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1941-1942

ANNUAL REPORT  
SPECIAL INTELLIGENCE SERVICE  
FEDERAL BUREAU OF INVESTIGATION  
UNITED STATES DEPARTMENT OF JUSTICE  
1941 - 1942

DECLASSIFIED BY 60309 AUC/TAM/MLT/CLO  
ON 7-20-2005

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HISTORY OF THE SPECIAL INTELLIGENCE SERVICE DECLASSIFICATION: 25X3.3(1) 7-20-2030

In July, 1940, the United States State Department requested the Federal Bureau of Investigation to assume the responsibility for investigations of subversive activities throughout the Western Hemisphere, and in special instances requested the Federal Bureau of Investigation to cover specific assignments outside the Western Hemisphere. This request of the State Department was approved by the President of the United States, and the Federal Bureau of Investigation organized a section known as the Special Intelligence Service for the purpose of obtaining information regarding subversive activities and information concerning political, financial and economic activities throughout the Western Hemisphere. *Xu*

Thereafter in January, 1942, the President of the United States issued a confidential directive to the heads of interested government departments and agencies, requesting that these units of the Federal Government clear directly with the Federal Bureau of Investigation any intelligence matters pertaining to the Western Hemisphere. This directive authorized and instructed the Director of the Federal Bureau of Investigation to convene meetings of the chiefs of the corresponding intelligence services operating in the Western Hemisphere and to maintain liaison with all intelligence agencies therein. *Xu*

#### PURPOSES AND FUNCTIONS OF SIS

At an intelligence conference held in Washington, July 26, 1940, at which there were representatives of various United States governmental agencies, it was agreed that the Special Intelligence Service of the Federal Bureau of Investigation would operate throughout the Western Hemisphere. This Service would have as its purpose the obtaining of all types of information, including economic, industrial, financial and political, which would be of interest to the various departments and agencies of the Federal Government. At the same time the Special Intelligence Service would emphasize in its operations the obtaining of data relating to the activities, the identities and the operations of individuals and corporations throughout the Western Hemisphere who were acting in a manner detrimental to the best interest of the United States. *Xu*

In addition to the functions agreed to in July of 1940, the Federal Bureau of Investigation through its SIS has placed in strategic areas representatives who are acting in a liaison capacity with the intelligence services of the other Allied Nations. *Xu*

Since its inception, the Special Intelligence Service of the Federal Bureau of Investigation has placed throughout the Western Hemisphere outside of the territorial limits of the Continental United States operatives who are in constant contact with the Seat of Government in Washington D. C., and who advise the Federal Bureau of Investigation as to the various *Xu*

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HERE IS UNCLASSIFIED EXCEPT  
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Types of activities rampant in the sections of the hemisphere where they are stationed. This information is furnished the Federal Bureau of Investigation through special couriers, radio, cable and air mail by messages and reports. The data are correlated at the Seat of Government in Washington, D. C., and are transmitted to the various interested Federal agencies. \$24

When necessary, dangerous agents of the Axis powers are followed from country to country throughout the Western Hemisphere, with the Seat of Government being constantly advised of their whereabouts and activities. In turn, the Federal Bureau of Investigation keeps the interested Federal departments advised as to the movements and activities of these Axis operatives. \$24

#### FINANCES

During the fiscal year, 1940 - 1941, the total sum of \$400,000.00 was appropriated by the Bureau of the Budget for the use of the Special Intelligence Service. This fund was earmarked out of the secret fund made available to the President of the United States by Congress. As of July 1, 1941, \$135,737.49 had been expended by the Special Intelligence Service.

In the fiscal year, 1941 - 1942, the total sum of \$761,212.51 was appropriated for the use of the SIS. This entire sum has been expended by the Special Intelligence Service.

This expenditure is detailed as follows:

|                             |              |
|-----------------------------|--------------|
| Salaries                    | \$316,173.52 |
| Expenses of SIS Operatives  | 405,369.47   |
| Maintenance of Confidential |              |
| Sources of Information      | 35,072.49    |
| General Expenses            | 7,597.03     |

#### ORGANIZATION OF SIS

##### SEAT OF GOVERNMENT

At the Seat of Government in Washington, D. C., the SIS Division of the Federal Bureau of Investigation maintains a supervisory staff whose purpose is to follow and supervise the work of the SIS agents and employees in the foreign field. This group at the Seat of Government is charged with a variety of duties which include the selection of Special Agents from the domestic field of the Federal Bureau of Investigation, the training and placement of the agents in various parts of the Western Hemisphere; the supervision of reports submitted by these operatives and the correlation of reports from various sections of the Western Hemisphere with the \$24

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subsequent furnishing of comprehensive data to various interested agencies of the Federal Government or to the domestic divisions of the Federal Bureau of Investigation for action within the United States. X 2

This supervisory group at the Seat of Government likewise follows the efficiency and productiveness of various operatives in the field, and where necessary recommends their removal or their transfer from their post of assignment. In addition, the supervisors guide the operatives in the field in the proper expenditure of money and the obtaining of intelligence information.

With respect to this supervision, the supervisors at the Seat of Government are so divided that information emanating from certain countries is handled by certain individuals who due to their familiarity with the affairs of that particular country or countries become expert in the conditions existing in the territory over which they supervise. The functions of this unit are, of course, under the close guidance of the Director of the Federal Bureau of Investigation. X 2

The Supervisory Staff at the Seat of Government also maintains complete financial records pertaining to SIS work, and makes all disbursements to the SIS operatives, such as salaries, expenses and expenditures for confidential informants. All such expenditures are made through a bank in New York City, and in no way is Washington, D. C. or the District of Columbia reflected in any of these transactions. X 2

#### RECRUITMENT OF SPECIAL AGENTS AND SPECIAL EMPLOYEES

From a variety of sources, the names of Special Agents assigned to the domestic field are received in the SIS Division. Their personnel files are obtained and reviewed daily. In addition, letters and applications are received by the SIS Division from persons in civilian life who indicate a desire to work for the United States in Latin America. With respect to this latter class, requests are made of the appropriate field division to interview the applicants and advise the Bureau of their possible adaptability to SIS work. X 2

Many agents have written to the Bureau from the domestic field indicating a desire to be considered for SIS work. Other agents upon being interviewed during In-Service Training have likewise indicated an interest in SIS work. The personnel files of these agents are immediately reviewed, and if considered adaptable to SIS work, their files are briefed for subsequent action. X 2

In addition, the SIS Division has obtained an alphabetical list of all single agents of the Bureau who as of June 1, 1942, have had at least one year's experience as Special Agents. Progressively the personnel files on this list are reviewed, and where the agents appear adaptable to

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SIS work, those files are briefed for further consideration. Thereafter groups of twenty are called in for SIS training from the list previously considered adaptable.

SPANISH LANGUAGE TRAINING PERIOD XN

The first five weeks that agents are in Washington they undergo an intensive course in the Spanish Language. These classes are six days a week from 9:00 a.m. to 9:00 p.m. The Spanish course is interspersed with lectures by the supervisory personnel of the SIS Division on subjects relating directly to SIS work in Latin America. XN

In addition to the main body of agents who undertake Spanish training in each group of new SIS agents, two or three enroll in the Berlitz School of Languages for training in Portuguese. These agents receive individual instruction in the Portuguese Language, taking a course made up of twenty-five separate lessons. Of course, the training received at the Berlitz School is obtained by the agents as individual civilians, and the Federal Bureau of Investigation does not enter into this part of the training. XN

During the Spanish or Portuguese training period, each agent in the class is interviewed in the SIS Division. During this interview the agent's educational and experience background, both while connected with the Bureau and previous to his employment in the Bureau, is gone into in detail. These personal interviews afford the SIS Division an opportunity to see each agent individually and to size up his temperament, adaptability and versatility for a particular SIS assignment. XN

After all of the agents pursuing the Spanish or Portuguese training are interviewed, their educational and experience background is studied, and they are given assignments to a place where their background and physical appearance make them best suited. In making these assignments, consideration is also given to whether or not the particular agent can carry out in an undercover capacity a position that would be logical in the country to which he is assigned. XN

POST SPANISH LANGUAGE TRAINING PERIOD XN

Following the agent's successful completion of the Spanish or Portuguese training period, those who survive are given further training for their SIS assignments. This training consists of the reading of various books on Latin America; the reviewing of Bureau files pertaining to the particular Latin American country to which they are assigned; the conferring with the supervisor of the country to which they have been assigned; the preparing and writing of various memoranda for this XN

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supervisory; the receiving of instructions in coding and the use of secret ink from the technical laboratory; the studying of the nature of the business of their cover company; and the receiving of special instructions from their cover company. X U

It will be noted that this period of training is highly individualized and is not subject to class room methods. However, a form has been devised whereby a daily record is kept of the activities of each agent during this period. It will be further noted that the entries appearing on this daily report of the entire group are posted in a running memorandum which is kept pertaining to the progress of each agent during this training period.

During the latter part of the training period, the SIS Division supervises the agents' obtaining of passports, visas and transportation reservations to Latin America. X U

Previous to the departure of any agent the entire group is afforded instructions as to the various methods of communicating with the Bureau in their undercover capacities, and each agent is furnished with a drop box in New York City together with a fictitious name that is to be signed to his communications. X U

#### TRAINING OF SIS SPECIAL EMPLOYEES

In view of the fact that no persons are appointed as special employees unless they are adept in the language of the country in which they are to be assigned, no Spanish training is given them. However, to familiarize the use, the nature and types of information desired by the SIS Division, they are given detailed instructions in the content of reports previously received from SIS operatives. They are given specific instructions in the use of codes, the manner in which they are to communicate with the Bureau, the general manner in which they are to operate and are given a complete verbal description of the purposes and functions of the SIS Division together with the individual part that they will play in the operations of SIS. X U

#### COVERS AND COVER COMPANIES X U

After successfully completing the SIS training, the agent is ready to depart for his post of assignment, and his assignment being of such a confidential nature, it is known only to a high executive of his cover company, the Director of the Federal Bureau of Investigation, the Assistant to the Director and a few key employees of the SIS Division. X U

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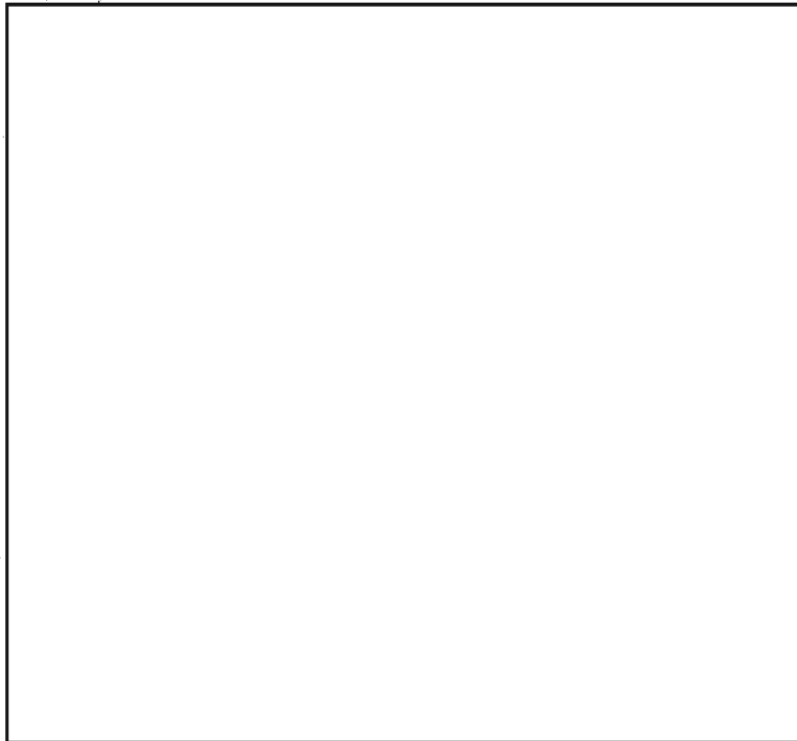
The agent obtains his passport and the necessary visas as the representative of some American commercial organization which has legitimate reasons to send employees into Latin America. The covers available to the SIS Division include representatives of [REDACTED]

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[REDACTED] and a variety of other occupations to which individual agents or special employees are particularly adept by experience and ability. & U

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The companies which have made themselves available for this purpose are listed as follows: & U



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The above concerns and their connection with the Bureau are described briefly as follows. X u

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[REDACTED]

At the present time, the organization is actually managed by [REDACTED] has not been contacted by the Bureau and all arrangements for the use of this cover have been handled through [REDACTED] is not very widely known and [REDACTED] and an article entitled [REDACTED] The latter is currently being featured in newspapers throughout the United States. X u

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[REDACTED] as a result of the success of [REDACTED] conceived the idea of [REDACTED] South Americans and it is under the pretext of sending representatives to South America [REDACTED] that Agents of this Bureau use this cover. At no time has [REDACTED] insisted that Agents of this Bureau, who are representing his firm, submit material but he has indicated that the cover would be more successful if material is submitted. X u

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[REDACTED] has been most cooperative and in an interview with the State Department relative to his company, he stated that the individuals whom he was sending to Latin America were not [REDACTED] but were individuals selected from a great many applicants based on material which had been submitted to him [REDACTED] X u

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[REDACTED]

[REDACTED]

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[redacted] has been most cooperative and prior to a Bureau representative departing from New York, [redacted] gives him detailed instructions as to his duties in South America. [redacted]

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In view of the great decline in bona fide commercial relations between the United States and other American Republics since the entrance of the United States into the War, the value of this cover has declined and is not being as extensively used as prior to the entrance of the United States into the War. XH

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[redacted]  
New York City, [redacted] by reporting on the [redacted] This company has been in existence for approximately [redacted] and is said to be the only service of its kind in the United States. This company [redacted]

[redacted] and is constantly being requested to furnish its clients in the United States information regarding persons in Central and South America. This company is well-known throughout Latin America and Bureau representatives using this cover are able to make inquiries in any section of Latin America without exciting any suspicion. [redacted]

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[redacted] has indicated his willingness to provide covers upon request and [redacted] has been most cooperative in training the Bureau representatives in the manner in which they should conduct themselves as representatives of [redacted]

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[redacted] XH  
To make this cover more secure at various times, [redacted] will request the Bureau representatives to actually conduct a legitimate inquiry for his concern. XH

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[redacted]  
[redacted]  
[redacted] This company has been in operation for [redacted] and has its own representatives [redacted]

[redacted] XH  
[redacted] has been most cooperative and is extremely anxious to assist the Bureau at all times. XH

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[redacted] has furnished covers for Bureau representatives in all places where they appear practical and [redacted] personally instructs each Agent using this cover as to the general nature of [redacted] business and has furnished each Agent with specific instructions regarding the point where he is to be assigned. X u

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This cover requires very little of the Bureau representative's time and makes the majority of his time available for the purpose of securing information in which the Bureau is interested. X u

[redacted] makes frequent trips into Latin America on which trips he contacts the various Bureau representatives thereby making their cover more secure. X u

[redacted]  
[redacted]  
[redacted] is one [redacted]  
This company was organized in [redacted] as a [redacted] and the present organization is the result of several mergers and consolidations with other agencies in the same field.

This organization maintains offices in the principal cities throughout the Western Hemisphere and through [redacted] Bureau representatives have been sent to various points in Latin America to be representatives of the [redacted] of this concern. The representatives have free access to all [redacted] records at these various places and have the free run of the various offices, ostensibly being responsible only to the [redacted]

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[redacted] have been most cooperative and have spent considerable time in training the Bureau representatives in the work of [redacted] This cover is quite elastic as a representative of [redacted] is expected to make inquiries of any nature and at the same time, the Bureau representative's official connection with the United States Government is not known to the local representatives of [redacted]

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[redacted]  
[redacted] is a [redacted] concern owned by [redacted] whose entire production facilities at the present time are devoted to war work, however, in peace time, the management specializes [redacted] This concern normally manufactures [redacted] with [redacted]

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Prior to the present War, [redacted] did considerable work in Latin America and at one time considered the advisability of [redacted] *S 7*

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The desirability of this cover since the United States has entered the War has been reduced and is presently not being used as extensively as in the past. *S 2*

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[redacted] b7D

[redacted] *via* b7E

Bureau has been afforded the opportunity of using [redacted] as a cover. The Bureau's contact with [redacted]

*S 2*

Bureau representatives using this cover can proceed to Latin America in a dual capacity, one being for the purpose of getting data for [redacted] and the other being for the purpose of [redacted] who may possess [redacted] of the type desired by [redacted] *S 7*

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As will be noted, this cover is most elastic and gives the Bureau representative an opportunity to ask various questions concerning any number of subjects without arousing suspicion. *S 2*

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[redacted] b7D

[redacted] b7E

[redacted] has been most cooperative in instructing Bureau representatives [redacted] and has designated Bureau representatives as [redacted] rather than [redacted] In order to make this cover more secure [redacted] has furnished each Bureau representative with [redacted] and has actually had [redacted] which were prepared by Bureau representatives. *S 2*

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This cover actually takes very little of an Agent's time yet at the same time it provides an excellent front because of the fact that these representatives are interested in gathering data [redacted] *S 2*

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[REDACTED]

Through [REDACTED] the Bureau has been able to send several representatives into Latin American countries. This cover is only good in the larger cities and requires no actual work on the part of the Bureau representative and in order to operate under this cover, it is only necessary that the Bureau representative become conversant with certain fundamentals of [REDACTED] X u

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[REDACTED]

[REDACTED] is a [REDACTED] and [REDACTED]

Under this cover, Bureau representatives are able to operate in any section of Latin America as [REDACTED] who has a most profound knowledge and understanding of business, commerce, and economic geography of the American Republics, is constantly being requested to furnish information relative to [REDACTED] X u

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[REDACTED] has been most cooperative and each Bureau representative sent out under this cover receives detailed instructions from [REDACTED] regarding the particular subject matter which he, the Bureau representative, is to study in a particular section of Latin America. X u

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[REDACTED]

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This cover is especially suitable for Bureau representatives in the smaller cities and rural sections of Latin America [REDACTED]

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[REDACTED]

[REDACTED] has been extremely cooperative in instructing Bureau representatives in the nature of the work performed by [REDACTED] and this cover is being used to considerable advantage. X u

[REDACTED]

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All Bureau representatives using this cover have been designated by [redacted] and in that capacity do not necessarily have to have [redacted]. This cover is also most elastic as the amount of time required depends entirely upon the Bureau representative and further, the Bureau representative can make any number of inquiries under this cover as there is no prearranged subject matter for him to cover. *X 7*

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[redacted] have been most cooperative in the Bureau's SIS program and this cover particularly at the present time is very good due to the fact that Bureau representatives can proceed to Latin America under this cover on the pretext of obtaining information which would be of value to [redacted] in postwar days. *X 7*

[redacted] concern doing one of the largest [redacted] and being a member of [redacted]

This concern has offices in [redacted] in the United States as well as in [redacted]. Through [redacted] in charge of sales promotion and advertising, the Bureau has been able to send representatives into Latin America for the purpose of actually establishing and opening offices for this concern. Prior to proceeding to Latin America, this concern arranges a two-week course of instruction at [redacted] and has been most cooperative in this matter. *X 7*

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The Bureau representatives actually open offices and transact business for this concern. This is one of the few covers which the Bureau is using in which the Bureau representatives actually transact business for the cover and is considered to be most secure. This cover obviously can only be utilized in the larger Latin American cities. *X 7*

[redacted]  
[redacted]  
[redacted] did operate [redacted] *X 7*

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[REDACTED]

Through [REDACTED] the Bureau has been able to place representatives in Brazil under the cover of being [REDACTED]. This cover is exceptionally good due to the fact that [REDACTED] and has offices [REDACTED]. The [REDACTED] functions under the pretext of surveying business possibilities in fields other than [REDACTED] due to the fact that [REDACTED] at the present time, [REDACTED]. Another pretext used by Bureau representatives under this cover is that they are employees of [REDACTED] and in view of the fact that there is no business in [REDACTED] they are being sent to Latin America for the purpose of becoming familiar with the customs and interests of the Latin American people for use after the war. § 21

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[REDACTED]

[REDACTED] and through [REDACTED] manager in charge of export sales, [REDACTED] the Bureau has been able to send representatives into various Latin American countries, designated as special representatives of [REDACTED]. § 21

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The ostensible purpose for Bureau representatives traveling in Latin America under this cover is to contact [REDACTED] products and to conduct surveys as to the possibilities of extending [REDACTED] markets in these countries. § 21

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Since the entrance of the United States into the War, the possibilities of this cover have become somewhat limited due to the fact that shipments [REDACTED] cannot be made. § 21

[REDACTED]

[REDACTED] is a [REDACTED] which specializes [REDACTED] and for a number of years has been very active in [REDACTED] and other South American countries. § 21

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[redacted] the Bureau has been able to send representatives into Latin America for the purpose of doing work of [redacted] for this company. [redacted] has been most cooperative and the Bureau representatives have been given extensive training in the nature of the work performed by legitimate representatives of [redacted] and in some instances [redacted] has furnished the Bureau representatives with enough actual work to make these covers most secure. *BU*

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[REDACTED]

[REDACTED]

[REDACTED]

This concern has been most cooperative and has indicated that in the future Bureau representatives can possibly be sent to other Latin American countries on similar assignments. \$ u

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[REDACTED]

[REDACTED]

This cover is most elastic, as the very nature of the business provides the agent an opportunity to make inquiries concerning individuals, corporations and even political parties. This concern does not desire that the Bureau representatives spend any time for them and has proven most satisfactory for the Bureau. \$ u

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[REDACTED]

[REDACTED]

This cover is most elastic, as the company is interested in anything that the Latin Americans desire to buy or sell and will put the Latin Americans in touch with persons in the United States interested in any type of business. \$ u

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The Bureau, through [redacted] has been able to send numerous agents into Latin America under this cover and [redacted] has personally conferred with each representative prior to his departure and furnished these representatives with considerable background information concerning this organization. The Bureau representatives are not assigned any specific duties by [redacted] and they do not have to perform any actual work for [redacted] X u

[redacted]

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[redacted] New York City, is reported to be the largest [redacted] in the world which formerly maintained offices in all of the principal cities of the world. At the present time this agency has offices in [redacted] X u

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[redacted], has been especially cooperative and is providing covers for Bureau representatives at any point in South America where representation of this firm would be logical. X u

As the nature of this concern's business in Latin America is purely that [redacted] it enables the Bureau representative to make numerous inquiries without creating suspicion. One specific assignment which this company gave a Bureau agent was concerning [redacted]

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[redacted]

One of the outstanding features of this particular company is that as soon as [redacted] is completed another can be commenced and the cover will remain secure for an indefinite period. X u

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[redacted]

[redacted]

[redacted] the Bureau has been able to send representatives into Latin America to function as full time [redacted] The Bureau representatives using this cover have excellent opportunities [redacted] and it is proving most effective. X u

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[REDACTED]

[REDACTED]

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[REDACTED] the Bureau has been able to send representatives into Latin America [REDACTED] on different projects in which this organization is interested. X 21

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[REDACTED] has been most cooperative and prior to the departure of a Bureau representative under this cover, he personally gives such representative detailed instructions over a period of ten days concerning the organization and the specific project upon which information is desired. This cover does not make any great demand on the Bureau representative's time and to date has been successful. X 21

#### SIS UNDERCOVER

At the close of the 1940 - 1941 fiscal year, there was a combined total of 26 SIS agents and special employees active in Latin America on undercover assignment. During the ensuing twelve months the total SIS man power in the field has increased to a total of 152 agents, special employees and clerical assistants. X 21

#### FBI ATTACHED IN UNITED STATES MISSIONS

At the close of the fiscal year 1940 - 1941, one American Embassy - at Bogota, Colombia - had a member of the SIS Division as an Attache. During the fiscal year 1941 - 1942, the number of FBI agents who are attached to the various United States Missions has increased to 21, with SIS representatives now located in the American Embassy at Mexico, D. F., Bogota, Colombia, Quito, Ecuador, Lima, Peru, La Paz, Bolivia, Santiago, Chile, Buenos Aires, Argentina, Montevideo, Uruguay, Rio de Janeiro, Brazil, and Caracas, Venezuela, and with an SIS representative at the American Consulate in Valparaiso, Chile. These Bureau representatives are known publicly as Civil Attaches, Legal Attaches or simply as Assistant Attaches. The true nature of their duties in connection with the Federal Bureau of Investigation is known only to the Ambassador, his chief assistants and high ranking government officials of the government concerned. X 21

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During the past fiscal year, the SIS representatives have been augmented by the assignment of 7 additional employees together with the assignment of 5 radio technicians, who are presently maintaining and operating radio transmitters in the American Embassies at Bogota, Santiago and Quito. *S U*

Soon after the SIS representatives arrived at the various Embassies as Attaches, they quickly began to coordinate in these American Missions all of the records relative to intelligence matters. Single index files have been set up in most of the Embassies which offer to all official representatives there a quick, efficient source of information relative to intelligence matters in the particular country. *S U*

With the advent of SIS representatives as Attaches, the various American Ambassadors now can quickly obtain from trained, experienced investigators vital information which is of the utmost interest to the Ambassadors in the conduct of their daily business. *S U*

In addition to the coordinating functions which all of these SIS representatives have begun to perfect, they have likewise made contacts with official sources of information in their country of assignment and have greatly increased and broadened the sources of information available to the SIS Division. *S U*

The presence of these SIS representatives in the various Embassies has enabled the SIS Division at the State of Government to have closer contact with the various agents and special employees undercover in the various Latin American countries. From time to time instructions to the undercover men are transmitted to them through the medium of the SIS representatives in the various Embassies, and in turn, the reports of the undercover representatives are being transmitted through the SIS representatives in the Embassies via diplomatic channels. *S U*

#### SIS AGENTS ON SPECIAL ASSIGNMENT

Representatives of the SIS Division have on various occasions during the past fiscal year been on special assignments to various Latin American countries, and at present one representative is acting as a technical adviser to the Government of the Republic of Haiti in national security matters. Another is personally conducting an Intelligence School for Police Officers in Havana, Cuba, and the third is conducting a Police Training School in Managua, Nicaragua. *S U*

During the past year a representative of the SIS Division has laid the groundwork for a Military Intelligence School for the Peruvian Army and at present this school is being conducted by another SIS representative. *S U*

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Representatives of the SIS Division have also been assigned to the various Intelligence Headquarters of the British and Canadian Governments to coordinate with them national security matters. In this capacity SIS representatives are located at Hamilton, Bermuda, Kingston, Jamaica, Port of Spain, Trinidad and Ottawa, Canada. § 2

#### SIS FIELD INSPECTORS

With the increase of agents and special employees in various parts of the Western Hemisphere, there has been set up in the SIS Division a Field Inspection Service. Two experienced, mature representatives of the SIS Division are constantly traveling throughout Latin America in undercover capacity, checking on the daily activities of the SIS agents and special employees. Through their progress the Seat of Government is constantly advised as to the work, the living conditions, the morals, the problems and the suggestions of the various representatives working on undercover assignments. § 2

In addition, the Seat of Government is advised by these inspectors as to the necessity of removal or transfer of agents and special employees of the SIS Division.

In addition to these two inspectors, a third inspector of the SIS Division will travel throughout Latin America in an official capacity for the purpose of determining the effectiveness of the work of the SIS representatives attached to the various American Embassies and Legations. This representative will likewise accompany SIS representatives who are being assigned to an American Mission for the first time and will assist them in the establishment of the SIS unit in this Mission. § 2

#### NEW YORK SIS OFFICE

The New York City SIS office consists of a suite of three offices connected by a combination hallway and reception room. These offices are located in the RCA Building, 30 Rockefeller Plaza, and are entered through room 5144. The offices are furnished with desks, chairs, and the usual equipment found in a business office. In addition, there are two steel safes where all records and files are maintained.

