I requested Astor to discuss with the Secretary and you was the question of a man by the name of Phillips who has been employed independently by O.N.I. in this district and in Washington. I think he was first employed by Anderson when he was Chief of O.N.I. I have gone into this matter very carefully and I am of the strong opinion that Phillips is not the man in any way for this job and his services should be discontinued at once. If it be necessary to replace him I think that I have a man of higher caliber, of better attributes to fill the job.

I know that you are extremely busy and I naturally hesitate to add to your burdens but I think these two matters warrant very serious consideration at the present time.

With best regards and many good wishes for your continued success,

Very truly yours,


ADOLPHUS ANDREWS

Admiral H. R. Stark, U.S. Navy,
Chief of Naval Operations,
Navy Department,
Washington, D.C.

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Op-10 Hu

SECRET

20 May 1941

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Dear Adolphus:

I have gone into your letter of 10 May very carefully with the Secretary, with Kirk and with Blandy, and I find the opinion here pretty much unanimous with regard to Giera and I am told the Army feels the same way.

By this time you have undoubtedly received the special report of the Federal Bureau of Investigation on Giera. It shows a long history of a very dubious, shifty individual whose financial integrity is open to grave question.

You have also been sent a copy of the Chief of the Bureau of Ordnance's official recommendation in the matter.

The report submitted by Commander Kauffman on his visit of 23 April, of which you had a copy direct, has been referred to the Chief of the Bureau of Aeronautics for formal recommendation. The same is true of the special report of the representative of the Naval Research Laboratory which has been referred to the Technical Aide to the Secretary for official comment and recommendation.

When these formal recommendations are received, the Secretary will write you a formal letter giving his views in the matter. He has seen some of the pertinent correspondence, especially the report from F.B.I.

The Secretary thinks it inadvisable to put up any money for this man. He was disturbed to learn from a letter from Mr. Hoover of F.B.I. to Kirk in O.N.I. saying that in view of the interest displayed by the Commandant of the Third Naval District in Giera from the Navy's point of view, that the F.B.I. would discontinue their coverage of this man in the field of sabotage, etc. The Secretary directed Kirk to take up with Mr. Hoover the restoration of this coverage on the basis that under the President's Delimitation Agreement, of sabotage lying in the hands of F.B.I., and that your conversation with the Special Agent in charge at New York could not commit the Navy Department to any acquiescence in the withdrawal of this coverage. Hoover assured Kirk at the meeting that he would restore coverage as of that date (May 14).

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Kirk says the Interdepartmental Intelligence Committee members, other than himself (i.e. Hoover and General Sherman Miles) stated very flatly they would by no means consider using Government funds for this man whom they and their Services consider to be a fraud and a fake. You recognize of course that sabotage outside of Naval Establishments is definitely assigned to F.B.I. It is not a field for which we are responsible in any way, and F.B.I. is very touchy about their prerogatives and spheres of interest.

What appeared to you an interesting conversation with Hoover's agent was used by Hoover as an argument to withdraw his coverage and indicating the Navy was poaching on his preserves. Eventually I will see you get a copy of Mr. Hoover's letter.

In order that the whole subject may be a matter of record, for your protection as well as for the files of the Department, O.N.I. is preparing a letter for the Secretary's signature.

Turning now to the subject of the last paragraph of your letter, I think you should know that ONI, with the approval and knowledge of the Secretary and others, is attempting to create what we call here "a Special Intelligence Service." The man in charge was selected sometime ago and there is no question of his loyalty, patriotism or integrity. It was deemed best to have him somewhat disassociated from the Navy Department Building, and New York City appeared the most appropriate place to keep him. Because his records are of a very secret character, it is essential he have space in Navy Offices where proper protection exists. No matter who the personality may be, the fact is that any such Special Intelligence Service must of necessity be handled in other than routine and regular channels - which I am sure you will appreciate.

Colonel Knox has determined to continue Mr. Phillips on duty.

I realize in the foregoing we are not in harmony with your viewpoint which I regret but from all the information we have on hand, it represents our considered judgment.

