

24 August 1943

Op-16-2-7 820 (Sabotage, Espionage and Counter-Subversion) Section

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**Mission:** To collect, evaluate and disseminate counter-intelligence data so responsible Naval Authority may institute effective and economical counter-measures against persons, organizations and movements, whether foreign or domestic, inimical to the Navy and who may be engaged in espionage, counter-espionage, sabotage or subversive activities, both in war and in peace time. This section is essentially a headquarters staff unit.

**Duties Carried Out:**

1. Maintains a suspect file covering all nationalities and now comprising some 750,000 names.
2. Conducts studies to determine the espionage, counter-espionage, sabotage and subversive organizations and methods of foreign governments and correlated domestic agencies in the field of Naval Interest. In the fiscal year ending 30 June 1943, the section disseminated 60 special studies in this field.
3. In addition to training experts in the study of enemy, Communist and foreign groups most likely to effect adversely the war-making power of the Navy, the section has established an outstanding unit qualified to handle problems peculiar to the Japanese and the Orient and maintains files on individuals, organizations and movements adverse to U.S. Naval Policy.
4. Through the work of the section the activities of the Japanese espionage ring centered about Commander Itaru TACHIBANA, IJN, was exposed early in 1941.
5. Through its activities the section learned on 8 December 1941 that the Japanese Embassy in Washington had started burning secret papers. This was reported to higher authority instantly.
6. In the latter part of April 1942, the section learned of the impending landing of Nazi saboteurs and espionage agents and the technique to be followed. This facilitated in the prompt apprehension of the eight saboteurs who landed on the Atlantic coast in June, two months after the warning was disseminated.
7. The section revealed the detailed plans of the Japanese government to send Spanish journalists to the United States in the middle of 1942, the method of their operations in getting and transmitting

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information, and the identity of two of these agents. This information was turned over to FBI.

8. The section also revealed the plan to use Spanish diplomatic officers and officials of Central and South American countries as espionage agents in the United States. This information was turned over to FBI. Among those identified by the Section was Captain Tulio R de Nascimento, Brazilian Army officer, who has been convicted and sentenced.

9. Through activities of the section, Capt. Curt Wennberg, Assistant Swedish Military Attache, was revealed as a purveyor of Naval Information, obtained in his capacity as Attache, to the Germans and the Japanese. From material produced at direction of the section, the State Department was able to make a presentation which resulted in Captain Wennberg being recalled to Stockholm for duty there.

10. Through activities of the section, the Director of Naval Intelligence was able to provide the liaison officer from the British Admiralty Delegation with information about a serious leakage of information of combined naval procedure and tactics in London, which had been reaching the Japanese and Germans through a neutral capital.

11. Through activities of the section, the existence of an organized group using Swiss diplomatic channels for smuggling industrial diamonds and bearing jewels from the United States to Germany was exposed.

12. Through activities of the section, existence of Japanese, German and Italian centers of espionage activity in the Central and South American capitals, neutral European capitals and in strategic East African ports was revealed, so that adequate protective measures could be instituted.

13. The section maintains a list of Merchant Marine Suspects and a list of Merchant Seamen, Radio Operators and Longshoremen who are barred from sea service, access to communications operating facilities and water front facilities. There is close cooperation with the Coast Guard Intelligence Officer in making the lists available and effective to proper port control officials.

14. The section is conducting continued analysis on the Negro racial problems as affecting the Navy.

15. The section is conducting continued analysis of the activities of the many national and ethnic groups residing in the United States, but having origins abroad, to determine the effect of the programs espoused by each faction on the Navy during the war and in the postwar period which will follow cessation of hostilities.

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16. The section is conducting continued analysis of British activities in economic and political espionage against the United States as it may affect the Navy.

17. The section is conducting similar analysis of Chinese, Soviet, and Latin American activities.

18. The section prepared and issued to the Navy a Sabotage Monograph, which is regarded by other Intelligence Agencies of the Government as outstanding.

19. The section obtained data which will stand as legal evidence that Amtorg, a Soviet Agency, was surreptitiously paying "bonus" money to U.S. Navy Armed Guard crewmen serving on vessels carrying munitions to the USSR.

20. Through activities of the section, a 1942 edition of the German Navy Year Book "Nautilus" was obtained. The contents have been disseminated to all Naval Agencies concerned with the information contained therein.

21. Through the activities of the section, Naval Activities have been advised of the specific information enemy governments have instructed their espionage agents to obtain, so that proper safeguards can be placed around such information.

22. Activities of the section resulted in other Government Agencies materially curtailing traffic to enemy espionage agencies of American publications containing information of technical and tactical developments of strategic value.