The personnel assigned to this office consists of a Special Agent in Charge, a Spanish translator clerk and a stenographer. In addition to the assigned personnel, these quarters are used as headquarters for all SIS representatives while they are in New York for the purpose of arranging covers, obtaining visas and arranging for passports. § 2

The Special Agent in Charge is responsible for and supervises the maintenance and collection of mail from 39 mail drops or post office boxes which are scattered throughout the various postal stations and sub § 2

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stations in Mid-Town and lower Manhattan. Each morning the clerk collects the incoming mail from each of these boxes which is immediately forwarded to the Bureau. *Su*

All outgoing mail addressed to SIS representatives in Latin America is forwarded to the New York SIS office for clearance and arrangements have been furnished whereby this mail is opened and resealed with the censor's stamp, so that it appears to have received the same treatment as all other outgoing mail, however, the contents of the communications are not examined. *Su*

The Special Agent in Charge of the New York SIS office is charged with establishing and maintaining contacts with reputable New York Business Houses who are in the position to provide cover facilities, and in addition to obtaining these covers, the Special Agent in Charge assists in assigning covers to agents training in Washington for SIS assignment. Due to the fact that cable addresses cannot be used at the present time, representatives on assignment in Latin America can only communicate with the Bureau by cable by transmitting these cables to their New York cover and it is necessary for the New York SIS office to relay all of these messages to the Bureau. *Su*

In order to facilitate the obtaining of visas and other travel documents, a file is maintained in the New York SIS office on the visa requirements for each of the Latin American Republics and each agent, upon obtaining a visa, is required to prepare a memorandum for that file so that an agent subsequently desiring a visa can profit by the experience of men who have gone before them. The New York SIS office also assists SIS representatives in obtaining letters from the New York Police Department certifying that these representatives have no criminal record. *Su*

The New York SIS office at present maintains \$2,000 on deposit with [redacted], New York, so that SIS representatives desiring to purchase airplane or steamship tickets can cash checks against this account and purchase the tickets with cash. *Su*

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The New York SIS office also handles contacts and interviews with travelers returning from Latin America and also interviews all applicants for the position of special employees who appear to be qualified to be of assistance to the Bureau in Latin America. *Su*

In addition to the above, the Special Agent in Charge of the New York SIS office represents the Bureau at the weekly Foreign Intelligence Conference which is attended by representatives of Army and Navy Censorship, The Coordinator of Information, Military Intelligence Division, Board of Economic Warfare and Office of Naval Intelligence. *Su*

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ACCOMPLISHMENTS

In addition to the accomplishments which will be set out hereinafter according to individual countries, the SIS Division has received, correlated and distributed a vast amount of information pertaining to economic, political, financial and subversive activities in Latin America. The SIS Division has also, by way of research, prepared monographs on timely and important subjects and on various individual countries which have been distributed to the interested governmental agencies, and which monographs have received most favorable comment from the other governmental agencies. In connection with a monograph prepared regarding clandestine radio stations, it might be noted that practically every agency receiving a copy of this monograph requested additional copies, with OGC requesting twenty-five additional copies. *Su*

ARGENTINA *Su*

There has been perfected during the past year complete coverage of Argentina geographically. SIS Agents are located in all of the principal towns of the interior, along the seacoast, as well as in the principal and capital city, Buenos Aires. An SIS Agent has been established in the American Embassy at Buenos Aires as an Attache and is coordinating the work of the undercover agents, acting as a liaison man, in addition to extending the confidential informant coverage and the coordinating of all intelligence matters within the embassy. SIS Agents have also been established as traveling agents under suitable "covers" in order to secure information on Axis activities in remote areas such as Patagonia and the Straits of Magellan, the Andes section on the Argentine-Chile border, and the province of Misiones which is heavily populated by Germans. *Su*

During the past year the confidential informant coverage has also been greatly extended and in addition to numerous informants who can supply information of a general nature with respect to all matters of interest to the United States Government, there exists special informants in the following organizations, offices or groups through whom the SIS Division has been able to secure information regarding the plans and activities of these groups: *Su*

The Japanese Embassy  
Japanese Commercial Houses  
The German Embassy  
The Nazi Party  
German Commercial Houses

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Argentine Governmental Agencies (Foreign Office,  
Navy Office, and Police Department)  
Anti-Nazi Groups  
The Free French  
Spanish Loyalists  
The Spanish Embassy

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Through the various sources of information established, a large volume of information of interest to the United States Government has been developed in Argentina. The leaders of the Nazi Party have been identified and their future plans ascertained with reference to action to be taken as a result of the findings of the Argentine Congressional Committee investigating anti-Argentine activities. The identities of the leading secret service agents of Germany in Argentina have likewise been established and coverage has been established on their activities. It is known at the present time that due to the fact that the Argentine Government has not broken off relations with Germany and is friendly with the German Government, there is a movement of German agents and German capital to Argentina. Information in detail has been developed concerning this movement and indicating that at the present time Argentina is the headquarters for all Nazi organizations in Latin America. The Post Office Boxes utilized by German agents as mail drops for delivery of secret reports have been ascertained, and their use of couriers has been discovered, particularly their couriers on Spanish or other neutral ships. The identities of German secret service agents who reported allied ship movements to a clandestine radio station in Brazil have been established, and their activities are presently being covered. X 21

Information has also been uncovered concerning the cooperation between the Italian, Spanish, Japanese and German embassies and some of the plans exchanged between these embassies have been secured. Information with regard to the personalities in the various embassies which are considered most dangerous to the interests of the United States has also been secured. X 21

Through contacts made in Argentina, information has been received regarding Axis plans and activities in Europe and Africa, such as the cooperation between Spain and Germany. The identities of German agents in Lisbon, Portugal and in Spain, particularly those who received mail from South America, have been ascertained and furnished to the interested agencies. X 21

Investigations have also been conducted through undercover sources in Buenos Aires, Argentina with reference to current espionage cases in the United States, particularly the Lindig case. Also investigations have been conducted of German Nationals in Argentina who held stock in one of the largest German companies in the United States. X 21

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In one instance the subject was established with a member of the German Secret Service and his microphotographic instructions which he carried with him from Germany were secured. In another instance, due to information which had been accumulated by the SIS Division and furnished to the State Department, sufficient evidence was furnished to the Argentine Government to cause the expulsion of a very dangerous Nazi agent. X U

#### BERMUDA X

At the end of the fiscal year of 1940-41 the Bureau did not have a representative on the island of Bermuda. However, at the present time one representative is located at Hamilton, Bermuda in the Embassy as liaison man between the British and American interests. It was through the medium of this representative in Bermuda, working in connection with the examination of censorship material, that the "microscopic dot" employed by German espionage agents was discovered, while the subject of Imperial Censorship. After these dots were identified and connected with the Nazi espionage system, they were later developed by the facilities of the Bureau's Technical Laboratory. X U

A general close spirit of cooperation has been effected between the British Intelligence Service and the Bureau, especially in regard to data obtained through censorship, though not limited to that field. The Bureau's representative in Bermuda enjoys the esteem of the British officials and works closely with such officials in matters of mutual interest. X (u)

#### BOLIVIA X U

Bolivia, situated in the heart of South America and with large deposits of strategic metals, has been given special attention by enemy powers and has therefore necessitated an unusually large amount of counterespionage effort. X U

In July of 1941, the Federal Bureau of Investigation secured and transmitted to the Bolivian Government through the State Department a letter purportedly written by Major Elias Belmonte, Bolivian Military Attache in Germany, to the German Minister in La Paz in which letter there were set forth the plans of a group of Bolivians under the leadership of Belmonte and the assistance of the Nazis to overthrow the Constitutional Government and effect a regime favorable to the totalitarian nations. There was declared a state of siege, the German Minister was declared persona non grata, German schools and pro-Axis newspapers were suspended and many Bolivians and Germans were detained for questioning. There was dispatched to La Paz an SIS representative who was assigned to work with the Bolivian Government and who would cooperate closely with X U

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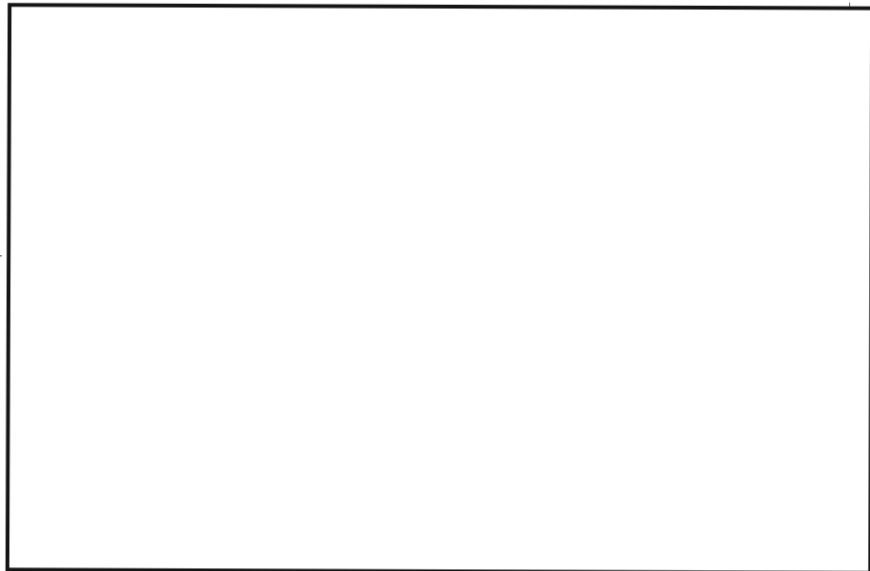
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the Minister of Government, Justice, and Immigration to whom was furnished suggestions as to procedure and evidence pertaining to particular individuals involved. Some such information furnished reflected that the local Transocean News Agency was a Nazi subsidized tool which information was particularly instrumental in the permanent closing of that Agency. The Minister of Government was also furnished available information on the international functions of the totalitarian espionage system resulting in the establishment of surveillance of various persons suspected of being pro-Nazi. *SU*

Through confidential informants, the SIS representative obtained copies of all cables received or emanating from the diplomatic missions of Germany, Italy, and Japan. These messages were forwarded to the Bureau's technical laboratory in Washington, D. C. where some of them were decoded. *SU*

Subsequently another SIS representative was assigned permanently to the American Embassy in La Paz and the good relationship with Bolivian Governmental Officials has been continued. Other representatives operating under various pretexts are working in the important mining, urban and rural sections. *SU*

During the past fiscal year, there have been established contacts and confidential informants in the following categories: *SU*



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From the above informants, a vast amount of information has been received regarding the identities and activities of persons attempting to create a pro-totalitarian Government in Bolivia and who were acting against the interests of the United States. This information in part was responsible *SU*

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for the Bolivian Government ordering the deportation of 107 Axis Nationals and the deportees were escorted from Bolivia to their boat in Arica, Chile, by an SIS representative. Similar information obtained by the SIS representatives has been instrumental in placing commercial firms on the Proclaimed List of Certain Blocked Nationals. The identities of those individuals remaining in Bolivia who are known to be pro-Nazi have been established, and recent information reflects that another group of enemy aliens will soon be deported. Some Axis sympathizers whose identities were established in Bolivia were able to escape to Chile and Argentina prior to the deportation proceedings and complete information regarding them has been forwarded to our representatives in these countries in order that the proper surveillances might be conducted. X u

General surveys have been made in the more important transportation, power, and mining facilities and points especially vulnerable to sabotage have been pointed out. Overtures have recently been made which will probably result in a formal request for SIS representatives to make complete plant surveys of these facilities.

During the recent illness of President Pizarro, there was discovered by an SIS representative an abortive plot to overthrow the government by General Ichazo, Chief of Staff, and involving General Toro who was in the United States at the time. The recovery of the President, however, forestalled the revolutionary movement. X u

#### BRAZIL X u

SIS representatives have been stationed in all of the principal seacoast cities, and complete coverage has been established in the Federal Capital as well as in Sao Paulo, the principal industrial city. Agents with suitable "covers" for travel have been sent to Brazil in order that they may cover the more inaccessible areas. There is presently being established an FBI radio station in the Embassy at Rio de Janeiro. X u

Through confidential informants, current information is received on practically all of the organizations, individuals, companies, and on all matters in which the United States Government has an interest from the intelligence standpoint. In practically all of the cities where an SIS Agent is established, [redacted]

[redacted] through which confidential records, fingerprints, photographs, etc., may be obtained. Sufficient informants exist with reference to [redacted]

[redacted] party which is illegal) in order that the Bureau may be apprised of the activities of this group. A direct contact has been made with the Nazi Secret Service through one of the agents working for it. The confidential informants existing in Rio de Janeiro are of X u

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such a quality that surveillances and other activities may be carried on in the most satisfactory manner. General sources of information and confidential informants have been established with reference to [redacted]

[redacted] and various Brazilian [redacted]  
[redacted] Information on activities in the port of Rio de Janeiro is also being secured through a special contact. *SU*

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Investigations have been made in connection with current espionage cases in the United States, and considerable data have been accumulated with reference to Axis communications between the United States and Europe through Brazil. Supplementary data with reference to cases and individuals of current interest within the United States have also been secured. *SU*

Since July, 1940, there have been intercepted and decoded, messages exchanged between clandestine radio transmitters in Brazil and the German Secret Service headquarters in Germany. It was ascertained that there were six separate espionage groups forwarding information via six different radio stations, and through a study of these messages and the correlation of information contained in them, with other information in the files of the SIS Division, and through the activities of SIS Agents and confidential informants, the identity and location of all of the principal German Secret Service agents connected with the operations of these espionage groups were discovered. A direct contact was made with an agent of the principal Group (OFL - ALD) and the location of the "cover" office and actual transmitting station (LIR - MAX) were discovered. This station was placed under surveillance and the principal espionage agents were kept under intermittent surveillance by SIS informants, and as a result the various contacts of these German agents were discovered. The identities of the principal espionage agents operating in other Latin American countries, namely, Argentina, Mexico, Peru, Ecuador, and Colombia, were also ascertained through these radio messages. *SU*

Through investigations made, and the analysis of radio messages, there were discovered mail drops, couriers, and other means of communication used by the Germans, and exact information as to their codes and formulae for secret ink. It was also ascertained that the Germans had secret service agents within the United States, who were transmitting information through these radio stations, and the identities of these agents were later established. The Military Attache, being a principal Nazi agent, and the Embassy were utilizing one of the clandestine stations to send messages to Germany, after relations were broken between Brazil and Germany. The messages from the German Ambassador were intercepted and decoded. After the breaking of diplomatic relations between Germany and Brazil, it was indicated that the Brazilian police authorities were interested in discovering the operations of German agents. By chance one of the principal German agents was arrested and it was ascertained *SU*

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at that time that the Brazilian authorities had very little information concerning the operation of the German Secret Service. The identities of the German agents and their method of operation, which had been accumulated by the SIS Division, were made available to the Brazilian authorities through the State Department. From March 10, 1942, to the present, 90 principal German agents have been arrested by the Brazilian authorities and twelve illegal radio transmitters seized, as well as a vast quantity of other material such as chemicals, photographic equipment, guns and ammunition, codes and ciphers, etc. According to a list recently furnished by the police of Rio de Janeiro, there are presently over 200 Axis individuals in custody in Rio de Janeiro as a result of the roundup of the principal German agents whose names had been furnished to the police. According to information received, the Brazilian Government is unable to prosecute these agents under the laws of Brazil, inasmuch as Brazil was at peace with Germany, but all of these Agents have been interned for the duration of the war. *XU*

The German agents in custody are being questioned at the present time and a number of them have already given signed statements relating to their espionage activities, copies of which are in possession of the SIS Division and which have been furnished to the governmental agencies. The questioning of the agents and investigations made by the SIS Division have already revealed the identities of five German espionage agents operating in the United States. Upon completion of the questioning it is expected that a number of other agents will be uncovered in the United States, inasmuch as it was established during the investigation that agents in the United States were communicating with Germany through these radio transmitters in Brazil. *XU*

Observations of the SIS Division indicate that the German espionage service in Brazil is now completely demoralized and that the apprehension of the agents in Brazil has had a salutary effect on the operation of German agents in all of the other Latin American countries. *XU*

CHILE *XU*

Chile is one of the two South American countries which remained neutral at the conference of South American countries held in Rio de Janeiro. At that time the country was in the midst of electing a new president, and subsequently President Riquelme was elected. It was thought by many that after the election a definite stand, probably against the Axis, would be taken by the Chilean Government, and that it would follow the actions of other South American countries by expelling Axis Nationals of an undesirable character. To date no such steps have been taken by the Chilean Government; and the diplomatic representatives of Germany, Italy, and Japan remain in Chile to carry on their activities. *XU*

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However, the work of the Federal Bureau of Investigation in Chile has continued unhampered; and the identity of all subversive organizations, such as the National Socialist German Workers Party (NSDAP) together with its principals and the majority of its members, is known. Also the activities of the Auslands Organisation of Germany in Chile, and the various "cultural" societies of the Japanese, have come under the scrutiny of Bureau representatives and have been reported upon. The activities of Werner Siering, official of the Bayer Company in Chile, and known Nazi agent, and his associates have been followed and also the propaganda efforts of Walter Bestiger, commercial attaché of the German Embassy. Numerous reports have been made concerning pro-Axis individuals in business in Chile which have resulted in their being placed on the Proclaimed Lists. It is believed that should the Chilean Government desire to rid itself of undesirable persons with pro-Axis tendencies, a substantial list of persons could be furnished in short order with facts to substantiate their deportation or internment. ~~S~~ U

At the beginning of the fiscal year, there was one Bureau representative in Chile. There are now thirteen Special Agents, two Special Employees, and one stenographer assigned to this country. Two Special Agents presently receiving SIS training have been designated to go to Chile. ~~S~~ U

Chile is a long narrow country stretching from Peru to the Straits of Magellan and having a coast line of twenty-nine hundred miles along the South Pacific Coast. Its width ranges from one hundred to three hundred miles. Climatic and geographical conditions divide it naturally into three parts. The concentration of population and activity is in the central valley or middle section where the land is rich and the climate is temperate. In this section the two principal cities of Santiago and Valparaiso are located. Three members of the Federal Bureau of Investigation are attached to the American Embassy at Santiago, and the Special Employees and stenographer are also stationed there. The State Department has provided separate office space for the Bureau personnel in the office building in Santiago where the Embassy is located. These individuals among other duties, act as the coordinators of the Federal Bureau of Investigation work in Chile. ~~S~~ U

A Bureau radio station has been set up which the two special employees are assigned to operate. This station is part of the Bureau network and can communicate with other Bureau radio stations in South America and the United States on highly important messages. It will also be available should other means of communication with Chile ever be cut off. ~~S~~ U

In addition to operating the station, the special employees also monitor for clandestine stations which might be operating in Chile or elsewhere; and very recently messages have been detected which are

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believed to emanate from a previously unknown station believed to be operated by a Nazi espionage ring probably in Southern Argentina. The commercial station CKA-2 in Santiago has also been monitored, and coded messages sent and received by German and Japanese diplomats have been intercepted to show that they contain information of an espionage nature. Similar messages sent and received by industrial and business firms of Chile known to be under German and Japanese control have also been intercepted. *SU*

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As a further covering on communications of this type, confidential informants have been developed in [redacted] who are able to furnish copies of messages sent by Axis representatives in Chile. *SU*

[redacted] the Japanese Embassy have been secured, and he has furnished valuable facts, including information regarding an individual who was acting as a mail drop for the Japanese in Chile. This informant has also been able to supply details concerning the distribution of Japanese propaganda in Chile and contacts made by members of the Japanese Diplomatic Staff. At the present time, he is attempting to secure the key to the Japanese code. *SU*

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A Bureau representative was recently made liaison man between the American Embassy and the Chief of Investigaciones, police organization of Chile. Although no police school has been instituted, motion picture films of the Bureau, "Technique of the Arrest" and "Inside the FBI" have been furnished to this department; and careful study has been given to them. *SU*

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[redacted] photographs and fingerprints of Axis agents have been obtained, license numbers and arrivals and departures of all persons in Chile are available. All information in the possession of Investigaciones is available [redacted] *SU*

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Arrangements have also been made whereby [redacted]

[redacted] have been obtained. He is setting up an office whereby he and several individuals known to be reliable in Santiago and in various strategic cities throughout the whole of Chile will work as his agents, and the results of their investigations will be supplied to a representative of the Federal Bureau of Investigation. Their work, in addition to reporting all information pertaining to totalitarian activities which comes to their attention, will include conducting surveillances and securing information in connection with persons in Chile in whom the United States Government is interested. *SU*

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Although this last mentioned informant has not completed the establishment of his office, he and his associates have already done *SU*

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considerable work in establishing the identity of the Nazi agents connected with clandestine radio station P.H. X U

Passenger lists both incoming and outgoing of all persons traveling on Pan American and Panagra Air Lines and on the Comas Steamship Lines are secured by the Bureau representatives at Santiago. X U

There are approximately eight thousand Yugoslavian Nationals residing in Chile at the present time. A large number of these persons are located in Southern Chile where there is also a concentration of German Nationals and persons of German descent. Due to familiarity of language, these persons are able to mingle freely with the Germans. The services of [redacted] have been obtained; b7C b7D and he has organized reliable Yugoslavians located at strategic points throughout Chile who report everything of a subversive nature which comes to their attention to this person, who in turn makes reports to representatives of the Federal Bureau of Investigation in Santiago. This informant is presently on a trip to Peru and Bolivia where he is planning to organize Yugoslavians in these countries in a similar manner so that they will be able to furnish the same type of information to Bureau representatives in Peru and Bolivia. Included among this man's informants in Chile are [redacted] in various cities in Chile. X U

Bureau representatives in Chile have secured the services of an individual [redacted] in Chile. These [redacted] are organized in a number of Chilean towns, particularly in the southeast part of Chile; and the confidential informant, who is in charge of the whole organization, has recently designated agents within his organization in various towns of Chile. He has stated that most of these individuals formerly [redacted] b7C b7D He has agents established at Valdivia, Osorno, San Vicente, Punta Lavapie, Temuco, Puerto Montt, Castro, and Punta Arenas. The organization of this informant, it is believed, will be very effective in securing information regarding the Spanish Falange; and also because the agents have a good understanding of the Spanish language, they will be able to mix freely among Chileans who might be engaged in Fifth Column activities. Already this informant has rendered valuable services in connection with intercepting mail of espionage agents. X U

The services of two anti-Nazi German organizations in Chile are likewise at the disposal of the Federal Bureau of Investigation. [redacted] these organizations has seventy-six agents working south of Santiago and [redacted] north of Santiago. b7C b7D This organization has been active for the past four years, and during that time [redacted] acquired information of a subversive nature on numerous individuals and organizations in Chile which has been reported to the X U

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Federal Bureau of Investigation. This organization extends to other countries in the Western Hemisphere, and through the informant complete reports have been obtained containing data on more than five thousand different subjects. The other anti-Nazi organization known as The Other Germany is receiving reports of pro-Axis activities from operators in Temuco, Valdivia, Osorno, Puerto Montt, Santiago, Valparaiso, Puerto Aysen, Punta Arenas, Pervonir, Tierra del Fuage, and the Island of Chiloe. These reports are all made available to the Federal Bureau of Investigation. *S U*

The activities of the Vichy French in Chile are being reported upon by a high official in the Free French Organisation in Chile. The [redacted] into Nazi activities in Valdivia, Chile,, where a large number of Germans are concentrated, are likewise available to the Bureau, as well as any information of value which he obtains in the future. Reliable contacts have been established in various financial institutions, such as [redacted] in Chile, and also among the [redacted] and [redacted] Unusually good cooperation is [redacted] representatives of the Federal Bureau of Investigation and [redacted] *S*

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There is one Bureau representative attached to the American Consulate in Valparaiso. He coordinates information obtained in that vicinity in a manner similar to that of the agents of the Federal Bureau of Investigation stationed at the Embassy in Santiago. Most important of the activities of his office up to the present time has consisted in identifying and surveilling the movements of the individuals connected with the clandestine radio station PHL. This station is discussed in more detail in another section of this report. However, it is pointed out here that through the efforts of the Federal Bureau of Investigation representatives in Chile, all of the persons engaged in this espionage ring are known. Arrangements have also been effected whereby communications received by them for transmittal over the station are intercepted, and in this manner Nazi agents residing in other countries have been identified. *S U*

One Special Agent of the Federal Bureau of Investigation is stationed in an undercover capacity at the port of Antofagasta in northern Chile, and he has been able to supply details of Axis activities and particularly with regard to shipping. Through contacts established by him, he has also been able to furnish economic data pertaining to the nitrate industry, vital to United States war interests. *S U*

Undercover Federal Bureau of Investigation representatives are traveling both in the north and south of Chile, establishing sources *S U*

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of information in the various smaller cities which are keeping them advised of subversive and political developments in Chile. *SU*

One Agent of the Federal Bureau of Investigation has his headquarters at Puerto Montt in southern Chile and is presently undertaking a physical survey of the Island of Chiloe and of the coast near the Straits of Magellan for the purpose of locating possible submarine bases or embarkation points which might be utilized by the enemy. *SU*

The other representatives of the Federal Bureau of Investigation in Chile are stationed in Santiago and Valparaiso, and they have made contacts with Chilean Government officials and persons close to high government officials and have been able to report pertinent and reliable facts concerning economic conditions in the country, propaganda methods of the enemy, the attitude of Chileans towards the war, the political situation inside of Chile, the identity of pro-Axis individuals, organizations acting as covers for blacklisted firms, and data on Nazi and Japanese activities. *SU*

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COLOMBIA X U

In the Republic of Colombia the SIS coverage has been greatly increased during the past fiscal year for at the end of the fiscal year 1940-41, the Bureau had one representative located in the American Embassy at Bogota, Colombia, and one representative undercover at Barranquilla, Colombia. At the present time there are four representatives attached to the Embassy at Bogota, two coordinating the work of the intelligence section of the Embassy and two engaged in operating and maintaining a Federal Bureau of Investigation short-wave radio transmitter. In addition to the representatives attached to the Embassy, four additional representatives are located in Bogota undercover, three representatives undercover at Barranquilla, Colombia, and one at Cali, Colombia. X U

In connection with informant coverage throughout this Republic, a highly developed system has been effected and during the past year sources of information have been increased to a high degree through development of members of the [redacted] located throughout the Republic of Colombia. This group of individuals are anti-Nazi in sentiment and consist of [redacted] X U

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At the present time the work of this organization is being handled by one [redacted] The membership of this group are located throughout the Republic of Colombia and the activities of this group are so designed to effect a complete cover of the entire Republic and, in effect, render each member as an individual informant. X U

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In addition to the utilization of members of the [redacted] [redacted] a highly effective system of cooperation has been developed through the use of members of the Colombian National Police, the leaders of various [redacted] located throughout Colombia, and members of the Communist Party which, in Colombia as in other Republics, has adopted a policy of anti-Nazi propaganda and informing against pro-Nazi activities. An excellent opportunity of cooperation has resulted through the work of our representatives in Colombia in coordinating intelligence matters with the other attaches of the Embassy, working jointly in the mutual disclosure of subversive activities on the part of the Axis Powers. X U

During the past year there has been installed in the Embassy at Bogota, Colombia, a short-wave radio transmitter, which transmitter has brought about a rapid means of communication with the seat of Government. This transmitter has been installed and is being maintained with expert operators equipped to perform monitoring functions as well as being manned by operators and technicians trained in the procedure of locating clandestine Axis transmitters with direction-finding equipment. This transmitter is also being utilized as a relay station for the Bureau transmitter in Santiago, Chile. X U