I might finally add that Blandy is in complete agreement with the foregoing as well as Kirk and the Secretary, all of whom have read it.

With every good wish as always

Sincerely,

Bechtel

Rear Admiral Adolphus Andrews, USN,
Commandant, Third Naval District,
New York.

NAVY DEPARTMENT
OFFICE OF NAVAL INTELLIGENCE
WASHINGTON

In reply refer to No.

May 17, 1941

S-E-C-R-E-T

MEMORANDUM for ADMIRAL STARK.

Finished-HULL-File

Subject: Admiral Andrews' letter of 10 May.

1. It is suggested your reply to Admiral Andrews on the subject of his letter of 10 May embody the following:

- I signed & mailed this. 2*
- a) "You have been sent officially a special report of the Federal Bureau of Investigation on Giera. It shows a long history of a very dubious, shifty individual, whose financial integrity is open to grave question.
 - b) "You have also been sent a copy of the Chief of The Bureau of Ordnance's official recommendation in the matter.
 - c) "The report submitted by Commander Kauffman on his visit of 23 April, of which you had a copy direct, has been referred to The Chief of The Bureau of Aeronautics for formal recommendation. The same is true of the special report of the representative of the Naval Research Laboratory which has been referred to the Technical Aide to the Secretary for official comment and recommendation.
 - d) "When these formal recommendations are received, the Secretary will write you a formal letter giving his views in the matter. He has seen some of the pertinent correspondence, especially the report from F.B.I.
 - e) "The Secretary ~~does not appear to be interested in putting up~~ *thinks it inadvisable to put* any money for this man. He was disturbed to learn from a letter from Mr. Hoover of F.B.I. to Kirk in O.N.I. saying that in view of the interest displayed by the Commandant of the Third Naval District in Geira from the Navy's point of view, that the F.B.I. would discontinue their coverage of this man in the field of sabotage, etc.. The Secretary directed Kirk to take up with Mr. Hoover the restoration of this coverage on the basis that under the President's Delimitation Agreement, of sabotage lying in the hands of F.B.I., and that your conversation with the Special Agent in charge at New York could not commit the Navy Department to any acquiescence in the withdrawal of this coverage. Hoover assured Kirk at the meeting that he would restore coverage as of that date (May 14).

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SUBJECT: Admiral Andrews' letter of 10 May.

f) ~~"Frankly, I think we would be stepping out of character in attempting to do anything about paying money to this man. Kirk says the Interdepartmental Intelligence Committee members, other than himself (i.e., Hoover and General Sherman Miles) stated very flatly they would by no means consider using Government funds for this man whom they and their entire Services consider to be a fraud and a fake. You recognize of course that sabotage outside of Naval Establishments is definitely assigned to F.B.I. It is not a field for which we are responsible in any way, and F.B.I. is very touchy about their prerogatives and spheres of interest.~~

g) "What appeared to you an interesting conversation with Hoover's agent was used by Hoover as an argument to withdraw his coverage and indicating the Navy was poaching on his reserves. Eventually I will see you get a copy of Mr. Hoover's letter.

h) "In order that the whole subject may be a matter of record, for your protection as well as for the files of the Department, O.N.I. is preparing a letter for the Secretary's signature.

i) "Turning now to the subject of the last paragraph of your letter, I think you should know that O.N.I., with the approval and knowledge of the Secretary and others, is attempting to create what we call here "a Special Intelligence Service". The man in charge was selected sometime ago and there is no question of his loyalty, patriotism or integrity. It was deemed best to have him somewhat disassociated from the Navy Department Building, and New York City appeared the most appropriate place to keep him. Because his records are of a very secret character, it is essential he have space in Navy Offices where proper protection exists. No matter who the personality may be, the fact is that any such Special Intelligence Service must of necessity be handled in other than routine and regular channels - which I am sure you will appreciate.

j) ~~When Colonel Knox gets back next week, the status of Mr. Phillips' will be taken up and, I trust, a final solution obtained."~~

Respectfully,

Kirk
A. G. KIRK.

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