23. Experts in Japanese organization and methods serving in the section cooperated with the Department of Justice in preparing evidence and data submitted by the department to the Supreme Court in the Japanese appeals against the Exclusion and Control Orders of the Commanding General, Western Defense Command. Justice Department officials said the material was not available elsewhere. The Court upheld the Government in its ruling. The officers of the section participating were officially commended by the Attorney General and the Secretary of the Navy.

24. In assisting the Office of the Provost Marshal General, War Department, in executing its mission in connection with controlling the release of Japanese in the War Relocation Authority Camps, the section processed approximately 40,000 names.

25. In connection with repatriation of Japanese in the United States for U.S. citizens in Japanese controlled areas, the section acted as coordinator for MIS, FBI and Alien Enemy Control. Officers contacted with this work received official commendation from the

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Secretary of State and the Secretary of the Navy. Activities of the section prevented the departure from the United States of approximately 700 Japanese possessing information of value to the enemy until after the information was valueless. The section also provided information about 265 persons to be brought to the United States on the exchange voyage. This required processing more than 12,000 cases.

26. Similar functions were performed in the exchange of U.S. citizens in Europe for German and Italian Nationals.

27. The section's designation as liaison with the State Department and coordinator for MIS, FBI and Alien Enemy Control on repatriation and exchange of nationals not in the prisoner of war category continues.

28. Studies made by the section revealed the wide-open leakage of information of Naval Value through re-insurance placements on marine risks -- cargo and ships --, construction projects, and resulted in other Governmental Agencies taking steps to plug the leaks by forcing insurance companies to keep such information within the United States.

29. The section has completed an exhaustive study of Naval Mutinies and the relationship with social, economic and political stresses and strains ashore.

30. Analysis by the section has revealed the Soviet plan to replace the Third Internationale as the unifying agency for Communist party activities in countries outside the USSR by more direct contact and activity on the part of Soviet diplomatic mission chiefs in the various countries.

31. The section has been able to provide identification of several individuals operating clandestine radio stations in South America thereby enabling proper action agencies to either stop or control such activities.

32. The section is carrying on intensive study of the use of Open Code in letters, telegrams, cables, telephone conversations, and broadcasts. This is a task that defies usual cryptographic analysis technique because Open Code is a form of double talk based on allusion and not susceptible to mathematical analysis based on letter and word frequencies.

33. The section provides name check and evaluation service for MIS, FBI, Civil Service Commission, State Department, Coast Guard, National Censorship, and other federal agencies when information is of interest to these agencies.

34. The section has for more than a year maintained a current file ~~of~~ ~~all~~ ~~classified~~ and aeronautical contracts made by the Navy with ~~private~~ ~~naval~~ ~~contractors~~ to .....

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35. Until the Office of the Provost Marshal General, War Department, assumed full responsibility for plant personnel security in private plants having Navy contracts, the section carried on this work through the cognizant bureaus. The section aided in transition of responsibility. Since statutory provision does not permit SecNav to completely transfer responsibility in this field, the section maintains such files and activity as will enable Navy to check and determine whether the responsibility is properly exercised. In this, the section works closely with Op-30. When statutory relief is provided, this activity will be discontinued.

36. The Secretary of the Navy and the Director of Naval Intelligence have designated the section as liaison with the personal representative of the President charged with studying the Negro racial problem.

37. The section cooperated with the Bureau of Personnel in identification of individuals in the Navy who are suspected of being potentially dangerous as subversives, or susceptible to activities of hostile espionage agents.

38. The section made an exhaustive study of German and Italian plans for sabotage against U.S. forces in North Africa after the retirement and evacuation by the hostile forces. This information was disseminated and the conclusions were substantiated by the material and plans exposed by operating force commanders in the area.

39. Through activities of the section, the proper Naval and Coast Guard authorities were warned in March 1941 of Italian plans to destroy Italian merchant vessels in U.S. ports in ample time to prevent execution of the whole plan and to save the vessels for U.S. usage.

40. The section provides basic information and supplies evaluation on individuals in the international travel stream and subject to U.S. travel control.

41. This section is the only agency in the Federal government making continuous study of sabotage patterns.

42. The Japanese, German and Italian files in the section were extensively used by the Department of Justice in carrying out the program of custodial detention of dangerous enemy aliens following the attack on Pearl Harbor. Many of those permanently interned were apprehended solely on data provided by this section. This was especially true in the case of the Japanese.

43. The section maintains liaison with OIG-MIS through an inter-change of staffs. Downgrade to .....

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