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Facilities have also been perfected throughout the Republic to afford special coverage in the event of an emergency, whereby special surveys may be made and special investigations conducted where normally investigative man power would not be available. Such an instance of this coverage is the recent report of Japanese preparations for an offensive in the Tumaco region of southwestern Colombia. On this occasion members of an informant group were made readily available to travel by plane to the region in question, where, through valuable contacts in [redacted] and otherwise, a detailed account of such reported activity was checked upon. *XU*

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Success has been achieved through the use of informants in Colombia in securing detailed information regarding the Nazi military organization set-up and the designs of this organization as regards an attack on the Panama Canal and furtherance of the north coastal plan of the Nazi organization. *XU*

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Information secured by the SIS representatives in Colombia has been made available to the State Department which, in turn, has made a large portion of this information available to the Colombian Government and as a result, some three hundred important Axis nationals have either been interned or deported. *XU*

#### COSTA RICA *XU*

SIS representatives in Costa Rica are located in San Jose, the capital of Costa Rica, and in Limon on the east coast. However, these representatives have established sources of information located in most of the larger towns and, as a result, these representatives are being kept informed of activities throughout the entire country. *XU*

By means of confidential sources of information, mail entering and/or leaving Costa Rica is made available to the SIS representatives and by similar means these representatives are aware of telephone and radio conversations of several pro-Axis individuals. In connection with the telephone and radio conversations, records are being made of particular conversations in an attempt to ascertain if any of these conversations are actually in code. *XU*

Considerable information concerning the activities of Axis nationals and pro-Axis citizens of Costa Rica has been furnished to the interested agencies, which information has enabled the United States Government to play a substantial part in the deportation of dangerous Axis nationals from the country for internment. *XU*

Information has also been received and passed on to other Governmental agencies which has resulted in certain individuals in Costa *XU*

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Rice being placed on the "Proclaimed List of Certain Blocked Nationals." X U

In Costa Rica the SIS representatives have been able to obtain considerable information relating to the economic, political and social problems of that country due to certain contacts established within the Costa Rican Government. The SIS representatives have also been able to explain political maneuvering within the Costa Rican Government on the same day it occurred when such was supposedly known only to the Government officials involved. X U

CUBA X U

Because of the proximity of Cuba to the United States, investigations within the jurisdiction of the Federal Bureau of Investigation have frequently had ramifications on this Island. As a result of frequent contact between Agents of the Miami Field Division of the Federal Bureau of Investigation and officials of the Cuban National Police, cordial relations have existed for many years in all matters affecting the mutual interests of both investigating agencies. X U

Prior to December 7, 1941, the SIS coverage in Cuba consisted entirely of representatives working in an undercover capacity at several strategic points on the Island. However, upon the entry of Cuba into the war against the Axis Powers, a favorable opportunity was presented to secure the closest collaboration with the Cuban authorities. This was crystallized early in 1942 with the establishment of a Police School by the Cuban National Police at Havana under the active supervision and instruction of a Federal Bureau of Investigation Agent. The purpose of this school was to acquaint the members of the Cuban National Police, not only with methods of crime detection but with some of the most advanced techniques in intelligence and counter-espionage activities. X U

Through this SIS representative the Bureau now has available all of the records of the Cuban National Police as well as investigative personnel for the purpose of conducting any specific inquiries that might be desired in Cuba. X U

The informant coverage in Cuba, both that developed by the Agent assisting the Cuban authorities and by the Agents in undercover capacities, has increased to such an extent that an extremely large volume of information is currently being received from Cuba and distributed to the interested Governmental agencies. X U

DOMINICAN REPUBLIC X U

At the close of the fiscal year 1940-41, there were no SIS representatives located in the Dominican Republic. However, today there

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is one representative in an undercover capacity located at Ciudad Trujillo. This representative has developed valuable sources of information among the American businessmen located in this city and has developed confidential informants competent to furnish information of value regarding the extent and nature of fifth column activities. By virtue of other confidential informants developed throughout the Republic, the SIS Division has been kept informed regarding the personnel of the Nazi espionage system in the Dominican Republic and has been able to follow effectively the activities of the principal Nazi leaders. X U

EQUADOR X U

In Ecuador the SIS Division has two representatives attached to the American Embassy at Quito as legal attaches and three in undercover capacities, one of whom has the privilege of traveling to surrounding cities and towns keeping in touch and abreast of Axis activity. Also, in Quito the Bureau has established and is operating a short-wave radio station, which is manned by two competent operators. In Guayaquil, Ecuador there are three representatives in undercover capacities, one of whom has the privilege of visiting neighboring cities. The number of representatives now in Ecuador constitutes an increase of nine over the one representative located there a year ago. X U

The SIS coverage in Ecuador is at the present considered adequate and the representatives attached to the Embassy have established close liaison with the British Intelligence and with the Inter-Allied Committee, an organization which has been active and successful in combatting totalitarian activities and which has excellent contacts among the European elements in Ecuador. In addition, the representatives attached to the Embassy are acting as coordinators of intelligence information within the Embassy, closely cooperating with Embassy officials and the Naval and Military Attaches. X U

One of these representatives is scheduled to conduct a Police Training School in the very near future and at the present time is in the process of revising the filing, fingerprint and technical sections of that department, as well as instructing them in the latest developments in their respective fields. This representative is likewise acting as an official adviser on totalitarian activities to President Carlos Arroyo del Rio, and in such capacity is in an excellent position to obtain information and suggest internment policies, procedures and cite of internment. X U

Through the efforts of the SIS representatives attached to the Embassy, a list of undesirable Axis nationals was prepared for President del Rio's information, from which list those individuals to be deported were taken. Contacts and informants have been established within the X U

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German organization from which commercial, political, propaganda and intelligence information is constantly being obtained. The same is true of the Spanish and Vichy-French organizations. At present excellent coverage is being maintained regarding the Spanish Falange through contacts within and without the organization, and communications of the Spanish Legation and Vichy-French are being monitored through confidential informants, which is extremely important in view of the fact that the Spanish Legation has been reported as being used for Axis communications since diplomatic relations between the Axis Powers and Ecuador have been broken. X u

Through the efforts of SIS representatives, the identity of the Gestapo Chief of Ecuador, Walter Giese, was established, as well as the identity of his successor, Heinrich Loeschner, who replaced him in January, 1942. Loeschner was deported from Ecuador with other Axis nationals. When Giese left Ecuador, he was kept under surveillance in Peru and Chile by SIS representatives until his arrival in Buenos Aires. It was Giese's intention to eventually settle in Paraguay, where he would undoubtedly continue to function as a Gestapo agent. However, his intention was brought to the attention of the State Department, which, in turn, informed the Paraguayan Foreign Office, which refused a visa to Giese. His presence was also brought to the attention of the Argentine Government, as a result of which Giese was eventually forced to leave the country for Germany, where he is at the present. X u

At the present time the Bureau's coverage in Ecuador has been increased to the point necessary so that the Bureau will be kept effectively conversant with totalitarian activities within that country, and its means of communication through the diplomatic pouch and through the Bureau radio station have placed it in a position to forward by rapid means important and vital information which might come to the attention of SIS representatives. X u

#### GUATEMALA X u

The SIS coverage in Guatemala consists of two representatives, who are located in Guatemala City, the capital of the Republic. One of these representatives travels throughout the country to a great extent and the other has recently established contacts that would permit him to spend some time in northern Guatemala among the German-owned coffee plantations. X u

Both SIS representatives in Guatemala have developed sources of information and confidential informants who can be depended upon for a wide variety of excellent information. Information has been received from the SIS representatives in Guatemala and distributed to the interested agencies concerning the intensive and continuous efforts of X u

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Mexico to make of Guatemala a good neighbor for commercial gain and the reception of such efforts; commercial and political activities of Axis nationals and individuals with pro-Axis feelings; possible subversive and espionage organizations established within the Republic; and, the changing attitude of the Guatemalan Government and people toward the United States and the attitude of the people toward their own Government. It has been noted that numerous individuals have either been incarcerated in Guatemala or placed on the "Proclaimed List of Certain Blocked Nationals", who have been the subjects of information furnished by the SIS Division to the various interested agencies. *SU*

#### HAITI *SU*

A year ago there was one SIS representative located in the Republic of Haiti in an undercover capacity. However, today located at Port-au-Prince, Haiti, in an open capacity is one representative, who is acting as an advisor to the Haitian Government on national security matters and one representative in an undercover capacity. A Police Training School is being conducted by an SIS representative, which has to date reflected a more effective counter-espionage activity on the part of the Haitian Government. *SU*

Reliable informants have been developed throughout the Republic and arrangements have been made whereby investigative man power is being made available in the event of an emergency. Motor vehicles and power launches have been made available to the SIS representative and on one occasion he has been able to survey successfully that portion of the northern coastal area in which Axis submarine activity had been reported. *SU*

The SIS representative in Haiti were able to maintain a surveillance of Arnulfo Arias, ex-President of the Republic of Panama, and as a result, the SIS Division obtained complete information regarding every move he made, as well as every person he contacted. *SU*

#### HONDURAS *SU*

The SIS coverage in Honduras is centered in the capital of that Republic, Tegucigalpa. However, SIS representatives have made frequent trips to the outlying towns and districts wherein contacts have been effected with sources of information in order that the SIS Division may be apprised of any activity in those localities. In addition, travelers from the interior of the country have produced information when interrogated. *SU*

In Tegucigalpa excellent contacts, including a source within the German Colony itself, have been established and maintained, and these *SU*

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contacts produce information concerning movements and activities of Axis nationals and suspected persons, information of a financial nature and information concerning the Honduran Government's tendencies. Considerable information, believed to be of value relative to political maneuvers within the Government itself, has been obtained and furnished to the interested agencies. XH

JAMAICA XH

At the present time there is one SIS representative located at Kingston, Jamaica, in the capacity of liaison officer between the British and the United States interests on the Island. Great success has been achieved in establishing close cooperation and unification in the coordination of intelligence matters between the two Governments, and as a result of having a representative in Jamaica, the SIS Division has been able to obtain extremely close observation of censorship material, as well as obtain the results of questioning of suspicious individuals traveling through Jamaica. In addition to closer cooperation between the British Intelligence services and the Bureau, this SIS representative has also closely cooperated with Naval and Military officials stationed at Jamaica. XH

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EX-100

During the past fiscal year, the SIS coverage in Mexico has increased until at the present time SIS representatives are located in all of the large cities of Mexico and adequate coverage is had of the remote coastal regions where there exists danger of invasion. Two representatives are stationed at La Paz, Baja California, one of whom spends the majority of his time travelling throughout the lesser known regions of that territory making surveys of possible enemy landing fields, submarine bases and dangers of invasion. SIS representatives have dominated surveys of the entire west coast of Mexico for the same purpose and a sufficient number of representatives are stationed in the larger port cities of the west coast to insure an adequate check on Axis activities in these ports. In the central portion of Mexico, SIS representatives are stationed only in the larger cities and they insure adequate coverage of the surrounding territory by means of developing informants and making frequent trips. It is noted that in Baja California and other comparatively undeveloped sections of Mexico travel is most difficult and sometimes almost impossible and SIS representatives have conducted their surveys travelling by horse, burro and in some cases on foot. *2u*

On the west coast of Mexico, SIS representatives have established coverage in the larger seaports and particular emphasis has been placed upon the importance of commercial harbor installations and where information relative to shipping might be obtained by Axis agents. The ports of Tampico and Veracruz which have oil refineries are considered most important and SIS representatives are constantly in the vicinity of these two ports which are extremely vulnerable to attack by sea. *2u*

The volume of work coming to the attention of the SIS representative attached to the American Embassy in Mexico City has steadily increased during the past year and his staff presently consists of one Special Agent, one Special Employee and two male stenographers. *2u*

The SIS Attache has maintained, and continued to widen, his informant coverage in Mexico City, having confidential informants in Mexican Government circles, as well as confidential informants who are in a position to furnish him valuable information regarding German, Japanese, Italian and other subversive groups. The FBI Attache coordinates all subversive information for the entire Embassy and has the responsibility of directing the investigations of all specific complaints, including those which were originally brought to the attention of the Military and Naval Attaches. His informant coverage and his familiarity with subversive activities in Mexico are generally known, and when President Manuel Avila Camacho appointed a Mexican official to collect information regarding the activities of Axis nationals and agents in Mexico, he directed the Mexican official to consult with the FBI Attache for assistance and advice in identifying the Axis. *2u*

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agents are advising the Mexican official as to their whereabouts. The FBI Attache also enjoys the confidence of many high officials in the Mexican Government, including cabinet officers as well as members of the Chamber of Deputies. As a result of his wide contacts, the FBI Attache has received a steady flow of information relative to subversive activities in Mexico and the volume of this flow of information has increased tremendously during the past year. Through his contacts with officials of the Mexican Department of Communications, the FBI Attache has had access to the contents of letters received and sent by known Axis agents operating in Mexico. He has been able to place mail covers at will and a considerable amount of valuable information has been gained as a result of such mail covers. He also has at his disposal the closest cooperation on the part of the Mexican Federal Police and the Mexican Military Intelligence. X u

One representative of the SIS Division operating undercover in Mexico City has been successful in getting membership in the Spanish Falange. This employee enjoys the complete confidence of the leaders in the Spanish Falange in Mexico City and has reported regularly upon their activities and their anticipated activities. It is anticipated that this employee will go high in the ranks of the Spanish Falange and that his position will result in an increasing volume of information regarding the activities of that organization. This is particularly important at this time, inasmuch as there have been persistent, and in some instances verified, reports to the effect that the Spanish Falange will take over and carry on the intelligence work of the German Intelligence agents who have been interned or deported by the Mexican Government. In connection with the internment and deportation of Axis agents who were carrying on espionage activities for the German and Japanese Governments, the FBI Attache has maintained a close check upon the activities of those individuals by means of surveillances, mail covers and informants, to the end that the information secured by him played a large part in determining which of these agents would be interned and which deported. Confidential information was received during the past year to the effect that Kaseo Ymura, a Japanese residing in Mexico, had on more than one occasion expressed in writing his intention to assassinate President Roosevelt. As a result of informant coverage in Mexico, D. C., the original of a letter written by Ymura on November 5, 1941, was obtained in which Ymura stated that he contemplated leaving Mexico in the near future for the purpose of assassinating President Roosevelt. A surveillance was immediately placed upon the activities of Ymura in Mexico and all interested Government agencies were notified to be on the alert. After subsequent letters had been written by Ymura, the matter was confidentially discussed by the SIS representative in Mexico City and appropriate Mexican authorities and as a direct result of this conversation, Ymura was arrested and the SIS representative has been assured that he will be interned for the duration of the war in the Mexican Penal Colony on the island of Tres Marias. As a result of activity on the part of SIS representatives in Mexico in connection with an espionage ring headed by George Nicolaus, a X u

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clandestine radio station was located at Contapeo, Veracruz, Mexico. It was also ascertained that this station was operated by Carlos Hetseldorf who is of German extraction and by means of a mail cover it was ascertained that this Hetseldorf was in communication with George Nielsen. This radio station was subsequently closed and demolished upon orders of the Mexican Government, as a result of information confidentially furnished the Mexican officials by the SIS representative. *SU*

As a result of mail covers and having access to incoming and outgoing mail, the locations and identities of numerous German espionage agents have been ascertained, which information has in turn been transmitted to all interested Governmental agencies. *SU*

#### NICARAGUA *SU*

At the end of the fiscal year 1940-1941, there was one SIS representative located in the Republic of Nicaragua and today there are two representatives in this Republic in an undercover status and a third representative is located in the city of Managua, Nicaragua in an official capacity for the purpose of training Nicaraguan Police officials in Intelligence matters. *SU*

This SIS representative who is in the open in Nicaragua has, by his ingratiating personality been accepted by numerous Nicaraguan officials, including President Somoza, as a confidant. This representative has also furnished information as to the real reasons behind official notions of the Nicaraguan Government and its relations with various United States agencies, which information has of course been distributed to the interested agencies. *SU*

The undercover representatives in Nicaragua have furnished considerable information regarding Axis activities which information has been distributed, and it is believed to have been used in determining the individuals to be interned or deported from Nicaragua. *SU*

Although all three representatives are headquartered in Managua, the Republic's capital, one of the undercover representatives spends considerable time outside of the capital travelling in the sparsely populated areas. *SU*

#### PARAGUAY *SU*

To date coverage in Paraguay has been maintained through undercover agents, but at the present time an invitation has been received from the American Embassy at Asuncion, Paraguay, for the assignment of an FBI Attache and this Attache will depart for his post of assignment in the near future. *SU*

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The only city of any consequence in Paraguay is Asuncion and coverage has been maintained constantly at that point. However, undercover operatives with suitable covers are travelling in the outlying areas of Paraguay for the purpose of obtaining information desired. *§u*

Sources of information and confidential informants have been developed by undercover representations among the German groups existing in Paraguay, with commercial houses, the Police Department, and other Governmental agencies, such as the Army and the Department of Interior. Through the sources of information and confidential informants the chief Nazi agents have been identified and considerable data regarding German firms and German commercial activities have been secured. Although the local Government of Paraguay contains many pro-Axis individuals, when information concerning the notorious Nazi agent Walter Giese was furnished to that Government his permanent visa was cancelled for residence in Paraguay. *§u*

Contacts have been made whereby information concerning the entry and exit of Axis nationals via river boat, which is the principal means of travel, into Paraguay is constantly being received. *§u*

PERU *§u*

The SIS coverage in Peru today consists of one representative attached to the American Embassy at Lima and six representatives in undercover capacity, two of whom are constantly travelling, one to the north and one to the south, covering the important cities in those areas. The seven representatives presently in Peru reflect an increase of six over the one representative stationed in that country a year ago who was attached to the Embassy on a special assignment for the State Department. SIS representatives have by investigation and inquiry brought to light the extensive preparations which the Axis had carried out clandestinely and the necessity of further investigation of their activities. It is believed that the work performed by the SIS representative in Peru played a large part in determining which Axis nationals should be deported from Peru after the breaking of relations between Peru and the Axis Powers. Information has also been obtained by SIS representatives regarding the German, Japanese and Italian populations, where they were located, and what employment they were engaged in. The activities of Axis agents in the field of commercial espionage were investigated, with particular emphasis on the well-known Swedish financier Axel Vanner-Gren who made a thorough survey of Peruvian industrial possibilities. The results of this investigation were immediately transmitted to the State Department to be considered when Vanner-Gren was being discussed for inclusion on the Black List. *§u*

During the past year a survey has been completed of all danger spots of Peruvian industries and through one of the SIS representatives who was on a special mission for the Peruvian Government these danger spots were brought to the attention of the Peruvian Government and measures were taken to safeguard such areas. *§u*

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[REDACTED]

Through the development of confidential informants information has been received regularly from various sections of Peru and close liaison has been established and is being maintained between the FBI Attache [REDACTED] as well as the American Military and NAVAL ATTACHES. (S)

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Information obtained by SIS representatives regarding Axis nationals was sent to the State Department which in turn furnished this information to the Peruvian Government and as a result 889 Germans, 188 Japanese and 39 Italians have been deported. (S)

#### EL SALVADOR (S)

The SIS coverage in El Salvador consists of two representatives, both of whom have been located in that country for several months and who have made numerous contacts and developed sources of information and informants whereby they are receiving information concerning Axis activities in that Republic. (S)

To date there has been very little actual Axis activity in El Salvador. However, the SIS representatives are continually reporting information of a political, commercial and economic nature. (S)

#### TRINIDAD (S)

During the past year an SIS agent has been sent to the Port of Spain, Trinidad in an open capacity as liaison officer between the United States and the British interests on that island. The presence of this representative has afforded the Bureau the opportunity of being informed on matters of interest derived through censorship and the questioning of transients desiring entry into the United States, as well as bridging the gap between North American, South American and European espionage activities. (S)

This project of the SIS Division is especially noteworthy because of the close spirit of cooperation which has been effected between the ranking British officials on that island and the SIS representative. (S)

#### URUGUAY (S)

During the past year, the SIS coverage in Uruguay has been established through undercover representatives in the city of Montevideo, the only city of any consequence in Uruguay. However, the coverage (S)

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has been established by providing agents with suitable covers for the purpose of travelling through the entire areas in which Axis activities have been reported. *XU*

At present there is also an SIS representative attached to the American Embassy in Uruguay who has established liaison with the Uruguayan Police authorities and has been able to secure considerable data from this source. Additional contacts are presently being made by this Attache and in the near future it is expected that an additional Attache and a stenographer will be made available in Uruguay. *XU*

It was established during the past year that the German Secret Service had a representative in Uruguay who was furnishing information concerning Allied ship movements to Germany and this person has been identified. A confidential contact exists with a German anti-Nazi group in Uruguay through which considerable information has been received regarding German propaganda and Nazi Party activities. Contacts have also been established with other anti-Axis groups, such as the Free French, the Spanish Republicans and the Free Italians. During the SIS operations in Uruguay sufficient information has been accumulated so that the principal German agents of all types were identified and it is noted that most of the principal German agents were expelled by the Uruguayan Government after the breaking of diplomatic relations with Germany. *XU*

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VENEZUELA X 21

At the present time, there are two SIS representatives attached to the American Embassy in Caracas, Venezuela and four representatives located in that city in undercover capacities, and there is one undercover representative located at Maracaibo, Venezuela as compared with one representative covering the entire Republic of Venezuela at the end of the fiscal year 1940 - 1941. X 21

Among the achievements of SIS representatives in Venezuela during the past year has been the development of a powerful informant group consisting of [redacted] located in the strategic areas of this Republic. An excellent spirit of cooperation between our SIS representatives and [redacted] in this Republic has been effected. A SIS representative in carrying out his undercover character secured the appointment as a [redacted] in Venezuela and in such capacity conducted surveys of the facilities and installations of that company and presented certain recommendations based thereon to an officer of the company. [redacted] adopted these recommendations. The results of the surveys and recommendations made were furnished to the Military Intelligence Division and the Office of Naval Intelligence and other interested Federal Agencies with the result that the suggestion was made that additional surveys be made of the remaining principal [redacted] in Venezuela. This was done by the SIS representative under the cover of his [redacted] capacity. The reaction on the part of [redacted] in Venezuela to these surveys was most favorable and practically all recommendations have been adopted. X 21

b7C

b7D

As a result of the work of SIS representatives a security board has been instituted in Venezuela which is the outgrowth of a meeting of principal representatives of [redacted] in Venezuela with the SIS representative. This security board is functioning at the present time and its functions are adapted to meet the emergencies of the present day. The responsibilities of the group are of particular importance due to the threat of imminent sabotage or destruction because of increased submarine activity in the Caribbean sea. Plans are now being perfected to have three additional undercover representatives work jointly with officials of [redacted] in eastern, central and western Venezuela. X 21

b7C

b7D

The SIS representatives attached to the Embassy are coordinating all intelligence information within the Embassy and one of these representatives is constantly traveling throughout the Republic obtaining information from confidential informants and other sources of information which have been made available through the various American Consulates. X 21

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[REDACTED]

b7C

Agents assigned to this cover are given an unlimited opportunity to meet individuals and make contacts in practically all lines of endeavor, their assignment being to gather material for features to be published by

b7D

[REDACTED] § 2

[REDACTED]

[REDACTED]

[REDACTED]

Under this cover, Bureau representatives are able to operate in any section of Latin America as [REDACTED]

of [REDACTED] is constantly being requested to furnish information relative to certain raw materials in Latin America. § 2

b7C

b7D

[REDACTED] has been most cooperative and each Bureau representative sent out under this cover receives detailed instructions from [REDACTED] regarding the particular subject matter which he, the Bureau representative, is to study in a particular section of Latin America. § 2

b7C

b7D

[REDACTED]

[REDACTED]

b7E

[REDACTED]

This cover is especially suitable for Bureau representatives in the smaller cities and rural sections of Latin America as [REDACTED] are well known and highly regarded in all Latin American republics. § 2

b7C

b7D

[REDACTED] has been extremely cooperative in instructing Bureau representatives in the nature of the work performed by [REDACTED] representatives and this cover is being used to considerable advantage. § 2

b7E

[REDACTED]

Through [REDACTED] the Bureau has been able to provide a number of Bureau representatives with very good covers. § 2

b7C

b7D

b7E

All Bureau representatives using this cover have been designated by [REDACTED] and in that capacity do not necessarily have [REDACTED]. This cover is also most elastic, as the amount of time required depends entirely upon the Bureau representative, and further

§ 2

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~~STRICTLY CONFIDENTIAL~~

ANNUAL REPORT  
SPECIAL INTELLIGENCE SERVICE  
FEDERAL BUREAU OF INVESTIGATION  
UNITED STATES DEPARTMENT OF JUSTICE  
1942 - 1943

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ON 7-8-05

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## MAJOR ADMINISTRATIVE CHANGES IN SIS AT THE STATE OF GOVERNMENT

During the fiscal year 1942-1943, a number of important administrative changes have been made at the seat of government all tending to make the SIS Division more efficient and comprehensive in its operations. In order to effect a more concentrated administration, the division was divided into three units, one operational unit and two investigative units designated as the Caribbean Unit and the South American Unit because of their respective geographical jurisdictions. Each of these units is headed by a unit chief who is responsible for the proper functioning of his respective unit. The duties of the chief of the operations unit consists of preparing agents for assignment, selecting the covers for which they are best fitted, supervising the expenditures made in the SIS Section and aiding employees in securing passports, visas etc. *Xu*

The duties of the chiefs of the investigative units consist mainly of the examination, coordination and routing of special and general material; supervising the preparation of special memoranda, monographs and other special material; the coordination of the work in the unit with the work of the other units of the SIS and with other sections of the Bureau; and conferring with the supervisors in the units in order to assist them in coordinating their work. Investigative unit chiefs handle administrative matters arising within their units and dictate letters to other governmental agencies relating to requests and matters of policy and to personnel in the field relating to matters of policy and their work. Special memoranda of projects which can be better handled by the unit chiefs because of their knowledge of SIS work and of conditions in Latin America as a whole are dictated by the chiefs. Handling of the above matters by the unit chiefs permits the supervisors of the respective countries to better concentrate their attention on the supervising of investigative material coming to their desks inasmuch as prior to the administrative reorganization the above matters were handled by the respective supervisors of each country. *Xu*

A special case desk was created in each of the two investigative units for the purpose of concentrating attention on special espionage cases arising in the countries located within the area covered by the particular unit. There are numerous involved and complicated espionage cases in Latin America, many of them with important ramifications in the United States, and these cases require special and concentrated attention. The functions of the special case desks have proved to be very valuable, as many new important espionage cases have been developed and research of material pertaining to some of the older espionage cases has resulted in the identification of additional espionage agents. These desks have contributed greatly to the furtherance of espionage investigation in the identification of espionage agents in the United States. *Xu*

During the past fiscal year an important step was taken which has greatly increased the efficiency of supervision of investigative work in the *Xu*

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SIS field when the file system was changed. Whereas before there were no individual case files as such, at the present time individual case files are being maintained or are being opened on subjects known to be or suspected of being engaged in various activities detrimental to the United States and to the Western Hemisphere. In addition, the SIS files were also placed under the exclusive jurisdiction of the Files Division of the Bureau and are handled in the same manner as are all other Bureau investigative files. *XU*

In line with the general program of specialization, a plant survey desk was created in order to coordinate the activities of the plant survey program which was instituted throughout Latin America during the past fiscal year. This desk is responsible for the supervision of all plant survey work that is being done in both the Caribbean Unit area and the South American Unit area. *XU*

#### MAJOR ADMINISTRATIVE CHANGES IN SIS IN THE FIELD

The program to increase the efficiency of the SIS Division is also reflected in the changes in the administrative procedures which have been instituted in SIS field work. Many changes were made tending to organize the various offices in Latin America along the lines of Bureau field offices in the continental United States. The Legal Attaches in the various countries were made responsible for the investigative work done within their countries and for the activities of Bureau personnel within the country, including the undercover agents as well as employees attached to the Embassies and Legations. *XU*

A standard report form was adopted for use in all Latin American countries and uniform instructions regarding report writing was issued to all SIS offices. Reports now coming in from the SIS field are similar to reports made up in the Bureau's field offices and are in a form for much more efficient handling at the seat of government. The Legal Attaches in the respective countries were made responsible for the coordination of the activities of the undercover agents within their respective countries and for the preparation for forwarding to the seat of government the reports in proper form of the undercover agents. This has resulted in greater efficiency on the part of the undercover agents and in the better coordination of information obtained by these agents both at the office of the Legal Attache and at the seat of government. *XU*

The SIS numbers of all agents were made available to the Legal Attaches so that these agents could be easily designated in reports. A system was inaugurated whereby the various Legal Attaches could exchange telegraph communications and thus expedite a particular investigation. A system has also been set up whereby copies of reports made up in a particular country are designated for all interested countries with undeveloped leads being set out in those reports much in the same manner as the regular field division reports in the United States. This has tended to reduce the amount of letter writing and supervision of particular cases at the seat of government. *XU*

There was also instituted a program of preparing "memoranda for all Legal Attaches" similar to letters "to all SAC's" prepared for Bureau field divisions. In almost all of the Embassies in Latin America the intelligence units attached to the Embassies have created a central files section of intelligence information and have embarked on a program of coordinating intelligence information. In almost every instance the Legal Attaches in the respective countries have been placed in charge of these central files and act as coordinators of intelligence activities within their respective countries. *RU*

### E. E. I. ATTACHES IN UNITED STATES MISSIONS

On July 1, 1942, we had men stationed in the Embassies, Legations or Consulates at the following points:

Buenos Aires, Argentina  
La Paz, Bolivia  
Rio de Janeiro, Brazil  
Santiago, Chile  
Valparaiso, Chile  
Bogota, Colombia

Quito, Ecuador  
Port au Prince, Haiti  
Mexico City, Mexico  
Lima, Peru  
Montevideo, Uruguay  
Caracas, Venezuela

This represented a total of 20 men at 12 different points. In addition we had men at Hamilton, Bermuda; Port of Spain, Trinidad and Kingston, Jamaica as Liaison Officers to the British; at Ottawa, Canada, as Liaison Officer to the R. C. M. P. and at Havana, Cuba, and Managua, Nicaragua, engaged to Police Liaison work.

As of June 1, 1943, we had increased coverage in the Missions as follows:

#### ARGENTINA

Buenos Aires  
Bahia Blanca  
Rosario

#### BOLIVIA

La Paz  
Cochabamba

#### BRAZIL

Rio de Janeiro  
Bahia  
Belem  
Bello Horizonte  
Cearua  
Curitiba  
Fortaleza  
Hannas  
Natal  
Porto Alegre  
Recife  
Santos  
Sao Paulo  
Vitoria

#### CHILE

Santiago  
Antofagasta  
Arica  
Concepcion  
Osorno  
Punta Arenas  
Valdivia  
Valparaiso

#### COLOMBIA

Bogota  
Barranquilla  
Bucaramanga  
Cali  
Cartagena  
Medellin

#### COSTA RICA

San Jose  
Limon  
Puntarenas

#### CUBA

Havana  
Camaguey  
Santiago de Cuba

DOMINICAN REPUBLIC

Saint Domingo

ECUADOR

Quito  
Guayaquil  
Manta

GUATEMALA

Guatemala City

HAITI

Port au Prince

MEXICO

Mexico City

NICARAGUA

Managua

PARAGUAY

Asuncion  
Villarrica

PERU

Lima  
Arequipa

EL SALVADOR

San Salvador

URUGUAY

Montevideo

VENEZUELA

Caracas  
Caranito  
Ciudad Bolivar  
Maracaibo

This represents a total of 156 agents at 67 points; an increase of 135 agents and 55 missions. As of July 1, 1942, we had 7 clerical employees and 8 radio men. As of June 1, 1943, we have 71 stenographers and clerks; 22 radio operators and code clerks and 6 translators, cryptographers and photographers.

SIS MEN IN THE FIELD

As of July 1, 1942, we had 128 individuals on SIS assignment. Of these 128 were Special Agents, 25 were Special Employees, and 7 were Clerical Employees. As of June 1, 1943, we had 438 persons actually out on assignment. Of these 324 were Special Agents, 22 were Radio men and Code Clerks, 15 were Special Employees, 6 were Translators, Cryptographers and Photographers, and 71 were Clerical Employees. This represents an increase of personnel actually on assignment of 277% in the last eleven months of operation.

Since the establishment of the Operational Unit of SIS on November 1, 1942, there has been a net increase of 237 individuals actually on assignment. By way of comparison during the first two years and five months of operation, 201 persons were out on assignment, and in the last seven months there has been a net increase of 237.

LANGUAGE TRAINING PERIOD

The first five weeks that the Agents are in Washington they undergo an intensive course in either the Spanish or Portuguese language. The

classes are six days a week from 8:00 a.m. to 5:00 p.m. and during this period the Agents are under the jurisdiction of the Training and Inspection Division of the Bureau. This language course is interspersed with lectures by the supervisory personnel of the SIS Division, by representatives of the Technical Laboratory, of the Espionage Section and of the Training Division on subjects relating directly to SIS work in Latin America. *8u*

During the last fiscal year the training has been constant, in that the language course has lasted for five weeks during the entire period and has been interspersed by the same number of lectures. These lectures are as follows: *u*

- Purposes and Organization of the SIS Division
- Geographical and Historical Aspects of Latin America
- Obtaining of Passports and Visas
- Working Undercover
- Living Conditions and Transportation in Latin America
- Types of Information Desired and How to Obtain Them
- German Organizations in Latin America
- Japanese Organizations in Latin America
- Finances in Latin American Currency
- Italian and French Organizations in Latin America
- Communism in Latin America
- Purposes, Aims and Activities of the Spanish Falange
- How to Recognize Radio Transmitters
- German Communications and German Espionage System
- Handling Informants
- How to Recognize Codes and Letters that have been Tampered with
- Short Review of the Disease with Particular Reference to the Errors Made by German Agents
- Report Writing

*Xu*

During this language period each Agent in the class is interviewed by a representative of the SIS Division. His educational and experience background while both connected with the Bureau and previous to his past employment are gone into in detail. The purpose is to afford the SIS Division an opportunity to see each Agent individually and to size up his temperament, adaptability and versatility for particular SIS assignment.

#### FINANCES

During the fiscal year ending June 30, 1943, the sum of \$2,800,000.00 will have been expended for the operations of the SIS Division of the Bureau. When compared with the expenditures during previous fiscal years, this figure alone shows the tremendous growth of the SIS Division. During the fiscal year ending June 30, 1941, there was expended the sum of \$135,787.49, and during the fiscal year ending June 30, 1942, the sum of \$764,212.51.

There was originally made available to the Bureau from the emergency of the President of the United States the sum of \$1,800,000.00 for the operation of the SIS Division during the fiscal year 1943. During December, 1942, *Xu*

it became apparent, due to the increased coverage desired in South and Central America and the necessary increases in personnel to obtain this coverage, that this sum would be insufficient for SIS operations during the entire fiscal year and, hence, on December 23, 1942, the President made available from his emergency fund an additional million dollars for the Bureau's SIS operations. This entire \$2,900,000.00 will have been expended by the close of the fiscal year June 30, 1943. *84*

As of May 31, 1943, the Bureau had expended for SIS operations during the first eleven months of the fiscal year of 1943, the sum of \$2,589,778.42, leaving available for operations during June, 1943, the sum of \$307,285.85. The amount expended as of May 31, 1943, may be broken down as follows:

**FUNDS EXPENDED FIRST  
ELEVEN MONTHS OF FISCAL YEAR 1943**

(July 1, 1942 to May 31, 1943.)

|  |                |
|--|----------------|
| Salaries                               | \$1,179,106.44 |
| Advances                               | 275,191.21     |
| Employee's Expenses                    | 735,738.68     |
| Agent's Living and Quarters Allowances | 109,360.50     |
| Clerks' Living and Quarters Allowances | 25,871.31      |
| Informants                             | 198,086.25     |
| Non-Expendible Property                | 58,648.57      |
| General Expenses                       | 9,689.91       |
| Entertainment Expenses                 | 1,042.78       |
|  | 2,592,744.15   |

In connection with the above statement it should be noted that the amount set forth as Agents' and Clerks' Living and Quarters Allowances included only four months of operations, as prior to February 1, 1943, Bureau employees on SIS assignment were paid per diem in place of yearly allowances.

**RECRUITMENT OF PERSONNEL**

From a variety of sources the names of Special Agents assigned to the domestic field have been received in the SIS Division. Their personnel files are obtained and reviewed daily. Many Agents have written to the Bureau indicating a desire to be considered for SIS work. Other Agents, upon being interviewed in In-service Training, have indicated the desire to be considered and they are afforded an interview in the SIS Division during the time that they are in Washington.

In addition, the SIS Division obtained an alphabetical list of all single Agents in the Bureau, who, as of June 1, 1942, had had at least one year's experience as Special Agents. Progressively the personnel files were

reviewed and where the Agents appeared adaptable to SIS work, the files were briefed for further consideration. This procedure was followed from July 1, 1942, until December 7, 1942. Subsequent to the latter date, the briefing of the files, the ascertaining if any personal or business reasons existed which would preclude that Agent on SIS Assignment, and the completing of the new training class has been handled by the Chief Clerk's Office.

The SIS Division, through one of its representatives, assisted in the review of files and indicated which men would be acceptable for consideration. As of the class beginning June 7, 1943, the Chief Clerk's Office assumed full and complete responsibility for obtaining the class and starting it on the previously determined schedule. The SIS Division still continues to interview In-service Agents who desire to make application for SIS work and answer what questions they might have. Clerical personnel is provided by the Chief Clerk's Office after it has received a memorandum of justification setting forth the facts which explain the need for the addition at a point. Radio personnel is supplied by the Technical Laboratory.

#### POST LANGUAGE TRAINING PERIOD X2

Following the Agents successful completion of the Language Training Period, those who survive are given further training for their SIS assignment. This training consists of the readings of various books on Latin America, the reviewing of Bureau files pertaining to the particular Latin American country to which they have been assigned, the conferring with the supervisor of the country to which they have been assigned, the preparing and writing of various memoranda for this supervisor, the receiving of instructions in coding and the use of secret ink in the Technical Laboratory, studying the nature of the business of their cover country, and obtaining their passport, visas and transportation. X2

This period of training is highly individualized and is not subject to class room methods. Appropriate forms have been provided and the necessary records are kept reflecting the progress of each Agent during this training period.

#### RADIO COMMUNICATION X2

Prior to this fiscal year, we had in operation three radio stations. One at Bogota, Colombia, one at Santiago, Chile, and one in Quito, Ecuador. X2

During the 1942-1943 fiscal year we installed the following stations: X2

Rio de Janeiro, Brazil  
Havana, Cuba  
Lima, Peru  
Montevideo, Uruguay  
San Jose, Costa Rica  
Ciudad Trujillo, Dominican Republic

In addition, equipment is presently at Port-au-Prince, Haiti, La Paz, Bolivia, and Managua, Nicaragua. It will be installed as soon as technicians arrive. A large relay station is being installed at the present time at Lima, Peru. X2

COVERS AND COVER COMPANIES \$u

After successfully completing the SIS training, the agent is ready to depart for his post of assignment, and his assignment being of such a confidential nature, it is known only to a high executive of his cover company, the Director of the Federal Bureau of Investigation, the Assistant to the Director and a few key employees of the SI Division. \$u

The agent obtains his passport and the necessary visas as the representative of some American commercial organization which has legitimate reason to send employees into Latin America. The covers available to the SIS Division include representatives of [redacted] [redacted]

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[redacted] and a variety of other occupations to which individual agents or special employees are particularly adept by experience and ability. Most of these companies give special training to the agents in order to familiarize them with their cover business. \$u

In the fiscal year of 1941-42, twenty-three companies were used as covers; in 1942-43, the number cooperating increased to fifty-seven. The companies which have made themselves available for this purpose are listed as follows: \$u

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The above concerns and their connection with the Bureau are described briefly as follows: XH

[redacted]

While the [redacted] New York City, all mail by SIS agents is directed to [redacted] New York City. It was founded by [redacted] a former editor of [redacted] after he had discontinued [redacted]. At the present time, the organization is actually managed by [redacted], however, [redacted] has not been contacted by the Bureau and all arrangements for the use of this cover have been handled through [redacted] XH

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[redacted]  
[redacted]  
At no time has [redacted] stated that agents of this Bureau, who are representing his firm, submit material, but he has indicated that the cover would be more successful if material is submitted. X U

[redacted] has been most cooperative and in an interview with the State Department relative to his company, he stated that the individuals whom he was sending to Latin America were not experienced [redacted] but were individuals selected from a great many applicants based on materials which had been submitted to him while he was [redacted] X U

[redacted]  
[redacted] New York City. [redacted]

[redacted] is thoroughly familiar with all phases of commerce with Latin America. He has an active interest in business industry in all the American republics, and it was possible for the Bureau to send representatives of this firm to practically any of the Latin American republics. X U

[redacted] has been most cooperative and prior to a Bureau representative's departing from New York, [redacted] gives him detailed instructions as to his duties in South America, and he was expected to call upon the businessmen and industrialists of Latin America and acquaint them with the services offered by [redacted] X U

In view of the great decline in bona fide commercial relations between the United States and other American republics since the entrance of the United States into the War, the value of this cover has declined, and it is not being used as extensively as prior to the entrance of the United States into the War. X U

[redacted]  
New York City, [redacted]

[redacted] This company has been in existence for approximately [redacted] and is said [redacted]

[redacted] This company is well-known throughout Latin America and Bureau representatives using this cover are able to make inquiries in any section of Latin America without exciting any suspicion. [redacted] has indicated his willingness to provide covers upon request, and [redacted] has been most cooperative in training the Bureau representatives of the [redacted] X U

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To make this cover more secure at various times, [redacted] will request the Bureau representatives to actually conduct a legitimate inquiry for his concern. X U

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[redacted] today through its membership, forms one of the largest and strongest aggregations of [redacted] companies in the world. Its membership includes more than a dozen of the largest and most prominent [redacted] companies in the United States. The function of the [redacted] is to write [redacted] located in South America. [redacted] may be issued by any of the company's members which in turn [redacted] by the other members of the [redacted] has representatives in practically all of the South American republics and functions through the medium of agencies and branches. X U

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[redacted] New York City, has been very cooperative with the Bureau in its SIS program and in addition, has been an excellent source of information in connection with [redacted] of all kinds. [redacted] has been advised of the Bureau's SIS program and is heartily in favor of [redacted] cooperating to the fullest extent. X U

The Bureau representatives assigned to [redacted] have operated there as [redacted] which is a plausible cover because the company's representatives in South America have had more work in this connection than they have been able to handle. [redacted] has been able to offer an extensive training course to our agents going to Latin America in this capacity. Another assignment utilized with [redacted] entails the training of a new man for future foreign assignment. X U

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A number of Special Agents of the Bureau have been assigned as representatives of [redacted] the head offices of which are located in the [redacted] at Chicago, Illinois. [redacted] first expressed himself favorably toward the Bureau's SIS program, and it has been through him that the Bureau has been able to utilize the company as a cover. X U

[redacted] and one at [redacted] [redacted] is the General Manager for all of [redacted] Latin American interests. [redacted] has been most cooperative with the Bureau in connection with the project and through him, it has been possible to place Special Agents in [redacted] plants as [redacted] with the idea in mind of training them in [redacted] X U

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[redacted], who is in charge of [redacted] at [redacted] New York City, has been most helpful in arranging passport letters, transportation letters and other details. X U

[redacted] New York City, is known throughout [redacted] as a reliable and substantial [redacted] of [redacted] and [redacted]. The firm for over [redacted] has [redacted] dealing with [redacted] activities. This company is apparently a one-man organization. It is operated by [redacted] who is the Bureau's contact. Through [redacted] the cooperation of the company was solicited and obtained. X U

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At the present time, one agent is assigned to this company, and he is presently at their offices receiving the necessary training. This agent has had several years experience in the [redacted], and it is contemplated that he will gather material in Latin America for the [redacted] of [redacted]. X U

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[redacted] New York City, is principally concerned with [redacted] and is considered one of the largest and better established companies of this type. This company has been in operation for over [redacted] and has its own representatives at [redacted] Argentina, [redacted] Brasil, and [redacted] Chile. X U

[redacted] of this company, has been most cooperative and is extremely anxious to assist the Bureau at all times. X U

[redacted] has furnished covers for Bureau representatives in all places where they appear practical, and [redacted] personally instructs each Agent using this cover as to the general nature of the [redacted] business and has furnished each Agent with specific instructions regarding the point where he is to be assigned. X U

Because of lack of materials [redacted] difficulties, this company has had to curtail its operations since the advent of war. For this reason it is not active at the present as an SIS cover. X U

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[redacted] a member of the [redacted] was given [redacted] in the spring of 1942 to conduct research in connection with [redacted] for the [redacted] in New York in Guatemala. Through [redacted] the services of [redacted] were offered to the Bureau in any capacity in which he might serve. At this time, it was conceived that a Special Agent of the Bureau could be assistant to [redacted]. X U

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Accordingly, appropriate arrangements were made with [redacted] and with the [redacted] through its [redacted] whose office is located [redacted] New York City, and a Bureau representative with a considerable background and experience in [redacted] [redacted] is presently on an assignment in Guatemala as a representative of the [redacted] u

The [redacted] with its subsidiaries, is engaged in furnishing [redacted] and [redacted] all of the [redacted] which is used on the basis for [redacted] It has very little property and equipment in Central America, most of its operations being conducted on a contract basis. This cover offers an excellent opportunity for a Bureau representative to get off of the beaten path and conduct any inquiries desirable in the more remote parts of Guatemala. X u

[redacted] has been extremely cooperative and the cover has worked out very satisfactorily. Further use of this cover can be made in other Central American countries in the event the Bureau personnel with the proper background and qualifications become available. X u

[redacted]  
[redacted]  
[redacted] of Boston, Massachusetts, has been a special service contact of the Boston Field Division and on several occasions, indicated his desire to serve the Bureau to the extent of his capacity. X u

[redacted] organization is one of the largest [redacted] concerns in the world. He purchases [redacted] and [redacted] in addition to [redacted] His company is so constructed that he has a sales representative in [redacted] who in turn works through native sub-agents. Because of the type of business, it would be necessary for a Special Agent to have experience in [redacted] in order that he utilize the company as a [redacted] representative. X u

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[redacted], however, has been interested for some time in all types of [redacted] and accordingly, a [redacted] survey is presently being made for [redacted] in Latin America by two Bureau representatives. X u

An agent is presently receiving training in [redacted] since [redacted] has indicated a syndicate is to be formed in the near future, exploring the countries of Guatemala and Colombia from the [redacted] standpoint. X u

[redacted] has also been cooperative in suggesting other companies to be utilized by the SIS Division as cover companies. X u

[redacted] New York City, is one of the oldest and largest agencies in [redacted] This

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company was organized in [ ] as a [ ] agency and the present organization is the result of several mergers and consolidations with other agencies in the same field.

This organization maintains offices in the principal cities throughout the Western Hemisphere and through [ ] Bureau representatives have been sent to various points in Latin America to be representatives of the [ ] of this concern. The representatives have free access to all [ ] records at these various places and have the free run of the various offices, ostensibly being responsible only to the [ ] and [ ]. [ ] have been most cooperative and have spent considerable time in training the Bureau representatives in the work of [ ]. This cover is quite elastic as a representative of [ ] is expected to make inquiries of any nature and at same time, the Bureau representative's official connection with the United States Government is not known to the local representatives of [ ]. X U

Contact with the [ ] Michigan was made through [ ] who has long been useful to the Bureau and the [ ] Field Division. [ ] has indicated that the complete resources of the [ ] are at the disposal of the Bureau and he is completely favorable toward the SIS program. X U

All of [ ] activities in Brasil are under the supervision of a [ ] has been contacted and arrangements have been made for a representative of the Bureau to work in the [ ] where [ ]

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One is located at [ ] and the other at [ ]. This agent will work ostensibly as an [ ] in this capacity, it is possible for him to be sent to any point in the [ ] as [ ] without fear of being uncovered. X U

In addition to its [ ] in Latin America, the [ ] has likewise [ ] is directly in charge of [ ] and this individual has been contacted relative to our needs in Latin America and with his cooperation, arrangements have been made to send a Bureau representative to Argentina ostensibly to be trained and developed as [ ]. X U

Due to the extensive interests of [ ] in Latin America and the spirit of wholehearted cooperation offered by [ ] and his subordinates, it offers an excellent source for the Bureau in obtaining SIS covers. X U

New York, is a [ ] owned by [ ] whose entire

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production facilities at present are devoted to war work; however, in peace time, the management specializes in [redacted]

[redacted] This concern normally [redacted] and [redacted] as well as [redacted]

etc.

Prior to the present War, [redacted] did considerable work in Latin America and at one time considered the advisability of [redacted]

The desirability of this cover since the United States has entered the War has been reduced and is presently not being used as an SIC cover company. X U

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[redacted] with offices at [redacted] New York City, is one of the foremost enterprises of its kind in the United States. Its chief income is derived from the [redacted] such as [redacted]

[redacted] The company has also entered into the field of [redacted] and distribution. It has a limited activity in the distribution and [redacted] Through its subsidiaries, it sells [redacted] This company is the first company to enter the field of [redacted] and presently markets the well-known and highly advertised [redacted]

[redacted] has been very cooperative and has offered the facilities of [redacted] to the Bureau without reservation. [redacted] designated his [redacted] as the representative of the company to work out details. The company has offered an extensive training course to Special Agents using the company as a cover. It has interests in [redacted]

One Special Agent is presently with the company in training and it will be his assignment to conduct [redacted] in Latin America to determine for [redacted] X U

The [redacted] is one of the most recent commercial concerns utilized as an SIC cover.

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[redacted] has been very cooperative and has offered the facilities of his company to the Bureau unstintingly. X U

[redacted] Mexico has been found to be a new source of [redacted] and accordingly this country is considered an excellent place to utilize an agent posing as a representative [redacted] In this connection, it appears that X U

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Special Agents of the Bureau using this company will not need a background in [redacted] which makes it an ideal company from our standards for further utilization. *XU*

[redacted] is also interested in further development in [redacted] *XU*

[redacted] is located in [redacted] where it is considered one of the largest of [redacted] This company has been in business since [redacted]

The persons aware of the company's cooperating with the Bureau's SIS program are [redacted] New York City; [redacted] and [redacted] *XU*

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The nature of the cover furnished the Bureau by this company is a general post-war planning survey which survey will furnish [redacted] with data whereby they can formulate plans for development of a Latin American market after the war. In addition, the Bureau representatives will contact friends of [redacted] throughout Latin America in the nature of good will contacts to maintain cordial relations between these Latin American customers and the home office of [redacted] *XU*

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The [redacted] is the [redacted] Rhode Island. It was incorporated in [redacted] and has since grown to become [redacted] Although the company is still engaged in some [redacted] in war production at the present time. Contact with this company was made at the suggestion of a Special Agent of the Bureau who was formerly employed as [redacted] by the company. The cover was built around this employee's past experience in the [redacted] and it was through him that contact was made with [redacted] [redacted] has been extremely cooperative in providing an intensive training course for the Agent presently assigned to this company and in working out the necessary details of the cover. *XU*

It is the assignment of the Bureau's representative with [redacted] to search for [redacted] who might be of value in producing [redacted] in the company's [redacted] or in the company's employ in Latin America, these [redacted] to be marketed in America under the name of [redacted] The other part of his assignment is to develop as great a knowledge as possible of Hispano American [redacted] with special emphasis on [redacted] which might be incorporated into the company's line marketed in the United States. *XU*

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[redacted] New York City, has very extensive [redacted] interests in Latin America. Although this company has been approached numerous times concerning the possibility of its cooperation with the Bureau SIS program, it was not until recently that arrangements were made for a Bureau representative to go to South America as a [redacted] *Su*

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[redacted] is a conservative, closely-knit organization. The Bureau's contacts are [redacted] and [redacted]

[redacted] It was determined through these gentlemen that though they desired to cooperate to the fullest extent, in their opinion [redacted] is not particularly adapted to use as an SIS cover because of the fact suspicion would immediately be cast upon any individual employed by the company in the capacity of a foreign representative who did not have a background in [redacted] or was not a member of [redacted] who own and operate the company. Nevertheless, arrangements were made for sending one Bureau representative to Latin America. This agent has been assigned to conduct a [redacted] in [redacted], Brasil. It will be his job to discover and report the [redacted] in and around [redacted] there, and the various shipping facilities which might be made available after the war in getting the raw materials out of Brasil. *Su*

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[redacted] offered and gave freely of their time and facilities in training this agent in [redacted] in order that he could properly conduct a survey. In order to facilitate the training, it was necessary to take into confidence [redacted]

[redacted] *Su*  
[redacted]  
[redacted] of America has business offices in New York City, but its main place of business is in [redacted]. The corporation owns and operates [redacted] and other businesses in the [redacted]. The corporation, while not large, [redacted] *Su*

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This corporation has cooperated with the Bureau's SIS program for a period of several months. This cooperation was known to [redacted] [redacted], both located in [redacted]

[redacted] and [redacted] *K*

The cover furnished the agent was that he would make [redacted] [redacted] This cover was practical for a few months, but because of the small area of the country and the Agent's inability to fit into a highly specialized business such as [redacted] as well as administrative difficulties in maintaining his confidential capacity, the agent was returned to the United States for other assignment. *Su*

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During the course of this Agent's assignment, it was ascertained that the [redacted] had certain personal habits, particularly overdrinking, which endangered the confidential nature of the cover. He has been told by a Bureau representative that for the time being, the Bureau will not request the assistance of this company in its SIS program. It is not intended to use this cover again as long as [redacted] of the company. X u

[redacted] New York City, is the owner of various [redacted] and through [redacted] the Bureau has been afforded the opportunity of using [redacted] as a cover. The Bureau's contact with [redacted] X u

Bureau representatives using this cover can proceed to Latin America in a dual capacity, one being for the purpose of getting data for [redacted] and the other being for the purpose of securing [redacted] who may possess [redacted] of the type desired by [redacted] X u

As will be noted this cover is most elastic and gives the Bureau representative an opportunity to ask various questions concerning any number of subjects without arousing suspicion. X u

[redacted] Pennsylvania is more or less a one-man organization. The control of the company is vested in the [redacted], and the responsibility for its operation rests in the [redacted]. This company is engaged in the manufacture and marketing of all of the [redacted] which are characterized by the trade name, [redacted]

Although the company's interests in Latin America at the present time are not extensive, it is vitally interested in the further development of markets for its products there. With this in view, Bureau representatives have been assigned to [redacted] to conduct surveys in Latin America looking toward the development of sufficient data upon which the company can formulate its policy for further expansion. More specifically, the information obtained by the Agents assigned will be used by the company to determine the advisability of establishing manufacturing centers for its products. X u

This cover will be particularly useful inasmuch as it will permit Bureau representatives to contact individuals in many lines of endeavor without arousing suspicion. [redacted] has been extremely willing to cooperate with the Bureau to the fullest extent. Its facilities in [redacted] Pennsylvania have been utilized for training purposes in X u

order that the Agents will be sufficiently grounded in the policy and marketing methods of the company. *Su*

[redacted] of the [redacted]  
[redacted] New York City, has in the past been a special  
service [redacted] New York Office. The [redacted] is a  
combined [redacted]. It owns and operates [redacted]  
distinct companies which are active, [redacted] companies presently inactive,  
and is associated with [redacted] other concerns. *Su*

b7D

b7E

The principle fields of business handled by the corporation are  
[redacted] including [redacted]  
[redacted] material, [redacted]  
[redacted] for [redacted] and [redacted] the corporation has  
sponsored an extensive field of [redacted] with a view to broadening  
its industrial coverage.

b7D

b7E

[redacted] provides an excellent cover in this particu-  
lar field and has permitted the Bureau to utilize its facilities in the train-  
ing of Bureau personnel in order that they might acquire a background enabling  
them to properly represent the company. At the present time, an agent is  
assigned to conduct a general current survey of Argentina with particular  
emphasis being placed on the development of the present trend of industriali-  
zation. This survey will include the study of all statistical data, buying  
habits, sales distribution methods, and other factors entering into the  
establishment of a sound market in the Argentine. The study will also  
include a survey of raw materials available in Argentina. *Su*

Although the corporation is desirous of conducting similar surveys  
in other countries, it is necessary that any Bureau personnel assigned to  
the company have a background in economics, marketing or merchandising  
experience with particular emphasis on either [redacted]  
industry. *Su*

b7D

b7E

[redacted]  
[redacted] New York City,  
is a [redacted] It holds a high position in this field and provides  
for [redacted]

The [redacted] and Bureau contact is [redacted] who has been very  
helpful in permitting the Bureau to send a Special Agent to Latin America  
as an [redacted] *Su*

b7D

[redacted]  
[redacted] New York City,  
is [redacted] which is reported to be the [redacted] in

b7E

the United States and which is used to provide [redacted]

[redacted] has been most cooperative in instructing Bureau representatives in [redacted] and has designated Bureau representatives as [redacted] rather than [redacted]. In order to make this cover more convincing, [redacted] has furnished each Bureau representative with an [redacted] and has actually had [redacted] which were prepared by Bureau representatives. *SU*

This cover actually takes very little of an Agent's time, yet at the same time it provides an excellent front because of the fact that these representatives are interested in gathering data for [redacted] *SU*

The [redacted] is an [redacted] which is engaged in the [redacted] and many other [redacted]. Through [redacted], the Bureau has been able to send several representatives into Latin American countries. This cover is only good in the larger cities and requires no actual work on the part of the Bureau representative and in order to operate under this cover, it is only necessary that the Bureau representative become conversant with certain fundamentals of [redacted] *SU*

Because the company is engaged almost entirely in manufacture for war purpose, it is not active as an SIS cover at the present time. *SU*

[redacted] has offices at [redacted], New York, New York. [redacted] is acting head of this corporation and has been very cooperative in permitting the use of his company as an SIS cover. *SU*

A subsidiary of [redacted] with headquarters in [redacted]. This company employs approximately 8,000 persons, approximately 200 of which are American citizens. The mine and mill are located [redacted] southeast of [redacted]. The company has offices in [redacted] and also in [redacted] and [redacted] *SU*

The fact that the company has installations of this size in [redacted] renders it particularly adaptable to the Bureau's purposes in that an Agent assigned there as a safety engineer is not subject to suspicion. *SU*

[redacted] of the [redacted] located in [redacted] has been very cooperative and has assisted the Bureau in working out the details of utilizing the company as an SIS cover. *SU*

[redacted], New York City, is a *SU*

b7D

b7E

the Bureau representative can make any number of inquiries under this cover, as there is no prearranged subject matter for him to cover. *SU*

[redacted] is not presently being utilized as an SIS cover, inasmuch as [redacted] is no longer [redacted]. *SU*

b7D

[redacted], one of the [redacted] companies in the industry, has been cooperating with the Bureau's SIS program for sometime. The original contact was made with [redacted] in Los Angeles, and at which time he expressed a desire to cooperate with the Bureau in its project. Through [redacted], the cooperation of [redacted] was obtained. *SU*

b7E

b7D

[redacted] maintains offices throughout Latin America including [redacted] and [redacted]. These offices are occupied with [redacted] and in some instances, [redacted]. *SU*

b7E

[redacted] New York City and its related subsidiaries, has been cooperative in working out the details of the various assignments made for representatives of the Bureau in Latin America. The company has offered its facilities to train agents in [redacted] in order that they might adequately represent the company in Latin America. Thus far, agents have been assigned to the company in the capacity of [redacted]. It is their job to promote the [redacted] and generally to report back to the company on the conditions they find in this field in Latin America. *SU*

b7D

[redacted] New York City, is an [redacted] that was founded in [redacted] in New York City. This organization not only has branch offices strategically located all over the United States, but also has offices in [redacted].

b7E

[redacted] in charge of South American branches, have been most cooperative in the Bureau's SIS program, and this cover particularly at the present time is very good due to the fact that Bureau representatives can proceed to Latin America under this cover on the pretext of obtaining information which would be of value to an [redacted] in postwar days. *SU*

[redacted] is an [redacted] concern doing one of the [redacted] and being a member of the [redacted].

b7D

b7E

b7D

b7E

This concern has offices in ninety-four cities in the United States as well as in [redacted]. Through Mr. [redacted]

[redacted] the Bureau has been able to send representatives into Latin America for the purpose of actually establishing and opening offices for this concern. The Bureau's contact is now Mr. [redacted] [redacted] as Mr. [redacted] is on active duty in the United States Navy. Prior to proceeding to Latin America, this concern arranged a two-week course of instruction at the [redacted] and has been most co-operative in this matter. X U

The Bureau representatives actually open offices and transact business for this concern. This is one of the few covers which the Bureau is using in which the Bureau representatives actually transact business for the cover and is considered to be most secure. This cover obviously can only be utilized in the larger Latin American cities. X U

[redacted] New York City, did operate [redacted] between New York and various ports in Brazil, Uruguay and Argentina. In normal times, this concern handled a very large volume of trade between New York and these east coast South American ports, however, since the entrance of the United States into the War, this company has turned over practically all of [redacted] and a number of its [redacted] and at the present time it is not able to handle the traffic between New York and South America due to the shortage of equipment. b7D

Through [redacted] the Bureau has been able to place representatives in Brazil under the cover of being [redacted] This cover was thought to be exceptionally good due to the fact that the [redacted] is well known in Brazil and has offices in the majority of the larger cities. Experience has shown, however, that this cover is not feasible because of war conditions. Therefore, [redacted] is not presently active as an SIS cover. X U b7E

Contact with the [redacted] Boston, Massachusetts, was made through [redacted] special service contact of the Boston Field Division. [redacted] is a [redacted] and through him the complete cooperation of the [redacted] was obtained. X U b7D b7E

The [redacted] is a [redacted] As such, it is interested in raw material sources, and accordingly it has been possible to place Bureau representatives with the company to survey certain locations in Latin America to determine the presence of [redacted] and other sources of [redacted] raw materials there. X U

Though no training course as such is offered by the [redacted] [redacted] has been very helpful in making X U

suggestions which have served to improve the cover and make it as realistic as possible. X u

[redacted]  
[redacted], another [redacted]  
is an SIS cover company. Its [redacted] has been most cooperative in making the facilities of the company available to the Bureau as an SIS cover. X u

Through [redacted]  
[redacted] details have been worked out in the placement of a number of agents with the company to work in Latin America. The New York offices of the company are located in the [redacted] X u

b7D

b7E

An intensive training course has been instituted through [redacted] for our representatives which includes a study of the background and history of [redacted] and the financial structure of the company, its various departments from [redacted] and the operation of its [redacted] throughout the United States. X u

The main interest of [redacted] in Latin America is in the [redacted] it makes in the United States. It has a number of [redacted] in Latin America which it controls. It sells its [redacted] in Latin America which it does not control. Special Agents of the Bureau representing [redacted] in Latin America have been assigned to the larger cities for the purpose of facilitating the [redacted] X u

[redacted]  
The [redacted] at [redacted], Massachusetts, is a branch of [redacted] It is considered in scientific circles the outstanding [redacted] Various officers of the [redacted] are [redacted] From time to time, this [redacted] using private grants, sends men into various parts of the world to make [redacted] studies and where [redacted] are made, the [redacted]

The Bureau contact in the museum is [redacted] This [redacted] is being used as a cover in the Bureau's SIS program by two individuals, both of whom have had a great deal of pre-Bureau training and experience in [redacted] One of the Bureau employees is a special employee who arranged the cover for himself individually. The second is a Special Agent of the Bureau who, while at [redacted], majored in the study of [redacted] His cover was arranged with the [redacted] by his outlining to [redacted] the nature of the SIS program and by an official of the Bureau subsequently confirming his statements to [redacted] X u

b7D

b7E

This cover permits the Bureau employees to wander at will through certain parts of Latin America examining what are known as [redacted] It gives the employee access to areas where a commercial cover would be most impractical. X u

However, it can only be used by Agents who have had a great deal of prior experience or study in the general subject of [redacted] & U

b7D

b7E

[redacted]  
[redacted]  
[redacted] New York City, is also an officer of [redacted]  
[redacted] This [redacted] company is a [redacted] and operates a number of [redacted]  
[redacted] a number of which are in South and Central America. & U

[redacted] is [redacted] by, was connected with [redacted]  
[redacted] This business deteriorated after the death of its president, and quite recently the owners and officers of the company came to [redacted] and employed him to put the company on its feet again. He was made [redacted]  
[redacted] located at [redacted]  
New York City. This company is interested in [redacted] Its function now deals with the [redacted] of various [redacted] to war production. It is [redacted] job to revitalize the company, and this entails extending the company's interest into South and Central America. & U

[redacted] is wholeheartedly in sympathy with the Bureau's interests in South and Central America. He has [redacted] very cooperative in providing cover for our agents. In view of the importance of [redacted] in South America, the company provides an excellent medium for sending our men there in the capacity of [redacted] to make surveys for further extension of the company into Latin America. & U

b7D

b7E

All contact with [redacted] is made through Mr. [redacted] and he works out the details of each cover personally. [redacted]  
[redacted] has also been extremely cooperative. & U

[redacted]  
[redacted] is one of the [redacted] and [redacted] of [redacted] and related by-products in the United States, and through [redacted] New York City, the Bureau has been able to send representatives into various Latin American countries, designated as special representatives of [redacted] and [redacted] New York office. & U

The ostensible purpose for Bureau representatives traveling in Latin America under this cover is to contact [redacted] products and to conduct surveys as to the possibilities of extending [redacted] markets in these countries. & U

b7D

Since the entrance of the United States into the war, the possibilities of this cover have become somewhat limited due to the fact that [redacted] or other products cannot be made, and accordingly is not being used. & U

b7E



[redacted] located in the [redacted] New York City. Mr. [redacted] has been extremely cooperative in permitting the Bureau to use the name of his company as an SIS cover. *SU*

The [redacted] include the [redacted], the [redacted] and [redacted]. These are trade magazines dealing with the [redacted] and are practically without competition in this particular field. In view of the fact that [redacted] is a very small organization, its use as an SIS cover is limited. At the present time, one Bureau representative is in training to represent [redacted]. He has received instructions in the [redacted] in the company policies and technique, and interviews have been arranged for him with many outstanding figures in the [redacted]. This Agent's training will be completed in the [redacted] of the company where he will make a ten-day study of the [redacted]. *SU*

At the conclusion of his training, it is contemplated that this Agent will proceed to Latin America where he will gather and submit items of [redacted] which may be [redacted] from time to time in any one of the [redacted]. *SU*

b7D

b7E

[redacted] New York City, has been utilized extensively as an SIS cover company. This corporation is one of the [redacted] enterprises in the United States. It [redacted]. *SU*

[redacted] in charge of the company's foreign activities, has been the Bureau's contact with this company. In view of the extensive interests of the [redacted] in South and Central America, the company is well suited as an SIS cover. *SU*

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[redacted] has provided an extensive training course for Bureau Agents assigned to work for the company. This training includes familiarizing the men with the various departments within [redacted], and Agents going to South America have been instructed by the company to obtain material for future [redacted] make surveys to determine the types of [redacted] in which South Americans are interested and other special projects. *SU*

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Through [redacted], covers have been developed in [redacted] which are subsidiaries of [redacted]. Assignments with these subsidiaries consist of obtaining material [redacted] in [redacted] and making surveys to determine the South American [redacted]. *SU*

b7D

b7E

[redacted]  
[redacted] New York City,  
is a [redacted] which specializes in the [redacted] and  
[redacted] and for a number of years has been very active in Venezuela  
and other South American countries. X u

Through [redacted], the Bureau has been  
able to send representatives into Latin America for the purpose of doing work  
of a [redacted] for this company. [redacted] has been most coop-  
erative and the Bureau representatives have been given extensive training in  
the nature of the work performed by legitimate representatives of [redacted]  
[redacted] and in some instances [redacted] has furnished the  
Bureau representatives with enough actual work to make these covers most secure. u

Because of material shortages and other difficulties brought about  
by the war, this company is not being used as a cover at the present time. u

b7D

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[redacted]  
[redacted]  
New York City. The main offices of the publication are located at [redacted]  
[redacted] New York.

The original contact was made through [redacted]  
[redacted] This [redacted] has recently experienced a tre-  
mendous success in extending its activities to foreign countries. In this  
connection, Latin America is no exception, and [redacted] has caught on  
in South and Central America to the extent where its [redacted] has out-  
distanced all other [redacted] of a similar type. X u

At the present time, the Bureau is dealing with the [redacted] end  
of the [redacted] which is handled by the [redacted] whose president  
is [redacted] located at [redacted] New York City. Agents are in  
training at the present time. It will be their assignment to facilitate [redacted]  
[redacted] in Latin America. X u

[redacted]  
The [redacted], an affiliate of the [redacted]  
[redacted] specializes in providing [redacted] regarding [redacted]  
and [redacted]

This concern does not have legitimate representatives in Latin Amer-  
ica, and through [redacted], New  
York City, the Bureau has been able to send representatives to various Latin  
American countries. X u

b7D

b7E

This cover is most elastic, as the very nature of the business  
provides the agent an opportunity to make inquiries concerning individuals,  
corporations and even political parties. This concern does not desire that  
the Bureau representatives spend any time for them and has proven most satis-  
factory for the Bureau. X u

b7D

b7E

[redacted]  
[redacted]  
City, is engaged in a [redacted] New York  
ness interests in Latin America for a number of years and is highly regarded  
throughout the American Republics. *Xu*

This cover is most elastic, as the company is interested in anything  
that the Latin Americans desire to buy or sell and will put the Latin Ameri-  
cans in touch with persons in the United States interested in any type of  
business. *Xu*

b7D

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The Bureau, through [redacted] has been able to send  
numerous agents into Latin America under this cover, and [redacted] has per-  
sonally conferred with each representative prior to his departure and furnished  
these representatives with considerable background information concerning this  
organization. The Bureau representatives are not assigned any specific duties  
by [redacted] and they do not have to perform any actual work for [redacted]  
*Xu*

[redacted]  
[redacted]  
[redacted] was very helpful to Bureau representatives in that country and through  
him, the company was approached relative to the proposition of cooperating  
with the Bureau in its SIS program. [redacted] reacted favorably toward the  
proposition and requested that [redacted] located at [redacted]  
[redacted] New York City, a sub-  
sidiary of [redacted] of New Jersey, be contacted in order that  
formal approval might be secured. *Xu*

b7D

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[redacted] had no hesitancy in offering the facilities of his company  
to the Bureau, and accordingly arrangements were made to send three Bureau  
Agents to Maracaibo, Caracas, and Central Venezuela to act as [redacted]  
[redacted] No training was given the Agents at the home office  
of the company in New York, it being understood that they would be schooled  
in [redacted] and in the [redacted] business in general after their  
arrival at [redacted] One additional Agent has been assigned to represent  
[redacted] of [redacted] and his assignment is that of a [redacted]  
*Xu*

b7D

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Although the company has been very cooperative, it is not believed  
that any further use can be made of it as an SIS cover due to the fact that  
its operations are confined mostly to [redacted] and no more Agents can be ab-  
sorbed in that company at the present time. *Xu*

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[redacted]  
The headquarters of [redacted] are located at [redacted]  
[redacted] Chicago, Illinois. [redacted] has, for a num-  
ber of years, been outstanding [redacted] and [redacted]  
*Xu*

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Contact with this company was first made through its [redacted]  
[redacted] With his cooperation, it has been possible to utilize the company's  
subsidiary [redacted] through which the company carries  
on its foreign activities. [redacted]

[redacted] has expressed himself favorably towards the Bureau's SIS program. Details  
relative to the assignment of Bureau representatives with this company are  
worked out with [redacted] and [redacted] of [redacted]

[redacted] has a number of branch plants located in Latin  
American cities. These cities include [redacted]

The  
company also has similar plants located in Latin America. In addition to  
these plants, [redacted] has numerous other holdings throughout Brazil  
and Argentina. X U

[redacted] has been particularly cooperative in offering its  
facilities in the training of agents for work in Latin America. Thus far  
agents have been assigned to [redacted] in Latin America to do [redacted]  
along [redacted] In this capacity, these agents [redacted] with  
a view of making recommendations which might [redacted] and  
reduce [redacted]. These [redacted] also entail  
examinations designed to [redacted] X U

Due to the fact that the Bureau agents are fairly well fitted for  
this type of work and employees of the [redacted] doing this type of  
work are usually drawn from the [redacted] no suspicion is attached to  
a Bureau representative working in this capacity. For this reason, [redacted]  
[redacted] offers an excellent cover for Bureau representatives in Latin America. X U

The [redacted], located at [redacted], New York City,  
has recently been added as an SIS cover company through the company's [redacted]  
[redacted] and his assistant, [redacted]  
[redacted] the complete cooperation of the [redacted] has been obtained. X U

[redacted] operates extensively in South and Central America. It has  
facilities in Brazil, Colombia, Uruguay and Argentina. It also  
has [redacted] in other South and  
Central American countries. Thus far, it has been possible to place two Bureau  
representatives in the [redacted] One is headquartered in [redacted]  
Brazil, and the other is presently receiving training for work in [redacted]  
Colombia. X U

Because of the extremely cooperative attitude of the officers of  
the [redacted] and its size and extensive interests in Latin America, it  
is entirely possible that its facilities may be used to a greater extent in  
the future as an SIS cover company. X U

[redacted]  
[redacted] New York City, is reported to be the [redacted] which formerly maintained offices [redacted] At the present time this agency has offices in [redacted]

[redacted] X U  
[redacted]  
this concern, have been especially cooperative in providing covers for Bureau representatives at any point in South America where representation would be logical. X U

As the nature of this concern's business in Latin America is purely that of a [redacted] it enables the Bureau representative to make numerous inquiries without creating suspicion. One specific assignment which this company gave a Bureau agent was concerning: [redacted]

[redacted] X U  
One of the features of the company is that as soon as [redacted] is completed, another can be commenced and the cover will remain secure for an indefinite period. X U

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[redacted] New York City, has existed as a [redacted] It was originally organized to supply [redacted] but has extended its activities to [redacted] and it is now considered the [redacted] This agency does not have full time staff correspondents as such in Latin America. X U

b7D

Through [redacted] the Bureau has been able to send representatives into Latin America to function as [redacted] The Bureau representatives using this cover have excellent opportunities of interviewing various governmental and diplomatic personalities and it is proving most effective. X U

b7E

[redacted]  
The business office of [redacted] and [redacted] is located at [redacted] New York City. Its [redacted] This company is one of the [redacted] and the Bureau has been successful in placing a number of agents with the company to work in Latin America. X U

b7D

The details of each cover are worked out with the company through [redacted] Both of these gentlemen have been extremely cooperative and willing in every respect to assist the Bureau. Agents working in [redacted] are given an extensive X U

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training course toward the end that they may be familiar with all aspects of the [redacted] X2

[redacted] has extensive interests in Latin America where it [redacted] The company has been able in the past to sponsor various assignments for Bureau agents in its employ such as gathering material for [redacted] and operators for the purpose of determining what the public's tastes are in [redacted] and various other special projects. Inasmuch as [redacted] has only recently become [redacted] of the corporation, agents have successfully operated in Latin America as special representatives of his office to check up on conditions in Latin America. X2

[redacted]  
The [redacted], was founded in [redacted] by [redacted] It now has approximately [redacted] in which it has controlling interest and as of 1941, had approximately [redacted] throughout the United States. The main interest of this company in Latin America is the merchandising of its [redacted] there. Most of these products bear the [redacted] X2

Contact was first made with the [redacted] through the cooperation of [redacted], confidential contact of the Bureau, who has previously furnished covers for agents in SIG work. The [redacted] this company, [redacted], has only recently been approached with regard to the cooperation of [redacted] in the Bureau's SIG program. [redacted] has been completely willing to offer the facilities of his company to the Bureau in this connection and through him it was learned that the [redacted] has been seriously considering the institution of a [redacted] in Latin America to determine the [redacted] the particular [redacted] and [redacted] popular in the various large centers of Latin America, and other factual information relative to [redacted] and [redacted] which would assist [redacted] in deciding whether it must expend funds to develop Latin American markets. X2

b7D

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At the present time, an agent has been assigned to undertake such a survey for [redacted] and he is at the present time at the company's office at [redacted], Massachusetts, where he is receiving the necessary training to equip him for the survey. X2

[redacted]  
[redacted] is immediately in charge of the program, and the complete details of the survey will be worked out by [redacted] X2

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The [redacted], Boston, Massachusetts, has very extensive interests in South and Central America. These interests include [redacted] in practically [redacted] X2

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b7E

all types of industry in Latin America. [redacted] of the New York office for some time. He has at all times been willing to cooperate in any way possible with the Bureau, but the organization of the [redacted] is such that its use as an SIS cover is limited. The company is almost shut in its organization and employees generally have been with the company for a long period of time. Therefore the presence of an outsider, in [redacted] opinion, would create a good deal of suspicion and gossip among [redacted] employees in any foreign country. *Su*

[redacted]

[redacted] 5

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[redacted]

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The [redacted] New York City, in the [redacted] a part of [redacted]

b7E

of the [redacted] was first approached and indicated his complete willingness to assist the Bureau in its SIS program. After conferring with the company's [redacted] appointed [redacted]

[redacted], as the executive to deal with the Bureau in working out the details of an SIS cover. *Su*

b7D

The [redacted] has [redacted] and [redacted] the company has a [redacted] the company does not have resident employees, but the country is covered by the branch in [redacted] *Su*

b7E

[redacted] has been most cooperative and one Bureau representative is presently in training. He is receiving instruction concerning the company's policies, [redacted] and all phases of the operations of the [redacted] At the conclusion of his training, this agent will receive certain specific assignments, such as investigation of a [redacted] Colombia, with a view to determining whether the [redacted] shall purchase it. [redacted] contemplates making other specific assignments to the Bureau representatives and states that it will be possible to maintain the agent under a good cover in Latin America for as long as it is advantageous from the Bureau's standpoint for him to stay. *Su*

[redacted]

b7D

Through the cooperation of [redacted] in charge of the New York office of the [redacted] company, located at [redacted] New York City, the cooperation *Su*

b7E

of the company was solicited and obtained. [redacted] is one of the foremost companies in [redacted] and as such has tangible interests in Latin America. S2

Where necessary, the company's facilities are available to the Bureau for training purposes. This training consists of familiarizing the Bureau representative with the [redacted] generally and with the details of his particular assignment. Thus far, agents have been assigned to specific tasks such as [redacted] in its [redacted] Peru; the locating of additional sites where the company can [redacted], Chile; and conducting a survey to obtain information relative to [redacted] in Bolivia in order that [redacted] might expand their activities in that country. S2

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[redacted] has also been extremely cooperative and in connection with one assignment, the Bureau representative is in Mexico City to accelerate the purchase of property for which the company has been negotiating for some time. This agent has the authority to negotiate on behalf of [redacted] and complete the purchase if it is possible for him to do so. The agent reports directly to [redacted] the progress of his assignment. S2

[redacted] is an [redacted] concern with home offices at [redacted] San Francisco, California. This organization has maintained branch offices in principal cities of the Far East for a number of years and it is there that most of their business activities have been concentrated. However, since the declaration of war, the [redacted] has shifted their business attention to Latin America and recently has sent several of their own employees to various points in South and Central America for the purpose of locating substitutes for most materials that they [redacted]. This concern appears to be a live wire progressive organization, at the present time pioneering in a number of commercial fields in Latin America, and through Mr. [redacted]

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New York City, the Bureau has been able to send representatives into Latin America to make surveys on different projects in which this organization is interested. S2

[redacted] has been most cooperative and prior to the departure of a Bureau representative under this cover, he personally gives such representative detailed instructions over a period of ten days concerning the organization and the specific project upon which information is desired. This cover does not make any great demand on the Bureau representatives' time and to date has been successful. S2

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[redacted] is an extensive [redacted] organization located at [redacted] Chicago, Illinois. Its [redacted] [redacted] is the Bureau's contact in the company, and he S2



has evinced a sincere desire to be of assistance to the Bureau. 8u

[redacted] in South America, one located at [redacted] Brazil, and the other at [redacted] Argentina. The company has made its facilities available to the Bureau agents as a cover company, and also to training the agents of the Bureau in the [redacted] industry in order that they might properly represent the company in Latin America. 8x

At the present time, agents of the Bureau working with [redacted] are assigned as [redacted]. The duties of a [redacted] consists primarily in investigating [redacted] within the company's [redacted] and making recommendations for the [redacted] in order that the [redacted] might be reduced. 8u

The headquarters of [redacted] are located at [redacted] New York City. This is one of the [redacted] companies in the United States, and its [redacted] include many of the most [redacted] in the United States today. It is said that the company does not consider [redacted]

Contact with the company's [redacted] was originally made through one of the company's high executives, [redacted] were most cooperative and readily agreed to employ a Bureau representative in South America. The company, though it has no branches in Latin America at the present time, is interested in offering [redacted] available in South America to its present clients. One Bureau agent is at the present time in training with [redacted]. It is contemplated that he will go to Latin America to conduct research for the company designed to furnish [redacted] with complete details concerning the various [redacted] available in Latin America. Due to the type of research this agent will conduct, he will be able to contact individuals in all walks of life and in all types of endeavor, which will make this a particularly effective SIS cover. 8u

#### NEW YORK SIS OFFICE

The New York City SIS office consists of a suite of three offices connected by a combination hallway and reception room. These offices are located in the RCA Building, 30 Rockefeller Plaza, and are entered through room 3144. The offices are furnished with desks, chairs, and the usual equipment found in a business office. In addition, there are two steel safes where all records and files are maintained.

The personnel assigned to this office consists of a Special Agent in Charge, his assistant, a clerk and a stenographer. In addition to the assigned personnel, these quarters are used as headquarters for all SIS representatives while they are in New York for the purpose of training with covers, obtaining visas and arranging for passports.

This office is responsible for and supervises the maintenance and collection of mail from 39 mail drops or post office boxes which are scattered throughout the various postal stations and sub-stations in Mid-Town and lower Manhattan. Each morning the clerk collects the incoming mail from each of these boxes which is immediately forwarded to the Bureau. *82*

All outgoing mail addressed to SIS representatives in Latin America is forwarded to the New York SIS office for clearance and arrangements have been furnished whereby this mail is opened and resealed with the censor's stamp, so that it appears to have received the same treatment as all other outgoing mail, however, the contents are not examined. *82*

The Special Agent in Charge of the New York SIS office, and his assistant, are charged with establishing and maintaining contacts with reputable business houses in the East and Mid-West who are in the position to provide cover facilities, and in addition to obtaining these covers, the Special Agent in Charge assists in assigning covers to agents training in Washington for SIS assignment. Due to the fact that cable addresses cannot be used at the present time, representatives on assignment in Latin America can only communicate with the Bureau by cable by transmitting these cables to their New York cover, and it is necessary for the New York SIS office to relay all of these messages to the Bureau. *82*

In order to facilitate the obtaining of visas and other travel documents, a file is maintained in the New York SIS office on the visa requirements for each of the Latin America Republics and each agent, upon obtaining a visa, is required to prepare a memorandum for that file so that an agent subsequently desiring a visa can profit by the experience of men who have gone before them. The New York SIS office also assists SIS representatives in obtaining letters from the New York Police Department certifying that these representatives have no criminal record. *82*

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The New York SIS office at present maintains \$2,000 on deposit with the [redacted] New York City, so that SIS representatives desiring to purchase airplane or steamship tickets can cash checks against this account and purchase the tickets with cash. *82*

The New York SIS office also handles contacts and interviews with travelers returning from Latin America and also interviews all applicants for the position of Special Employees who appear to be qualified to be of assistance to the Bureau in Latin America. *82*

In addition, the New York SIS office develops and maintains confidential sources of information who, through experience and knowledge, furnish substantive information relative to general intelligence matters in Latin America. *82*

In addition to the above, the Special Agent in Charge of the New York SIS office represents the Bureau at the weekly Foreign Intelligence Conference which is attended by representatives of Postal and Cable Censorship, Military Intelligence Division, Board of Economic Warfare, Office of Naval Intelligence and the Office of Strategic Services. *82*

THE INVESTIGATION OF THE SMUGGLING OF  
STRATEGIC MATERIALS AND IN OBTAINING  
ECONOMIC INTELLIGENCE

The SIS Division has since its inception included the obtaining of economic intelligence as one of its primary objectives. However, during the past fiscal year, this phase in intelligence activity has taken on greater importance, particularly in respect to the smuggling of strategic metals and materials from Latin America. X U

SIS representatives from time to time have submitted information relative to the activity in Latin America of Axis agents in the procurement of strategic materials for use in the Axis war machine. The information obtained was distributed at the Seat of Government to the various agencies of the United States Government as well as to the British Government. The agencies dealing primarily with the procurement and protection of the Allied reserves of strategic materials soon made known their intense interest in securing complete information along this line. It was also indicated both by the Board of Economic Warfare and the British Ministry of Economic Warfare, that preventing the Axis powers from obtaining strategic material for their war machines was of the greatest importance in bringing the war to an early conclusion as it was definitely known that Axis nations were in dire need of many types of strategic material. The Board of Economic Warfare prepared an outline of the functions and needs of that department for the use of the Bureau in obtaining economic information which would assist in the conduct of an effective economic warfare. In general, the aim of economic warfare is to do the greatest possible harm to the economy of enemy countries and, therefore, to the economic basis of the enemy's military power. The achievement of this purpose entails a number of specific operations. In order to deprive the Axis of indispensable supplies, it is necessary to outlaw its trade, blockade its ports, cut off its sources of foreign exchange, and to outbid it in the neutral markets to which it has access. X U

Accordingly, economic intelligence activity has assumed a position equal to espionage activity, and it has been necessary for SIS representatives to initiate widespread investigations into smuggling and contraband activities of all kinds as well as investigations into blockade running operations. X U

One of the first outstanding cases developed by SIS representatives and one which tended to bring to the attention of the Allied Nations the importance of smuggling activities involved the smuggling of diamonds from Venezuela to Spain, from which point the diamonds were undoubtedly destined for Germany. The investigation of this case determined that Angel Arpon, a Spanish national, was buying large amounts of diamonds on the Black Market in Venezuela and that he was using funds supplied him by the Spanish Minister X U

to Venezuela, Jose Sangroni de Castro. Arpon was eventually apprehended at Trinidad together with a number of confederates, all of whom were carrying diamonds to Spain. XN

Within the past few months, a large number of important cases have been developed involving the smuggling of platinum, diamonds and many other strategic materials. In Colombia, which is the only Latin American country producing any great supply of platinum, it has been determined that innumerable individuals are engaged in the smuggling of platinum out of the country, and recently through SIS operations a large ring of platinum smugglers was found to be operating in Ecuador. The ring is headed by Harold Abury and operates from Ecuador. The platinum is procured in Colombia in a clandestine manner and is taken to Ecuador and later on to Argentina where it undoubtedly is being sold or turned over to Axis agents. XN

A vast amount of economic information has been obtained through SI representatives and an increasing number of requests are being received from governmental agencies for all types of economic intelligence. The SI Division is concentrating on this subject and is effectively undertaking the task of supplying this information.

## PLANT SURVEY PROGRAM IN LATIN AMERICA. X2

Under the Delimitation Agreement entered into with the Army and Navy on November 25, 1942, the SIS of the Federal Bureau of Investigation agreed to conduct plant surveys in the Latin American Republics of plants and other facilities vital to the production, manufacture and transportation of strategic materials for use in behalf of the United Nations war effort. Under the agreement this would also include the furnishing of technical advisors and instructors to the various countries for the assistance of officials of both industry and government. X2

Prior to this time, the only other plant survey activity to take place during the past fiscal year was in Bolivia where three plant survey experts were sent in July, 1942, at the request of the Bolivian Foreign Office to advise the Bolivian Government with regard to the protection of the vital tin industry of the country. The work performed by them will be dealt with subsequently in this report. X2

Immediately following the signing of the above mentioned agreement steps were taken to obtain a list of plants and facilities in Latin America considered vital. Upon receipt of this list, 18 Special Agents unusually qualified in plant survey matters as proven by their previous work in the plant survey program in the United States were given instruction in SIS matters and a refresher course in plant surveys and dispatched to Latin America as soon as the State Department had obtained the proper clearance. Their first surveys began in early February, 1943. These agents went to Latin America openly and entered a country only after the Ambassador had obtained permission for surveys to be conducted from the country involved. X2

The list of plants furnished by the Army proved somewhat faulty and was apparently prepared without much research on their part. In some instances plants were found to be non-existent or else were not producing nor expecting to produce for the United Nations. In other instances important facilities were omitted. However, as a result of numerous conferences with military attaches and ambassadors and with Army and State Department officials in Washington, it is believed that this has been corrected. Ninety-two survey reports have been received covering 140 facilities actually surveyed, substantially covering strategic industries in every country where such are located except Argentina and Mexico. X2

It should be noted that in neither of these countries are there any facilities with a higher priority rating than 3 as given by the Army. No surveys have been made in Argentina because the Castillo Government was reluctant to grant permission for them to be made or for our plant survey experts to enter the country for this purpose. At the time of the recent Argentine revolution negotiations were under way to provide an instructor in plant survey matters to the country. It is not known what attitude the new Government will take regarding plant surveys, but steps will be taken to conduct surveys if arrangements can be made. Otherwise the surveys will be conducted by means of undercover representatives. X2

Surveys have not been conducted in Mexico because of the attitude of U. S. Ambassador George S. Messersmith. He has asserted that he does not feel the necessity for surveys being made there and, therefore, does not intend to bring the matter to the attention of the Mexican Government. He stated that he was willing to assume responsibility in the event sabotage occurred at any of the plants of importance in Mexico. All appropriate agencies have been advised regarding the Ambassador's attitude and of the fact that this Bureau is not going ahead with the making of plant surveys in Mexico in view of the Ambassador's statement, since our plant survey program was originated at the request of other Governmental agencies, including the State Department. X U

Otherwise the plant survey program has been extremely well received. Governments and Embassy officials in the countries which have been visited have indicated that they are pleased with the services rendered and feel that there is a definite need for the FBI to continue its survey work as well as to follow up that which has already been done. In addition, the SIS work of the Bureau is enhanced by the plant survey program because of the numerous new and important contacts which have been established both in industry and Government in the Latin American republics. Already permanent plant survey agents have been sent to Cuba, Chile, Ecuador, and Colombia following requests from those countries that such representatives be so stationed. Similar invitations are expected shortly from Brazil, Uruguay and Peru where governmental machinery is now at work towards this end. For example, as a result of contact by plant survey agents with officials of Brazil a meeting is being had by the security officers attached to each major Governmental department towards establishing a plant security board which would set up a plant protection school to be instructed by an FBI plant survey agent who would also act as liaison man and advisor to the board on plant survey matters. X U

The Bureau booklet "Suggestions for Protection of Industrial Facilities" has been translated into both Spanish and Portuguese and is being appropriately distributed in the same manner as was followed in the United States. In addition to the copies of reports and letters of recommendations which are distributed as has been done previously in plant survey matters in this country the maps, blueprints and photographs which accompany the reports are being made up into exhibit albums and similarly distributed for the additional enlightenment of those interested in the surveys. The letters of recommendations are also being translated into Spanish where this is necessary. X U

It was learned that the British instituted an Industrial Security "Scheme", as they call it, for Latin America in September, 1942. They have several Industrial Security Officers in South America who are chiefs of various territories assigned to them. In addition to this they have a school in Canada where they give security and anti-sabotage training to persons employed in British-owned companies in South America. The British confine their activities strictly to British-owned facilities since the FBI instituted its plant survey program in Latin America. It was found that several companies, mostly railroads, listed by the Army as being strategic were British-owned. In order to avoid a duplication of effort arrangements were made for the British to submit their reports made on these facilities to the Bureau and they have been distributed to the interested X U

agencies. The Army has advised that they are satisfactory from the security standpoint, and it has, therefore, been unnecessary to make duplicate surveys. British reports on its different facilities have so far been distributed. X U

The Bureau has been commended on the plant survey reports and the dispatch with which the program has been handled by the State Department and the Resources Protection Board of the War Production Board. The American Ambassador in Lima, Peru, who has not been too friendly in the past, personally assisted in the arrangements for the surveys in Peru and subsequently wrote that he was very pleased with the competent, workmanlike manner in which the program was handled in his country. X U

From the Charge d'Affaires in Bolivia acting in the absence of the Ambassador the following is quoted: "I believe that Messrs. [redacted] (the plant survey agents there) have done excellent work in organizing countersabotage measures in the Bolivian mining industry. They have performed their duties carefully and efficiently." X U

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For the purpose of sketching briefly the number and types of surveys which have been conducted the following is set out below. X U

**Bolivia** - Ten major companies have been surveyed including 20 facilities owned by them covering all important tin, tungsten, copper and power plants in the country. The important railroads here and through Chile to the sea are British owned and reports on these have been received and distributed. X U

**Brazil** - Fifteen Brazilian ports including those strategically located on the "hump" and the important inland Amazon port at Manaus in the heart of the rubber and jungle country; one Brazilian owned railway which transports the majority of the food from the heart of the State of Sao Paulo and which food the American military units stationed in Brazil depend upon to a very great extent; four coal mines which are extremely important to industry in Brazil, particularly since "bottoms" which can bring coal from outside to Brazil are scarce; oil facilities of four large American oil companies; oil storage facilities leased by the U. S. Navy along the above-mentioned "hump"; strategic facilities of Pan American Airlines and Panair du Brasil have been surveyed. X U

**Colombia** - The largest and most extensive railway in the country has been surveyed and the American-owned or operated airlines located in the country are in the process of being surveyed. X U

**Cuba** - The power company supplying most of the country's power, as well as the more important nickel, manganese and copper facilities have been surveyed. The important airlines are being surveyed and our plant survey agent has been holding meetings with officials of American-owned plants in the country to advise them on plant protection matters. X U

**Chile** - Three large American-owned copper companies which have a practical monopoly on the production of this metal in the country have been X U

surveyed as well as the ports from which this material and the tin from Bolivia are sent to the United States, and Panagra Airlines. *Xu*

Ecuador - One large copper company, an important transmitting station of an international radio and cable company and twenty-nine balsa mills have been surveyed. The balsa wood produced by the mills is important in the manufacture of the famous Mosquito bombers presently being manufactured in England. *Xu*

Peru - Two oil refineries, one the largest and most important on the West Coast of South America; one company producing vanadium and two producing most of the country's copper, the most important port of Peru, and Panagra Airlines have been surveyed. *Xu*

Uruguay - The three largest and most important meat packing companies, the state power company and the state owned oil and alcohol refinery, and the important port of Montevideo have been surveyed. *Xu*

Venezuela-Inasmuch as all of the facilities of the important oil companies in this country were surveyed by an FBI representative in an undercover capacity in 1941 and most of his recommendations have been adopted, it has not been deemed necessary to resurvey any of these facilities. *Xu*



ACHIEVEMENTS IN THE VARIOUS COUNTRIES X 2

ARGENTINA X 2

The SIS personnel has increased rapidly since May 13, 1942, when a Special Agent was assigned as Legal Attache at the American Embassy in Buenos Aires, Argentina. In the latter part of August and the first part of September, 1942, the open representation in Argentina was increased by establishing vice-consuls at Rosario, Bahia Blanca, and Buenos Aires, Argentina. At the present time there are thirty-six undercover SIS operators, twenty-two of whom are located in Buenos Aires. The remainder are in other principal cities of Argentina, such as Tucuman, Mar del Plata, Misiones, Posadas, Bahia Blanca, and Rosario. In addition to the Legal Attache located at the American Embassy, there are an Assistant Legal Attache, four Vice-Consul non-career, all of them being SIS employees. Working in the American Embassy and attached to the Legal Attache's office are three stenographers on SIS assignment. X 2

Some of the undercover operators in Argentina are in a constant travel status [redacted] These men keep in touch with subversive activities in the interior of Argentina and have their headquarters at the more important interior cities. Bureau personnel is so distributed as to afford very good coverage inasmuch as the operatives are located in all of the most important cities from the standpoint of our work. The undercover operatives are closely supervised and contact is maintained with them regularly. X 2

Information of extreme importance requiring urgent attention is transmitted by coded cable to Montevideo, Uruguay, where it is relayed by Bureau radio to Washington. This affords a speedy means of communication resulting in better supervision and better results. In this way, interested agencies are furnished with information of a vital nature in the fastest, safest possible manner. X 2

At the present time there are approximately 358 confidential informants utilized by SIS operatives in Argentina. These informants for the most part have proven to be reliable and trustworthy. Some of these informants are able to give information only on specific individuals, while others are [redacted] capable of handling most any type of investigative work. The services of [redacted] are utilized in Buenos Aires alone. Informants come from all walks of life. Because of the nature of our informant coverage, it has been possible to obtain varied and detailed information concerning the whole range of subversive activities which affect the United States and Allied War effort. It is estimated that our men in Argentina have a total of 3,940 persons interested in making observations and acquiring information concerning subversive activities and related subjects in Argentina. Some of the more important connections of the informants are [redacted]

[redacted] including German, French, Italian, and Japanese, [redacted] such as [redacted]

[redacted] and many other sources of information which are necessary in our work. X u

Our representatives have access to official records in the Buenos Aires [redacted] and are able to obtain photographs, [redacted] and other such information, [redacted] on the [redacted] or the [redacted] are employed by our SIS operatives. These men are able to obtain such information of value through their own [redacted] and at the same time cause official investigations to be made by the [redacted] on subjects whom our SIS representatives have investigated with a view to the subject's prosecution by the Government. Efforts are continuously being made to increase our coverage and perfect our contacts with the [redacted] throughout Argentina. No direct liaison is had with other governmental organizations except in the same way as with the police departments; namely, through individual governmental officials who occupy positions of influence and who are thus able to obtain good information. X u

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The Argentine Government has insisted on a neutrality resulting in a benevolent attitude toward the Axis, thus precluding substantive achievements in Argentina in connection with our work, which would be commensurate with the importance of Argentina. In this respect and in spite of the Argentine attitude, SIS representatives have conclusively established that the Axis powers operated an extensive espionage service in Argentina, since the breaking off of relations by other countries in South America with the Axis and has been used as a base of operations by the Axis against other American nations. This matter was brought to a head by a speech of the Honorable Sumner B. Welles of the State Department in October, 1942, in which he alleged that both Argentina and Chile were being used as a base of espionage operations against the other American nations. X u

It will be recalled that the Argentine Government formally protested his speech. The Argentine Government asked that any information in the possession of the United States Government relating to Axis espionage activities be made available to them. On November 2, 1942, and November 3, 1942, memoranda incorporating information accumulated by investigation by the SIS representatives in Argentina were delivered to the Argentine Government by November 11, 1942. The memoranda included information relating to the operations of German agents and also with reference to Japanese and Italian activities. [redacted] who

was a confidential informant for SIS agents and [redacted] advised on November 3, 1942, that the police had been requested to investigate the allegations set forth. The police immediately took into custody eighteen persons, but from confidential information it was indicated that they were making little progress and that true facts set forth in the memoranda had not been furnished to them. Information was obtained that one of the principal agents, Hans Mapp, had not been taken into custody because X u

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the police were unable to locate him. [redacted]

[redacted] as contrasted to [redacted] who had been handling [redacted] who had been acting as informants for the SIS agents, were furnished with the information in our possession concerning Napp. They immediately found Napp, [redacted] and removed him to the Provincial capital, La Plata, Argentina, where they obtained a complete confession from him within a period of two days. The prisoners and confessions were then turned over to the national authorities. X u

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The confession made by Napp was exactly in accordance with the allegations set forth in our memoranda; namely, that he had been running a ship-reporting service regarding Allied shipping and had furnished reports, at first, to a clandestine radio transmitter LYR in Rio de Janeiro and subsequently to Captain Dietrich Niebuhr, the Naval Attache of the German Embassy in Buenos Aires, Argentina. He also named his accomplices who included Ottomar Muller, Walter Friewald, and Lothar von Reichenbach. He also stated that he was under the direction of Captain Niebuhr and that he had not expected to be arrested due to a promise that he had received from the Buenos Aires police. X u

Details concerning this confession were given to the newspapers by the Provincial Police and their publication produced furor in Argentina and demands were made by the newspapers that strenuous action be taken against the agents and against Captain Niebuhr. On December 4, 1942, the results of the investigation of the agents were turned over to a Federal judge in Buenos Aires by the Police Department and on December 7, 1942, indictments were returned against Hans Napp, Ottomar Muller, Walter Friewald, Thilo Martens, Elvasio Ortell, and Lothar von Reichenbach. The indictments charged these men with unfriendly acts to a nation at peace with Argentina. The Federal judge transmitted to the Argentine Department of Foreign Affairs the information concerning Captain Niebuhr and requested that the German Government be asked to release Niebuhr for trial. At a subsequent date the Foreign Office made this request of the German Government, and on December 26, 1942, the German Government acknowledged the request but failed to state whether Captain Niebuhr would waive his diplomatic immunity and stand trial in the Argentine courts. Subsequently, Captain Niebuhr left Argentina under diplomatic immunity for Germany. X u

On one previous occasion the Argentine Government took unwilling action against a German agent. One Walter Giese was identified by SIS representatives as being a principal Nazi agent in Ecuador. Giese sent his reports to the clandestine radio transmitter LYR in Rio de Janeiro. Eventually he was expelled from Ecuador when his operations became known, and in April, 1942, he arrived in Argentina. Giese decided to stay in South America and had a permanent visa for residence in Paraguay, which visa was cancelled as a result of the information concerning him being made available to the Paraguayan Government by the American Ambassador. The information relating to Giese was made available to the Argentine Government through diplomatic channels, and he was immediately interned on his arrival in Argentina. After safe conduct had been obtained from both the American and British Governments, he was repatriated to Germany by the Argentine Government. X u

on a Spanish ship and thus a dangerous Nazi agent was removed from the Western Hemisphere. X u

One of the most important agents discovered in connection with investigations by the SIS of German espionage operations was Freda Von Maltzahn Douglas, alias Countess Douglas. Her husband, Archibald Albrach Douglas, operated as a German agent in the United States and subsequently escaped. Countess Douglas sent messages to Germany through the clandestine German radio FYL located in Santiago, Chile, and it was indicated that she was proceeding to Argentina. Widespread investigations failed to locate her, but in November, 1942, she was located by SIS representatives in Buenos Aires, Argentina. Countess Douglas was employed in Buenos Aires by Richard Plummer, Engineering Director of the Duperil, a subsidiary of the DuPont interest in Buenos Aires. Plummer was also Chairman of the Allied Plant Protection and Anti-Sabotage Committee. Countess Douglas had been acting as his secretary for a period of seven months. Plummer, when informed of her activities, of course, discharged her as an employee, and the proper precautions were taken in connection with the work of his committee. Countess Douglas' activities are being closely surveilled by SIS representatives,

[redacted] for a long period was [redacted] in Buenos Aires, Argentina. He was known to be a German but information detrimental to him had not been obtained by the company. An extensive investigation by [redacted], SIS Agent, established that [redacted] was pro-Nazi, that he distributed Nazi propaganda, and that he was utilizing his position to the detriment of the United States. This information was made available to the headquarters office of [redacted] New York City, and resulted in the immediate discharge of [redacted] although he had been employed by the company for ten years. X u

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SIS representatives in Argentina may also be accredited with obtaining and submitting considerable information about commercial firms which subsequently appeared on the United States Proclaimed List of Certain Blocked Nationals. It may be stated that this information, which was furnished to the proper United States economic authorities, was either responsible or instrumental in placing numerous firms on the Proclaimed List. X u

Other important cases presently pending in Argentina are as follows: X u

#### The Japsa Case

This case involves the most complete Japanese espionage ring that has been uncovered by the Bureau. The members of the ring are using Japanese diplomatic codes and Spanish names and addresses, and are known to be active in Argentina, Brazil, Chile, Colombia, and Bolivia, where all members are presently being actively investigated. Coverage is maintained on the drop boxes, one of which is the former president of Chile; another is a Spanish individual in Buenos Aires who is acting as a double agent for us. Some of the money utilized for the payment of salaries of the agents in Santiago, Chile, has been received from the office of [redacted]

[redacted] X u

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#### The Juan Enriquez Secret Writing Case § u

This case involves investigations of twelve individuals in Argentina, Chile, Bolivia, Uruguay, and Mexico who have been transmitting espionage information for the Germans to a series of related drop boxes in Madrid, Spain. There has been in the letters information obviously obtained from United States publications, and it has been developed that Life Magazine is being forwarded to the Germans by the agents. Thirty-seven letters have been intercepted to date. § u

#### The Buenos Aires Smuggling Ring § u

We have two informants working in a smuggling ring in Buenos Aires involving nine individuals and four firms engaged in the purchase, sale, and smuggling of diamonds, platinum, and other precious metals to the Axis. The material smuggled is obtained from Brazil, Chile, Uruguay, Venezuela, and Nicaragua. One of our informants has been propositioned as to taking a trip to other countries to obtain the metals, and the present investigation involves coverage of the movements of this informant, as well as the various members of the ring. § u

#### The Buenos Aires Stowaway Case § u

In May of 1943, Hans Zweigert arrived in Buenos Aires as a stowaway on board a Spanish steamship proceeding direct from Europe. He was hidden and maintained on board by Javier Azarola, a steward who is a German courier. Both were German agents and they were arrested by Argentine authorities, and there were discovered microfilm codes, large sums of money, and blue prints for constructing a radio transmitter. Zweigert had a Spanish Falange membership certificate bearing a notation that Falange members should furnish him complete cooperation, which is the first positive evidence that the Falange is assisting German espionage agents in Latin America. Extensive investigations are already under way by SIS representatives in connection with the information obtained from these individuals. § u

#### The Spanish Communist Case § u

Two hundred and fifty-two letters, reports, and Communist manifestoes, relating to Spanish Communist intelligence, have been transmitted between Havana, Cuba, Buenos Aires, Argentina, Mexico City, and Dolores Ibarruri in Moscow, Benigno Rodriguez in London, or Jack Strong in New York City. It should be noted that Ibarruri signed the recent manifesto dissolving the Communist Third International. Extensive investigations are under way to ascertain the identities and activities of all of the correspondents who number fifteen in the Western Hemisphere. § u

#### Rosendo Almozara Case § u

Almozara was arrested by Argentine authorities at Buenos Aires when he disembarked from a Spanish boat from Europe. The naval authorities are handling the investigation, but through confidential sources, our SIS § u

representatives ascertained he had in his possession large sums of money, including United States one hundred dollar bills, microfilm, and secret ink. He had considerable evidence concerning German agents in the United States. The SIS representatives are obtaining through the confidential sources the material in his possession upon which investigations will be initiated. S u

[redacted] S u  
[redacted] Buenos Aires, was confidentially contacted prior to his recent departure [redacted]. He had been under investigation as a German espionage agent in connection with [redacted]

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[redacted] in Buenos Aires who is a known German agent, [redacted] furnished considerable information relating to clandestine radios in Buenos Aires upon which investigations have been predicated. [redacted] indicated his willingness to serve as a double agent and to communicate with us [redacted] by radio, and arrangements have been made to meet him in [redacted] where he will be completely interviewed. He has already furnished information relating to German espionage in South America which has been confirmed in part, and investigations are progressing. S u

#### The Willy Felix Secret Writing Case S u

Investigations by the SIS have established that one Angelo Pozzi was a suspect in connection with a secret writing letter signed "Willy Felix" sent to Europe from Rio de Janeiro. After SIS representatives obtained a specimen of his handwriting, comparison in the Laboratory established that he was identical with the writer of the secret letter. Pozzi proceeded to Buenos Aires and attempted to [redacted]

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[redacted]. Investigations are actively being carried on by the SIS, and we have an informant in Santiago, Chile, who has been recruited by Luis Bonassi, a connection of Pozzi and believed head of Italian espionage in Argentina, to assist in the establishment of an Italian espionage organization for Chile. Our informant has been sent to Buenos Aires as a double agent to confer with Bonassi, and coverage is being maintained by the SIS representatives. S u

#### The P. P. Case S u

Investigations are presently being made in Argentina in connection with a series of letters sent to Italy containing data regarding the United States war efforts obviously obtained from newspapers signed "P.P." SIS representatives have established that the writer is Pierro Porro, an Italian businessman, and it has developed that Porro is in contact with other Italian agents. It has recently developed that Porro uses couriers on ships to transmit information, and complete coverage of his activities is being maintained by the SIS. S u

#### The Doll Case S u

This case originated when letters were intercepted going to a drop address in Buenos Aires from the United States signed by various S u

individuals containing open code conveying national defense information. The person receiving the letters was identified by the SIS as Ines Lopez de Molinari, who, although an Argentinean, is closely associated with Japanese interests. Through contacts with a postman in Buenos Aires and other sources, coverage is being maintained on Molinari to secure any other letters and the complete data on her activities. Nearly all of the letters speak of the writer's interest in dolls, and it was discovered in the United States that the person whose name was signed to the letters knew nothing about them. X u

#### The EFE Case X u

An espionage ring, centered in Buenos Aires with representatives in Argentina, Brazil, Colombia, and Cuba, utilizes the Spanish news agency, EFE, as well as the German news agencies, to transmit espionage data to Germany. The ring involves thirty individuals who are under observation by SIS representatives. The investigation of the case also involves the smuggling ring of German nationals in South America who are forwarding strategic war materials to Germany by means of Spanish and Portuguese ships. Several Spanish diplomats are under observation as members of the ring. The investigation presently is pointed toward locating a clandestine radio allegedly used by this group in Buenos Aires. There is a possible connection with the Spanip Case in the United States which is being carefully considered in the investigations by the SIS. X u

#### The Alfageme Case X u

Alfageme, a Spaniard in Buenos Aires, is being investigated as a German agent in charge of a ring smuggling strategic war materials to Europe on Spanish vessels. He is working for the German Embassy and is in contact with forty other individuals in Buenos Aires and Uruguay and on board ships, all of whom are under investigation by SIS representatives. He works in close cooperation with the German drug, banking and manufacturing houses in Argentina, necessitating additional coverage by the SIS. X u

#### Luis Morales Serrano X u

Serrano, another agent taken off a boat in Trinidad as an enemy espionage agent, is using the cover of a Spanish Republican refugee. The information obtained is a basis for investigations in Mexico and Buenos Aires to connect the known contacts of Serrano with the German espionage. X u

#### The Italian Drop Box Case X u

The basis for an Italian espionage ring is two drop boxes, one in Santiago, Chile, and one in Buenos Aires. The holders of these boxes have been identified and their activities have been covered. Coverage is being maintained on the boxes in an effort to completely uncover the ring. The individual in Chile has been contacted by a Spanish diplomatic courier. X u

#### The Paticon Case X u

The questioning of Paticon by SIS representatives, after he was X u



seized in Trinidad as a German espionage agent, produced a confession and revealed a widespread German espionage ring operating in five Latin American countries. Investigations of the individuals in the ring have been instituted, particularly four individuals in four different countries to whom Batillon was to deliver microfilm instructions from Germany. X U

#### Oppenheimer Radio Case X U

Gaston Horst Oppenheimer, a resident of Rosario, Argentina, is being vigorously investigated as it is known he, in the past, had arrangements for obtaining information pertaining to arrivals and departures of Allied vessels and SIS representatives discovered a large radio aerial at his home and a high electrical consumption by him. Coverage is also maintained on his chief assistant, Carlos Brennecke, a Nazi leader, and numerous contacts are being investigated. X U

#### The Thilo Martens Case X U

Thilo Martens, a German businessman in Buenos Aires running a small shipping agency, was officially appointed by the German Government to look after the interests of the Graf Spee sailors interned in Argentina. Martens is actually an Abwehr agent, both for Division One and Two. He was actively connected with a sabotage case in Rio de Janeiro in July, 1942, and has connections in Santiago, Chile, and Montevideo, Uruguay. His office is a center for German espionage and it is necessary for the G-2 to maintain coverage not only on him but on a large number of other individuals, particularly in view of his connection with sabotage. X U

#### The Horsehair Sabotage Case X U

In a shipment of horsehair received from Argentina by Morris D. Nelson, importer in New York, there were contained foreign substances designed to damage machines used for cutting the horsehair. The horsehair was delivered to a factory making brushes for the United States Army. In the bundles of horsehair there were sand and lengths of metal-covered cable which ruined the cutting edges on the machinery cutting the horsehair to the proper lengths of brushes. X U

Intensive investigation is being made in Buenos Aires inasmuch as this may be clever sabotage on the part of Axis agents. X U

In the office of the Legal Attache, American Embassy, Buenos Aires, Argentina, there is maintained a general file for all intelligence matters received and handled by the SIS representatives, the Embassy, and the various attaches, military, naval and commercial. This is known as the Central Information Office. This file or office is under the supervision of the Bureau's Legal Attache and is operated by Bureau clerical employees. They are assisted by four State Department employees. The immediate responsibility for the operation of the filing system rests with the Bureau's Chief Clerk at Buenos Aires. X U



Contributors to the C.I.O. reference file are the Military, Naval, and Commercial Attaches, and the Embassy, as well as the SIS representatives. It is estimated that 80 per cent of the material contributed from this file is from the office of the Legal Attache. X u

The Central Information file is used as a general reference file for intelligence matters for all Embassy agencies. In addition, separate case files are maintained and the office of the Legal Attache undertakes the investigation of all matters properly within its jurisdiction. X u

All cases maintained in the Central Information Office file are available to all sections of the Embassy, including the Military and Naval Attaches. X u

A monograph entitled "Argentina Today" was published in June, 1943. This monograph has 600 pages, a well set up table of contents, and an index of over 5,000 names. There are also forty-one illustrations throughout the monograph, consisting of maps, diagrams, and statistical charts. The monograph specifically depicts the Axis organizations and operations and all connections that have been discovered between Axis firms and the subversive activities. It reflects in an organized form all pertinent information regarding subversive activities in Argentina. It was furnished to all governmental agencies having an interest in it, including the office of the president. X u

#### BERMUDA X u

At the present time there is assigned to Bermuda one SIS representative in the capacity of liaison representative of the Bureau. This liaison assignment has resulted in closer cooperation between the Bureau and British representatives in Bermuda. This SIS representative has been giving particular attention to censorship activities, and his familiarity with subjects of Bureau investigations provides an opportunity for closer coverage of communications of interest which may be intercepted in Bermuda. Information obtained from this source is immediately transmitted to the Bureau for appropriate action. Investigation in the Cleg Case was materially advanced when the SIS representative personally intercepted a west-bound dot message to Mexico. Other important secret messages have also been detected by him. X u

#### BOLIVIA X u

During the past fiscal year, FBI personnel assigned to Bolivia has been increased to such a degree that coverage appears to be assured in all phases of investigative activity and in all cities of importance within the country. At the beginning of the fiscal year there were only two agents assigned to the Embassy in La Paz as Legal Attaches and three as undercover operators in the country, whereas at the present time there are seven FBI agents attached to the Embassy, three plant protection technicians attached to the Bolivian Government but operating from the Legal Attache's Office. X u

and three FBI clerks. In the Consulate at Cochabamba there are two FBI agents assigned as Assistants to the Consul and one clerk. Undercover coverage has also been materially increased to such an extent that by maintaining several agents in constant travel status throughout the country an adequate and complete picture is obtained of Axis activities of a subversive nature as well as political, economic, social, and other information pertinent to the war effort. X u

Informant coverage has been so increased that FBI representatives in Bolivia have developed and are using forty-eight confidential informants and 108 contacts throughout the fields of government, police, Free-Allied organizations, private business, the various nationalistic political parties, some of which are accused of being totalitarian in tendencies, the Nazi Party, the Italian Fascist Party, and the Spanish Falange. X u

b7C

A very satisfactory liaison has been established with the [redacted] and with the Departmental and Municipal Police Departments in La Paz, Oruro, Potosi and Cochabamba, which make it possible for FBI representatives to obtain any and all information from police files, desirable data regarding movements of Axis nationals, and related information. X u

Following the increase of personnel assigned to the Legal Attache's office in the Embassy at La Paz, it became possible to institute a complete reorganization of the filing system; consequently, the files of the Legal Attache's office are now set up on the basis of the system utilized at the Seat of Government, and a complete card index is maintained regarding all names reported to or investigated by the office. The Legal Attache's office has also been entrusted with coordinating all intelligence information received in the Embassy and receives such information from the Military Attache, the Embassy and any other governmental agency which comes in the possession of such information. This information is recorded on 8" x 10" cards which are filed alphabetically, and this file constitutes a central intelligence file on all names which come to the attention of the United States Government agencies and is, of course, available to designated representatives of each governmental department in the Embassy. X u

On the basis of a review of information contained in the central intelligence file set up by the FBI Attaches in La Paz, a representative of the Enemy Alien Control Unit with the Department of Justice determined that there existed sufficient information regarding 152 Axis nationals to warrant their internment in the United States in the event it became possible to obtain their expulsion from Bolivia. Through contacts with police officials and [redacted] Ministry of Government, the office of the Legal Attache has obtained full assurance of unstinted cooperation in connection with a deportation program, and it is considered probable that a comprehensive project of this type be carried out in the future in the event President Enrique Peralta and certain of his Ministers can be persuaded by the Ambassador to approve the project. X u

b7C

While certain technical and political difficulties were encountered in bringing about the installation of an FBI radio transmitting and receiving X u

set into the Embassy in La Paz, and for a time it appeared that it would be necessary to install the equipment in the home of the Legal Attache, rental of a new building which will be completely occupied by the Embassy and the attached United States Government agencies has largely alleviated these difficulties. The radio equipment has now arrived in La Paz and it is expected that it will be installed and in operation within a very short time. X u

A comprehensive survey of installations and facilities in Bolivia producing strategic war materials has been completed during the past year by the three FBI plant protection technicians who were attached to the Bolivian Government in an advisory capacity. This commission completed surveys and prepared detailed reports and letters of recommendation regarding all important mines in the entire country, as well as their adjacent power and transportation facilities. Subsequent to delivering the letters recommending protection measures, members of the mines recontacted their respective managers and revisited the areas involved in order to determine the manner in which recommendations were being placed in effect and in order to be of possible assistance to the management in carrying out these recommendations. X u

During the course of the year FBI representatives were largely responsible for the arrest, expulsion from Bolivia and internment within the United States of Dr. Hans Werner Kempki, Nazi propaganda agent who had entered Bolivia as an expert on tropical diseases and had dedicated himself to Nazi organizational and propaganda activities in the country. X u

Within recent months the FBI representative in Bolivia furnished information to the National Police Director which caused him to order the arrest and detainment of Otto Vogt von Sickengen, who has been the subject of a Bureau investigation in the United States. He was expelled from Brazil because of his Nazi propaganda activities and on the suspicion that he was furnishing supplies to German submarines at the mouth of the Amazon and had been in relative seclusion in the interior of Bolivia for almost two years. Von Sickengen is presently incarcerated in La Paz and arrangements are being made to effect his expulsion from the country as quickly as possible; however, it is hoped that a more comprehensive deportation program may be effected so as to include a number of prominent Nazis other than Von Sickengen. X u

Of great concern to the Bolivian Government and consequently to our own government have been the frequent rumors and reports to the effect that Major Elias Belmonte Fabon, former Bolivian Military Attache to Germany and the alleged author of the famous "Belmonte Letter" to the ex-German Minister to Bolivia, Ernest Wendler, conspiring to overthrow the government, and set up a Nazi regime in Bolivia, was planning to return to Bolivia from Europe for the purpose of organizing a revolution against the government of General Enrique Penaranda, which is extremely pro-United States and pro-Ally. X u

The office of the Legal Attache in Bolivia investigated these rumors in collaboration with the Legal Attache's office in Buenos Aires, Argentina, and it was satisfactorily determined that Belmonte had not travelled to the American continent and was necessarily in Europe at the time he was reported to be in Buenos Aires, Argentina. Subsequent reports from Lisbon have confirmed this information. X u

BRAZIL *SN*

During the past year SIS personnel in Brazil has increased from twelve to fifty-one. As of July 1, 1942, there were two agents assigned to the American Embassy in Rio de Janeiro and ten men were serving in an undercover capacity in the country whereas at the present time nineteen representatives are assigned to the Embassy and various Consulates and twenty-four agents are working under cover. In addition two radio operators and six clerical employees are assigned to the Embassy at Rio. *SN*

Since July 1, 1942, SIS representatives have been placed in every one of the thirteen American Consulates in Brazil which are located in the following cities: Belem, Belo Horizonte, Corumba, Curitiba, Fortaleza, Manaus, Natal, Porto Alegre, Recife, Santos, Sao Paulo, and Victoria. Most of these Consulates are situated along the eastern sea coast of Brazil, which is the most strategic section of the country insofar as intelligence activities are concerned. Manaus, however, is approximately 1,000 miles from the mouth of the Amazon River in the interior of Brazil and Corumba is located on the western border near the neighboring countries of Bolivia and Paraguay. *SN*

A number of the undercover agents in Brazil have covers which are particularly adapted to travel and this enables them to conduct investigations and secure and develop information of interest to the Bureau in the most inaccessible regions. The increase in the number of agents assigned to Brazil has resulted in a corresponding increase in direct coverage of intelligence activities and the development of confidential informants and sources of information. Numerous contacts have been made with local police departments, governmental bureaus and agencies, private individuals, and employees of commercial and industrial organizations through which confidential records and information of interest and value to the Bureau are made available. *SN*

In practically all of the areas in which SIS representatives are operating satisfactory liaison has been established with the police departments, and these law enforcement agencies are cooperating to a high degree in the reporting of information and the conducting of requested investigation and surveillances. The Rio de Janeiro and Sao Paulo Police Departments have requested the Bureau to have Bureau agents work in collaboration with their respective organizations and recently arrangements were completed to assign an agent to these law enforcement agencies. These men will work with the Rio and Sao Paulo Police Departments and they will engage in police liaison activities. *SN*

A 285 page monograph entitled "Totalitarian Activities Brazil .... Today" was compiled from information appearing in the Bureau files and records and it was published in December, 1942. Copies of this publication were distributed to the President, numerous governmental agencies, and the British Intelligence authorities, and it was very favorably received. *SN*

In July, 1942, a Bureau operated radio transmitting station was installed in Rio de Janeiro. The installation of this equipment has enabled *SN*

the Bureau to maintain daily contact with and to closely supervise and direct the activities of the Rio office. Messages can now be transmitted by radio between Washington and Rio much more expeditiously and safely than by cable, the method of transmission which was previously utilized. This system of radio communication has been of great assistance in the handling of intelligence activities as it permits the Bureau to keep in close contact with all important events and developments that occur in Brazil. Radio receiving and monitoring equipment which is also under the supervision of the Federal Bureau of Investigation has been used to monitor radio transmitting stations which are suspected of operating in a clandestine manner. An agent has been in Rio de Janeiro and Sao Paulo, Brazil, on special assignment since February, 1942, where he has been collaborating with the Rio de Janeiro and Sao Paulo Police Departments and British Intelligence in questioning and obtaining statements from subjects of the German clandestine radio station case. Approximately thirty of these individuals have already been tried and sentenced and some seventy have been apprehended and are presently awaiting trial. The information which lead to the apprehension of these subjects was developed and submitted to Brazilian authorities by SIS representatives. X u

An important development resulting from the work of SIS relates to the prosecution of Nazi spies under Brazilian law. The activity of the German espionage agents took place when Brazil was not at war and there was no Brazilian law in effect under which they could be prosecuted. Moreover the Brazilian constitution included an article expressly prohibiting the enactment of retroactive laws. Immediately after these arrests the Berlin radio began to attack Brazil in its broadcasts and to threaten reprisals. These threats ultimately were carried out by the sinking of five Brazilian ships by German submarines, news of which was made public by the Brazilian Government on August 18, 1942. On August 22, 1942, a state of war was declared to exist. The Government's first step after the declaration of war was to revoke the article referred to above, and its second was to publish a decree on October 1, 1942, designating crimes and offenses against the national security. The decree was made retroactive to the severance of relations with Germany, Italy, and Japan. Under this decree convictions have been obtained and sentences passed on a number of the members of the espionage group. Twenty-six convictions have been obtained and sixty-four persons are under indictment awaiting trial. X u

#### CHILE X u

At the beginning of the 1942-43 fiscal year there were thirteen agents, two special employees, and one stenographer assigned to duty in the Republic of Chile. There are now thirty-eight agents, eleven clerical employees, three radio operators, and one translator in that country as well as a special employee who travels exclusively in Southern Chile. Bureau representatives have been placed in all American Consulates of Chile from Arica in the northern most part to Punta Arenas in the extreme south. This arrangement has allowed much more extensive and expeditious coverage of Chile's 2,900 miles of coastline with its varying climates and geographical peculiarities. X u

The increased personnel in Chile has necessitated an expansion in space from two offices and a code room in Santiago during 1942 to ten offices, including a modern photographic laboratory, a radio room, and quarters for the Embassy Coordination Office at the present time. SIS personnel in the American Consulate at Valparaiso utilize six offices, including a well equipped photographic dark room while representatives at the other Consular offices are assigned varying amounts of space as necessary in their work. *SN*

In April of 1943, the SIS Legal Attache in Chile was given complete control over the Embassy Coordination Office (ECO), thus making his office the central clearance unit for all intelligence information received at the American Embassy. This has greatly increased the work and responsibility of the SIS in Chile but has made possible a greater correlation of activity among the American Intelligence agencies operating there. *SN*

During the current year arrangements were perfected for complete coverage of all major hotels, transportation agencies, and mail and cable facilities throughout Chile. This has resulted in the ability to ascertain and observe more accurately the activities of Axis suspects in that country. Through close liaison with the Chilean Investigaciones or Local Police and the Carabineros or Military Police, the results of their investigations are made currently available to the Bureau. Efforts are now being made through these organizations to control all international travel via Trans-Andean passes inasmuch as it has been established that little used and loosely controlled passes have been used by German espionage suspects to travel between Chile and Peru and Argentina without being observed. These agencies have been of material assistance in the conducting of surveillances and in exercising duties for which agents could not well be utilized. In addition, they have furnished identifying data concerning important suspects from applications for official carnets which are necessary for any individual residing in that country. Through the International Police of Chile which is in charge of frontier and port matters, information is readily available regarding shipping, passenger and crew lists, and travel activities of important suspects. *SN*

Informant coverage has been extended among the leading figures in the anti-Axis groups such as the Fighting French, the Free Germans, etc. For several months the Spanish Republican organization has furnished complete information regarding the activities of the Spanish Consulate in Valparaiso and to a lesser extent in the Spanish Embassy in Santiago. Valuable information regarding the movement of Axis funds has been made available through contacts in banking circles. Reliable sources close to the Japanese, German, and Italian Embassies have continued to be effective since the break in relations between Chile and the Axis on January 20, 1943, inasmuch as these groups have remained active in Chile even after officially closed. Through these sources much detailed information regarding the activities and membership of the NSDAP in Chile has been developed. *SN*

This knowledge of Axis activities in Chile was furnished to Chilean authorities through diplomatic channels when that country severed relations with the Axis on January 20, 1943, and was of assistance in securing decrees *SN*



relegating some 242 Axis nationals to enforced residence in non-strategic areas. Shortly thereafter a list of emergency zones was established in Chile into which areas Axis nationals were not permitted to travel without express authority. Information is now being furnished the Chilean Government regarding a large number of persons who have requested repatriation to Germany, Italy, and Japan. *Su*

In March of 1943, a monograph of 315 pages was issued reflecting information extracted from the files of the SIS Division regarding totalitarian activities in the Republic of Chile. The monograph was distributed to the President and interested governmental agencies which have reported that it has been of considerable value to them. *Su*

On June 30, 1942, a comprehensive memorandum regarding German espionage activities centering around the clandestine German radio station PYL in Valparaiso, Chile, was presented to Chilean officials through diplomatic channels. As a result of this memorandum the Chilean Government arrested the principal members of this group on October 23, 1942, and is presently conducting investigations toward the location of two fugitive members of that group. Others have been interned in the smaller towns in Chile. Through their communications with headquarters in Germany by means of radio station PYL the identities of the members of the German sabotage ring headquartered in Santiago, Chile, were established and the leaders apprehended. Two members of this ring continue under observation of the SIS in Colombia and extensive coverage is being maintained to detect the possible entry of another recently trained group of saboteurs from Germany into Latin America. Countess Freda Douglas, wife of the German agent Archibald Albrecht Douglas, is presently under observation in Chile and Argentine inasmuch as she utilized the facilities of station PYL for communicating with Germany and has been established as the author of several anonymous letters taken from German agents proceeding to Hungary. It is believed that considerable valuable information may be obtained from her. *Su*

One of the most important investigations presently being conducted in Chile involves the most complete Japanese espionage ring ever to be uncovered by the Bureau. Their members use Japanese diplomatic codes and Spanish names and addresses and are active in several Latin American countries, including Chile. Intensive investigation is also being conducted regarding the Chilean aspects of the German espionage ring of George Nicolaus in Mexico which has forwarded information to Germany by means of microscopic dots. Several individuals are under observation in connection with the transmission of espionage information to a number of related drop boxes in Spain intended ultimately for Germany. The smuggling of strategic metals, diamonds, etc. from Buenos Aires, Argentina, to the Axis is receiving attention inasmuch as much of this material has originated in Chile. *Su*

Excellent information has been developed in Chile concerning the smuggling of platinum from New York to Germany via Colombia and Chile and certain principals in this case are presently facing Federal prosecution in New York, principally on the basis of the evidence obtained in South America. *Su*

In a case involving secret writing letters from Brazil to Europe by Angelo Possi, an informant of the SIS in Chile has been approached by Luis Bonassi, alleged leader of Italian espionage in Argentina and contact of Possi, for the purpose of assisting in the establishment of an Italian espionage organization in Chile. Constant coverage is being maintained by our representative regarding this effort. An additional informant of our Chilean representative has been recruited by the officials of the German Embassy to enter the United States as a double agent and supply espionage information to Germany. The informant has revealed these plans to the SIS and arrangements are being made to continue his contacts with the German officials. X u

Anna Bradenkamp Hellemann, together with her husband and several other individuals in Chile, is engaged in gathering information for the German Espionage Service. She receives code messages in Santiago from other points in Chile and obtains United States publications through drop boxes. She formerly communicated through the German Embassy and investigations are pointed to discovering her present means of communication to Germany. The holder of a drop box in Chile connected with an Italian espionage ring also operating in Buenos Aires, Argentina, has been identified and coverage is being maintained in an effort to completely uncover the ring. The individual in Chile has been recently contacted by Spanish diplomatic courier. X u

Another matter of considerable importance is the investigation of the Chilean contacts of Thilo Martens, a German Abwehr agent operating as a businessman in Argentina, who was involved in a case of sabotage in Brazil in July, 1942. In view of his connection with sabotage, together with the fact that his office is the center for German espionage, close coverage must be maintained over his frequent contacts. X u

#### COLOMBIA X u

The past fiscal year as regards the Republic of Colombia has seen a rapid growth in SIS operations and a considerable augmentation of personnel with the result that a highly effective organization obtaining coverage on all phases of intelligence activity has been established. Within the past year, SIS representatives have been placed in all the American Consulates in Colombia, namely, Barranquilla, Bucaramanga, Medellin, Cali and Cartagena. These representatives have the title of Assistants to the Consul. Likewise the number of agents operating at the American Embassy at Bogota as Legal Attache and Assistant Legal Attaches has been materially increased. There has also been an increase in the number of undercover representatives. By virtue of its Embassy and Consular representation, SIS operation has taken on a facility for investigative activity not entirely enjoyed during the previous year. At the present time, there are stationed in Colombia nineteen Special Agents, eleven of whom are assigned either to the American Embassy or the various Consulates, and eight are stationed in Colombia as undercover representatives. The remaining personnel consists of six clerks and two radio operators. X u



During the past year, an excellent liaison has been developed with the Colombian National Police and the various local police agencies. Recently at the request of the Colombian Government, arrangements were concluded for the assignment of two Bureau Agents to function as instructors for a period of one year with the Colombian National Police. One Agent has already been sent on this assignment, from which it is hoped to further enlarge upon the liaison with the Colombian Police officials and to develop a better and more complete spirit of cooperation between SIS representatives and the police throughout Colombia. X u

The informant coverage in Colombia has been enlarged to the point where the most discreet and difficult types of investigative activity and technique can be utilized. Many anti-Nazi organizations and free groups have been utilized to a great advantage by SIS representatives in the obtaining of intelligence information. The coverage presently enjoyed in Colombia is of an excellent nature and the Bureau has been most satisfactorily informed on all types of intelligence activity. X u

A number of important espionage cases have been developed within the past year and in several instances the activity of SIS representatives has been instrumental in bringing these cases to a satisfactory culmination. Within the past few months the Colombian Government has taken action against three known espionage agents and although this action on the part of the Colombian Government has not been all that was to be desired, it did eventually result in placing two of these agents in our hands. X u

#### The Heriberto Schwartzau Eskildsen Case X u

The principal case involved Heriberto Schwartzau Eskildsen, Nazi trained espionage agent who operated not only in Colombia but also in Brazil, Venezuela, Argentina, Chile and Ecuador. Through SIS representatives, the Bureau was aware of Schwartzau's identity as Enrique who was frequently mentioned in connection with PYL, the clandestine radio station operating in Valparaiso, Chile, for the better part of one year. Late in 1942 the information developed concerning Schwartzau was furnished the Colombian Government which caused his apprehension. After a lapse of several months, the Colombian Government decided to turn Schwartzau over to United States authorities and he is presently in custody in the United States. The hesitant action on the part of the Colombian Government in turning Schwartzau over to the United States was due primarily to the alleged dual citizenship of Schwartzau, who, although born in Colombia, travelled on both German and Colombian passports. It was also due to some extent to the international situation inasmuch as Colombia has not declared war and some of the Colombian diplomats stationed in Europe were still in Europe and more or less at the "mercy of the Germans." The investigation of Schwartzau by SIS representatives which reached a number of countries in all parts of the world disproved Schwartzau's contention that he was a Colombian citizen. X u

#### The Max Vogel Case X u

Max Vogel, a German national who resided in Colombia, was found X u

through SIS operations to be an intermediary for espionage information coming from George Nicolaus, chief espionage agent in Mexico. Vogel was taken into custody by the Colombian Police and later on the Colombian authorities agreed to turn him over to the United States. He may possibly be prosecuted on an espionage conspiracy charge and in any event he will make an excellent witness at the espionage trial of subjects connected with the Clog Case. X U

#### The Hans Joachim Harders Case X U

Hans Joachim Harders, a naturalized Colombian citizen, has also been identified by SIS representatives as a Nazi espionage agent operating in Colombia. He was taken into custody by the Colombian Police but was subsequently released because of his Colombian citizenship. His case has been given preferred attention and efforts are being made to bring the Harders Case to a conclusion satisfactory to the United States. X U

#### The Hermann Heinrich Rullhusen Case X U

Another important espionage case involves Hermann Heinrich Rullhusen. The investigation of Rullhusen was predicated on the interception of anonymous secret writing communications to Germany from Colombia and led to the identification of the writer as Rullhusen. He is presently located on an isolated farm outside Bogota, Colombia, where he is being kept under a close surveillance. The investigation of Rullhusen developed information on Ludwig Bischoff, Fresno, California, who received \$50,000 from the same individual who recruited Rullhusen for the Germans and who has acted as an intermediary for mail from Rullhusen to a German box in Lisbon, Portugal. The investigation has further developed that Rullhusen operated a radio transmitter in Colombia although at the present time he has abandoned use of the transmitter which he has placed in the hands of a friend not yet identified. X U

#### The Walter Stubbs Case X U

Another very important espionage case very recently initiated by SIS representatives in Colombia involved Walter Stubbs. Stubbs has been positively identified as an important link in the German espionage system. One of his brothers is head of a German espionage recruiting system in Spain and another brother allegedly handles financial matters in connection with espionage recruiting. A third brother is also in Colombia. Stubbs is continuously under surveillance by SIS representatives and his communications are being covered. The investigation is proceeding with the idea of identifying his various contacts in view of his important position in the German espionage system. X U

#### The Theodor C. Barth Case X U

It should also be noted that during the past year SIS representatives have actively investigated many cases involving the smuggling of platinum from Colombia. Inasmuch as Colombia is the world's second largest producer of platinum, a large contraband traffic of platinum is in existence and X U

Axis agents have been active in procuring this strategic mineral for the use of the Axis war machines. Theodor C. Barth, a German national residing in Colombia, was the chief buyer of the platinum prior to the time Colombia broke off diplomatic relations. Barth is still reliably reported to be engaged in contraband platinum buying and at present widespread investigations are being conducted to establish his clandestine activities in regard to smuggling. Recent developments have connected Barth with Dr. Ferdinand Kertess of New York who was recently convicted for violation of the Neutrality Laws. The investigation of Barth has developed considerable information of value to assist in the successful prosecution of Kertess in the United States. X u

SIS representatives have, during the past fiscal year, actively investigated innumerable cases involving violations of the United States Proclaimed List of Certain Blocked Nationals as well as propaganda and subversive activities. Through the American Embassy this information has been given to the Colombia officials for appropriate action with the result that the more dangerous Axis have been removed from the coastal areas of Colombia where they will be in a less favorable position to do harm to the Allied War effort. SIS representatives have maintained a high standard of work in Colombia, and relations with the Colombian officials and with the various American and Allied intelligence agencies have been of a high type. The accomplishments and operations of the SIS in Colombia have been a creditable addition to the Bureau's work. X u

#### COSTA RICA X u

SIS coverage in Costa Rica has increased tremendously during the past year and now consists of the following: Three attaches in the Embassy at San Jose; one attache each in the Consulates at Limon and Puntarenas; three representatives who operate under cover; two radio operators; and a stenographer and a clerk attached to the Embassy in San Jose. X u

The five attaches and the three undercover representatives have all obtained and developed their own sources of information, contacts, and confidential informants with the result that excellent and comprehensive coverage has been established for information of all types. X u

Undoubtedly, information originally furnished by SIS representatives has been of considerable importance in the deportations of Axis nationals during the past year and the operation (deletions and additions) of the United States Proclaimed List of Certain Blocked Nationals. X u

The office of the Legal Attache, through its contacts with the local Consulates and the various air lines operating in Costa Rica to the United States, obtains information as to all travellers to the United States, and such information is transmitted to the Bureau. This permits the Bureau or other agencies to interview and question anyone arriving in the United States, if such is necessary. X u

Bureau representatives are provided with all censorship material on mail, cable, and radio traffic entering or leaving the Republic, and they have access to the results of monitoring of the radio telephone messages to and from Costa Rica. X u

The office of the Legal Attache also is in a position to place mail covers on any given subject or address. This is in addition, of course, to the censorship material referred to above. X u

One source of information is able to advise concerning activities in the [redacted] This is of extreme importance concerning political, economic, and financial considerations. X u b7D

Very cordial relations are maintained by SI personnel with other United States Government agencies and there is close cooperation between the offices of the Legal, Military, and Assistant Naval Attaches. The office of the Legal Attache acts as the coordinator of all information emanating from intelligence agencies in the American Embassy. In addition, the office of the Legal Attache has access to the records and cooperates closely with the District Intelligence Officer, Fifteenth Naval District (located in Panama). X u

Close cooperation is also had with the local representative of the British Intelligence, and he has been instrumental in furnishing the office of the Legal Attache many valuable leads. X u

Through its contacts with the employees of the Department of Public Security, the office of the Legal Attache has access to the files and records compiled by the Costa Rican Government. In this connection, SI representatives have been able to obtain and furnish photographic copies of practically all cedulas of foreigners residing in Costa Rica. X u

There has recently been established a radio transmitting and receiving set in the Embassy in San Jose which is used to furnish and receive information directly to and from the Bureau in lieu of cablegram and radio-gram messages heretofore used. X u

One of the works of the office of the Legal Attache is to compile a complete card index on all persons entering or leaving Costa Rica via airplane. As a result of this work, the office of the Legal Attache is in a position to ascertain the possibilities of persons, who travel extensively, being engaged as couriers. X u

CUBA X U

Investigations within the Bureau frequently require coverage in Cuba in view of the proximity of the island to the United States, and for this reason SIS representatives in Cuba are frequently assigned matters to be handled as a part of SIS operations in Cuba. X U

SIS representatives in Cuba enjoy a close relationship with the Cuban National Police and other departments of the Cuban Government, thereby facilitating greatly the work of the Bureau in that country. During the past year one SIS representative has been awarded a formal decoration by the Cuban Government for meritorious activities on the part of this Special Agent in connection with his contacts with the Cuban Government. X U

SIS Personnel in Cuba X U

As of June, 1943, a total of twenty-nine SIS employees are assigned to Cuba. Of this number, nineteen Bureau representatives are engaged in investigative work, and ten employees are assigned to clerical, stenographic, and similar duties. X U

A Bureau Legal Attache and eleven other SIS representatives are assigned to the American Embassy at Havana, Cuba. Five SIS representatives, including one Special Employee, are assigned to Cuba in an undercover investigative capacity. X U

One SIS representative is assigned as Assistant to the American Consul at Santiago de Cuba, Cuba, and there is an SIS representative serving as Assistant to the American Consul at Camaguey, Cuba. X U

Radio Communication with Havana X U

The installation of a Bureau radio was commenced on September 7, 1942, in Havana, Cuba, by SIS employees, and the first contact was made with the Bureau station in Washington, D. C., on September 23, 1942. The Bureau radio in Havana is in daily contact with FBI headquarters on a regular schedule and is available twenty-four hours a day for the purpose of making emergency contacts. X U

With the installation of the Bureau radio in Havana, there has resulted more immediate and closer supervision of the important SIS operations in Cuba. X U

Jose Francisco Javier Pacheco y Cusato XN

This individual was born at Havana, Cuba, in 1902, the son of a cigar maker. After working in his father's cigar factory for a time, Pacheco entered the theatrical profession and took up dancing as his life's work. Pacheco and his dancing partner fulfilled a number of professional dancing engagements in Europe until March, 1942, at which time Pacheco was placed in an internment camp in Belgium. Upon his release from the internment camp, Pacheco went to Belgium where he was recruited by the Germans to serve as a German espionage agent in Cuba. Following a period of instruction in espionage technique, Pacheco departed for Cuba from Vigo, Spain, on February 12, 1943, but was taken off the boat by Security Officers at Trinidad, British West Indies. When subsequently interviewed at length by SIS representatives, Pacheco not only admitted his intention to perform espionage activities but gave complete and valuable information concerning the German method of recruiting and training espionage agents for the Western Hemisphere, and furnished SIS representatives with information of value concerning the activities of enemy espionage agents in the Western Hemisphere. XN

Heinz August Luning XN

Heinz August Luning, a German national, attended an espionage school in Hamburg, Germany, in 1941, at which time he studied methods of construction and operation of a radio transmitter and obtained information as to the use of secret inks. Luning was sent to Cuba by the German high command traveling on a false Honduran passport. Luning arrived in Havana, Cuba, on September 29, 1941, and thereafter became engaged in espionage activities until his arrest by the Cuban police on August 21, 1942, after intensive investigation by SIS representatives. Luning was brought to trial by the Cuban Government on a charge of espionage, was sentenced to death, and was executed on November 10, 1942, thus earning the dubious distinction of being the first Axis espionage agent to be executed in the Western Hemisphere during the current war. XN

The Spanish Communist Case XN

There is presently under investigation by SIS representatives a case involving Communist correspondents in the Western Hemisphere who have been transmitting letters, reports, and Communist manifestoes between Havana, Cuba; Buenos Aires, Argentina; Mexico City, Mexico; Moscow, Russia; London, England; and New York City. The center of operations appears to be Havana, Cuba, with sub-centers in Buenos Aires and Mexico City, and the subjects of the investigation are known to have contacts in the United States, England, and Russia. The activities of this group of individuals consist of a system of reporting in the Western Hemisphere, the subject matter of the reports being general conditions in Spain. XN

A number of manifestoes from the Central Committee of the Communist Party of Spain have been sent from Havana, Cuba, and from Mexico to a contact in New York City, and also to an address in Switzerland. *XU*

The reports emanating from Havana, Cuba, appear to be based on interviews with individuals who have recently arrived in Cuba from Spain. The interviews apparently follow a set pattern and inquiries made are usually concerned with the economic conditions in Spain, the political situation, the Spain Blue Legion, the movement of food from Spain to the Axis Powers, the presence of Germans in Spain, war production destined to Germany from Spain, opposition to Franco in Spain, and the existence of any organized underground movements in that country. *XU*

Linked with the center of operations in Havana, Cuba, is a sub-center of Spanish Communists reporting in Buenos Aires, Argentina, where the information is gathered from news clippings, from travelers arriving from Spain, and from numerous sailors of all political opinions. *XU*

Also connected with the Havana center of operations is a sub-center located in Mexico where it is believed that Spanish Communist reports are prepared and sent on to various destinations in the forms of manifestoes. It is also indicated that the Mexico sub-center has received complete sets of reports emanating from Havana, Cuba. *XU*

It has been ascertained that individuals involved in this Spanish Communist system of reporting have been utilizing secret writing methods in their correspondence. SIS representatives are continuing investigations to identify all individuals participating in this activity, and it has been ascertained that a total of 252 letters, reports, and Communist manifestoes relating to conditions in Spain have been transmitted by the individuals involved. *XU*

#### The Osawa Japanese Espionage Case *XU*

George Yukichi Osawa, a United States-born Japanese national, has been imprisoned in Havana, Cuba. Osawa has made admissions to SIS representatives concerning his recruitment by the Japanese Government to work as a Japanese agent in the United States and Latin America, and Osawa has furnished information concerning the trip made to Japan several years ago for the purpose of ascertaining the extent of his duties to be performed on behalf of the Japanese Government. Names of various individuals in the United States and in Latin America have been obtained from Osawa and current investigations are continuing to ascertain the extent of espionage activities being carried on by these individuals. *XU*

### Travelers to the United States from Cuba

SIS representatives in Cuba have perfected an arrangement whereby they are currently informed concerning the departures of individuals for the United States and reports are immediately forwarded to the Bureau in order that appropriate coverage may be arranged in connection with the arrivals of these individuals in the United States.

### Alien Enemy Internment Program

The Joint Cuba-United States Internment Program, which was inaugurated in November, 1942, has now been practically completed. Apprehensions of dangerous Axis nationals in Cuba have been made by the Cuban Police since February, 1943. The program resulted in the internment of 346 Japanese and 162 non-Japanese, and of the latter group, the overwhelming proportion were German nationals. This program has been carried out upon the basis of information obtained by SIS representatives in Cuba who have made available summaries of information concerning Axis nationals for the use of the American Embassy. It is to be noted that throughout the entire internment program, the SIS representatives have strictly limited their participation to the gathering of information concerning suspected Axis nationals, the information obtained then being turned over to the American Embassy for appropriate presentation to the Cuban Government.

### Restrictions on Intelligence Activities in Cuba

Since December 2, 1942, the American Ambassador at Havana, Cuba, has issued various directives which have had as their purpose the restricting of intelligence activities by the investigative agencies represented at the Embassy.

The directives issued by the Ambassador dealt with clearance of intelligence reports through the Embassy, required disclosure of confidential informants, and among other things required clearance through the Ambassador of proposed contacts with the Cuban Government.

With respect to those directives which include the Bureau Legal Attache in their operation and effect, the Ambassador has repeatedly declared to the Bureau Legal Attache and to the Department of State that the directives were designed solely to restrict the subversive activity investigations of the Military and Naval Attaches. The Ambassador based his action in restricting intelligence activities at the Embassy upon various incidents wherein it was shown that the Military and Naval Attaches had employed confidential informants in Cuba who furnished inaccurate and totally unreliable information. On several occasions the Ambassador has praised very highly the work of the Bureau's



SIS representatives in Cuba and the Ambassador has stated that the FBI is the only agency in Cuba in which he has any confidence whatsoever with regard to investigation of subversive activities. In fact, the Ambassador advised the Bureau Legal Attaches that he desires to eliminate the Military and Naval Attaches from the field of subversive activity investigations and desires to restrict these agencies in Cuba to investigative activity relating strictly to Military and Naval matters. § 7

Conferences held in Washington, D. C., during May, 1943, between the FBI, CMI, and MID resulted in a decision to suggest that the American Ambassador in Havana withdraw his previous directives requiring disclosure of the identities of confidential informants employed by the various intelligence agencies at the Embassy. A further suggestion was made that the Attaches in all missions and Consulates inaugurate a policy of daily conferences in order to effect closer liaison and freer exchange of information. It is expected that the State Department will notify its various representatives concerning the various functions of the Military, Naval, and FBI representatives in the Embassy and Consulates and a policy will be followed whereby disclosure of confidential informants in the employ of the various Attaches will be made only in emergency situations on request of the Ambassador or Minister. § 7

The above-mentioned directives of the American Ambassador at Havana, Cuba, of course, resulted in no disclosure of the identities of undercover SIS representatives assigned to that country. § 7

## DOMINICAN REPUBLIC X U

Until recently, SIS personnel in the Dominican Republic was limited to the Bureau Legal Attache assigned to the American Embassy at Ciudad Trujillo. At the present time the SIS Division is represented in the Dominican Republic by a Bureau Legal Attache and an Assistant Legal Attache and one undercover representative. There are also assigned to the Embassy a radio operator and a clerk. X U

A Bureau radio has been installed in Ciudad Trujillo, Dominican Republic, and is being operated by SIS representatives. Regular twice-daily schedules of communication with the Bureau were established on March 9, 1943. X U

### Spanish Activities X U

SIS representatives in the Dominican Republic are closely following at the present time the activities of numerous Spanish refugees who have taken up temporary residence in the Republic, with a view to ascertaining the extent of Communist activity reportedly being carried on by these individuals. X U

The activities of the Spanish Minister to the Dominican Republic, Acil y Marin, are being checked by SIS representatives with a view to ascertaining the extent of the Spanish Minister's reported activities in furthering the interests of Franco Spain among Spanish individuals in the Dominican Republic. X U

### Internal Political Trends X U

Despite the rigid censorship measures imposed by the Government of the Dominican Republic, and despite the apparent interest of the Dominican Government in the activities of Americans in the Republic, informant coverage is being extended by SIS representatives with a view to keeping close check on the political trends within the Dominican Republic. In this connection, numerous reports have been received concerning the alleged pro-Axis leanings of President Trujillo. X U

### German Propaganda Activities X U

Recently, there have appeared in various places in the Dominican Republic a series of German propaganda bulletins containing pro-Axis and anti-Allied material. X U

It is believed that with the deportation of some 300 German, Italian and Japanese nationals from the country during last spring, the leading Axis figures and those deemed dangerous to the welfare of the United Nations' war effort were removed. Immediately following the deportations, intensive investigations were continued on those Axis individuals suspected to the posts left vacant by the deportees. As a result of the information developed on these remaining individuals, the Ecuadorian Government ordered and effected the removal of numerous Axis nationals from coastal areas to inland points. Most of these individuals are presently located in the vicinity of Cuenca, where their activities are greatly restricted and where it is believed their presence will be harmless. With the increased population of Axis nationals in Cuenca, more adequate coverage in that area is deemed feasible and at the present time arrangements are being perfected to have an agent assigned to that point, where the movement and activities of these nationals may be more closely watched. X2

One of the most important projects undertaken in the country was the adoption in July, 1942, of the Central Intelligence File at the Embassy. Supervision of the file had been placed entirely in the hands of Bureau personnel and its maintenance and growth since its inception has been a result of Bureau effort. Each communication is routed to the file and a summary of the information contained therein is placed on a master card. The file already contains over 3,500 cards which have become an invaluable source of information to the entire Embassy. It is possible through the examination of the master card on any individual to obtain an instant summary of all the information in the possession of the Embassy or the allied offices concerning any one individual and the maintenance of this file has helped to give the Bureau's office the ranking position in intelligence matters. X2

The liaison with the police authorities has increased to a considerable extent. Close contact is maintained with [redacted] as well as with [redacted] who, as a guest of the Bureau, visited the United States where he was afforded an extensive tour of the country, during which time he was instructed in the operations of the Bureau, of Bureau field offices, and of various police organizations in the leading cities which he visited. X2

The Bureau's office has been very active in the promotion of free groups during the past fiscal year. The work of the Free Austrians has been partly financed through the Bureau's office which has also worked closely and helped to control the Free Italians. Recently a Free German club was organized and through the connections of Bureau Agents with the Inter-Allied Committee, Bureau representatives were able to choose the officers of this club and to control the elections of its X2

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board of directors. Close contact has also been maintained, of course, during the past fiscal year with the Inter-Affiliated Committee, which contains representatives from many of the free groups, thus enabling Bureau representatives to control the activities of these groups and to obtain valuable information from them. X 2

Besides intensive investigations which Bureau Agents are at all times currently conducting on individuals suspected of espionage and other subversive activities, the Bureau representatives in Ecuador in recent weeks have uncovered highly important information on the smuggling of platinum from Colombia to Argentina via Ecuador. In this connection, a double agent has been employed by SIS representatives in a platinum smuggling ring, the head of which is [redacted] a British subject residing in California. Evidence has been developed that this ring has already smuggled 4400 grams of platinum from Colombia to Argentina, where it is believed it is ultimately destined for Axis representatives. The double agent has been permitted to accumulate two kilograms of platinum and proceed with it to Buenos Aires, where he has recently arrived and where he is being constantly surveilled by Bureau agents in an effort to ascertain the identity of the recipients of the platinum as well as its ultimate destination. Thus far investigation in Ecuador has developed evidence implicating thirteen members of this platinum smuggling ring. X 2

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#### EL SALVADOR X 2

The SIS coverage in El Salvador, while almost non-existent a year ago, now consists of an attaché in the United States Embassy at San Salvador, one undercover representative and a stenographer-clerk. X 2

Very close, harmonious relations have been established by our official representative with the other United States agencies, the Embassy personnel, and the Salvadoran government. X 2

Arrangements have been perfected to be notified of all individuals departing the country for the United States and close relations with the Office of Investigaciones Especiales have permitted access to political, internal security, and subversive activities information within the Republic. X 2

Very comprehensive surveys have been submitted of German, Italian, French and Spanish organizations and individuals, as well as all the various so-called "free" organizations. X 2

Considerable assistance concerning individuals possibly subject to deportation has been produced as well as facts relative to financial and commercial transactions of Axis nationals.

### GUATEMALA X 2

Present SIS coverage in Guatemala consists of two attaches, three undercover representatives, and a stenographer-clerk. Though the total coverage is no greater than a year ago, we had no men in the Embassy at Guatemala City at that time and were, therefore, greatly handicapped. The methods of operation during the past year have been drastically improved by reason of the official representation and the ability to operate in the open. X 2

One of the Bureau's undercover representatives continues to penetrate "Little Audetenland" in Northern Guatemala and has been successful in securing comprehensive information on activities in that area. This same representative also enters deep into the Guatemalan bush and has submitted detailed reports on the rubber situation - availability, potentialities, and actual production. X 2

Informant coverage relative to activities and individuals in the Guatemalan cities has also been perfected and this, together with the very close relationships maintained with the Guatemalan Police, makes it possible to easily and quickly secure all necessary information about any individual or business which may be the subject of an investigation. X 2

Very few individuals, who can be considered as subject to deportation and internment, remain in the Republic. This is a far cry from the situation which existed even a year ago. Of those who have been deported and interned in the past year, it can safely be said, information from SIS sources concerning many of them carried considerable weight. This same statement may apply relative to the operations of the United States Proclaimed List of Certain Blocked Nationals and the Confidential Consignee List. X 2

The widespread informant system has, during the past year, produced thorough, intelligent reports on the background, development, and present activities of the NIDAF in Guatemala. Comprehensive surveys concerning the Spanish activities, the French activities, and the "Free" movements have also been developed. X 2

At the present time SLE representatives are endeavoring to locate the source of the propaganda material and individuals connected with its distribution, and the services of the Bureau Technical Laboratory are being utilized in this connection. X U

### ECUADOR X U

In order to secure more complete and adequate coverage in the Republic of Ecuador, the total of Bureau Agents assigned to this country was increased to fifteen during the past fiscal year. At the present time six agents are assigned to the Embassy in Quito and three to the Consulate General at Guayaquil. There is also an agent at Quito conducting a police school and at the same time maintaining close liaison between the agents in the Embassy and the local police officials. One undercover agent is also operating at Quito; while another undercover agent is stationed at Guayaquil. During the past year, a plant survey expert agent has been assigned to Ecuador where he was conducting the necessary plant surveys. For a short time an agent was assigned to the Consulate at Esmeraldas, but due to a minimum of activity in that area he was reassigned to the Embassy at Quito. The confidential informant coverage in this country was also materially increased during the past year. X U

The work of the undercover agents has been integrated into the general work of the office and it has been possible for them to obtain much information and perform considerable work which would have been either embarrassing or impossible if done by the agents of the Embassy. At the same time it has been possible to arrange to have several agents in a travel status, thus enabling trips to the interior and more remote sections of the country to obtain information of pertinent developments in those areas. In connection with this program, recent trips have been made by Bureau agents to remote provinces in Ecuador where provincial police heads and governors have been interviewed as to certain specific matters then pending and as to management of their offices in general. The Bureau agents at this time carried letters from the Minister of Government, stating that they were experts in all such matters and that any suggestions made by them should be followed. The result has been to gradually bring about an increased efficiency in the provincial offices, which has resulted in the Bureau's office obtaining more complete and accurate and more numerous reports. As of interest, the Minister of Government announced that any provincial police chief not acceptable to the Bureau's office would be removed from his position. It is believed that the present coverage in the country is sufficiently adequate to competently realize the Bureau's objectives in this Republic. X U

All of the aforesaid projects, plus two espionage cases which are taking considerable attention, have been supplemented by a wealth of information concerning financial, economic, political, and commercial subjects. Also, the Bureau has been receiving information regarding all persons leaving Guatemala for the United States. *XU*

During the past year the Guatemalan Government has completed a new National Police building. They were desirous of establishing a crime laboratory which would be well equipped and which would also be used for the training of police officials from other Latin American countries. The Guatemalan officials approached the local committee of the Coordinator of Inter-American Affairs relative to securing the necessary money to establish the crime laboratory. A very intensive and thorough survey was made by SIS representatives to determine the available equipment in the laboratory and the equipment needed. Proceedings on the project developed to the point where a representative of the Bureau, a representative of the Coordinator's Office, and a representative of the State Department were to meet for the final arrangements when the State Department advised all interested parties that the equipment which would be needed for the laboratory was under a very high priority classification and could not possibly be secured at this time. The project, therefore, of necessity had to be abandoned for the present, but through representatives of the SIS, the Guatemalan officials were offered the use of the Bureau's laboratory whenever such was needed in matters of National Defense or matters of interest to the United Nations. *XU*

### HAITI *XU*

SIS coverage in the Republic of Haiti has been increased to the extent that at the present time a Bureau Legal Attache is assigned to the American Embassy in Port-au-Prince, Haiti. There is also assigned to the Bureau Legal Attache a clerk. *XU*

Plans are going forward at the present time to install a Bureau radio in Port-au-Prince, Haiti, in the near future which will bring about speedier and closer supervision of SIS operations in the Republic. *XU*

Extensive informant coverage has been developed in the Republic, and the SIS representative has effected close liaison with the Haitian police and other local government officials. Recently, the Haitian Government has assigned a member of the Haitian police to work in cooperation with the SIS representative in the Republic of Haiti. *XU*

The President of the Republic has invited the Bureau SIS representative to demonstrate the Bureau's practical pistol course and disarming methods for the benefit of the Palace Guard and the Haitian police in the near future. X u

Deportation of Enemy Aliens from Haiti X u

Following investigations conducted by the SIS representatives in the Republic of Haiti, appropriate steps were taken by the American Embassy and the United States Department of Justice to effect the deportation of Axis nationals in Haiti who were considered to be dangerous in view of their activities and sympathies. As a result of this action, ten Axis nationals have been deported by the Republic of Haiti to the United States where these individuals are presently interned by the United States authorities in Texas. X u

Karl Braun X u

This German national was arrested by Haitian authorities on April 9, 1943. Previous investigation by SIS representatives disclosed that Karl Braun was operating a combination saloon and brothel in Port-au-Prince, Haiti, where sailors and members of the armed forces were accustomed to seek entertainment. It was ascertained that Braun approached several crew members of the SS Edwin M. Staunton and offered the seamen free entertainment at Braun's establishment in exchange for information concerning cargoes, ship armament, and convoy routes. Investigation is continuing to determine the associates of Karl Braun in his activities in the Republic of Haiti. X u

HONDURAS X u

Two undercover representatives form the present SIS direct coverage in Honduras. As a result of the Bureau having been unsuccessful in placing an attache in the United States Embassy there, our coverage is necessarily inferior to any other Central American Republic. This is the only Latin American country where the Bureau does not maintain a representative in an official capacity, and it is believed this situation will soon be remedied. X u

Due to conditions presented by the Republic of Honduras, it has been necessary to change our undercover representatives approximately every six months. X u



As a result of the above described situation, the communications have been greatly hampered and the flow of material has been comparatively restricted. In spite of this handicap, however, considerable information concerning pro-axis activities and financial, commercial, economic, and political considerations has been submitted.

Arrangements have been made, through the Bureau's representative in El Salvador, to secure the names of all individuals leaving Honduras for the United States. XN

Our representatives in the Republic have been able to travel freely throughout the country and, by the development and maintenance of informants, have kept the Bureau generally informed of all pertinent developments within the country. XN

#### JAMAICA XN

One SIS representative is located at Kingston, Jamaica, British West Indies, in a liaison capacity, with a view to insuring cooperation between the British and the United States in the intelligence coverage of the Western Hemisphere. This liaison arrangement has resulted in the Bureau being promptly advised concerning the movements of travelers from Europe to the United States who have been engaged in smuggling activities and the evasion of currency regulations. XN

The status of Jamaica as a central point with regard to travelers to and from the Western Hemisphere makes this locality an important inclusion in SIS operations. XN

#### MEXICO XN

Mexico is the largest Spanish speaking country in the Western Hemisphere and is only second to Brazil in area and population. For this reason, it is necessary that Bureau representatives be placed in the widely separated principal cities of Mexico. XN

The chief Bureau representative in Mexico bears the title of the Civil Attache of the American Embassy in Mexico, D. F. Working under him are eight Assistant Civil Attaches and two Special Employees. One of the latter is a cryptographer who was sent to Mexico to assist the Postmaster General there in matters pertaining to Cryptography. XN

However, his principal duty consists in acting as a censorship liaison agent and in handling cryptographic work for the Military Police, Navy, and Mexican Central Intelligence Bureau, as well as supervising both mail and cable censorship. Because of his position, this Special Employee is able to obtain anything of interest to the Bureau that passes through the communications system of Mexico. The other Special Employee is a translator. X U

There are four clerks assigned to the Embassy and two undercover clerks who work at the residence of the Civil Attache. X U

In addition to these persons who are working under a diplomatic cover there are thirty Special Agents working undercover throughout the Republic of Mexico. They are stationed as follows: X U

|                   |   |   |
|-------------------|---|---|
| Mexico City       | - | 11 men of whom four are special employees |
| Acapulco          | " | 1   |
| Baja California   | " | 1   |
| Chihuahua         | " | 1   |
| Guernavaca        | " | 1   |
| Chiapas, State of | " | 1   |
| Guadalajara       | " | 2   |
| Hermosillo        | " | 1   |
| Manatlan          | " | 1   |
| Merida            | " | 2   |
| Monterrey         | " | 2   |
| San Luis Potosi   | " | 1   |
| Tampico           | " | 1   |
| Veracruz          | " | 1   |

The men assigned to the State of Chiapas and the territory of Baja California spend the greater portion of their time in traveling, inasmuch as none of the cities in these areas are of sufficient size to require the full time of an undercover Agent. X U

During the past year considerable difficulties have been encountered in affording sufficient investigative coverage to Mexico. Mexico is the only large country in Latin America in which the Bureau has neither a radio nor men assigned to the various Consulates throughout the Republic. The most rapid means of communication between the Bureau and the Civil Attache is by coded cable through the State Department. It is a distinct disadvantage to have to depend on undercover men to handle all types of cases in the cities in which they work. It is believed that much greater coverage with a minimum output of time and manpower could be achieved if the Bureau had men assigned as Assistant Civil Attaches in the principal Consulates throughout Mexico. However, X U

because of the persistent attitude of the present American Ambassador to that country it is improbable that either a radio or man assigned to Consulates will be available to the Bureau for some time. One of the results of the failure to have men in the Consulates has been the necessity for the undercover operatives to deliver their reports personally to the American Embassy in Mexico, D. F., for forwarding to the Seat of Government in Washington. If the Bureau were allowed to place men in the Consulates under diplomatic cover they could utilize the State Department channels of communication. For some time these undercover men outside of Mexico City transmitted their reports to cover addresses in Mexico City; but because of the insecurity of the mails in Mexico, it has been necessary to discontinue this means of communication in all but very few instances. X U

To further complicate matters, it is impossible for undercover agents to secure United States passports upon leaving this country for Mexico, and they must enter the latter republic as tourists on so-called "tourist cards." The result of this situation is to deny to Bureau undercover men in Mexico adequate commercial covers enjoyed by our operators in other Latin American countries. This makes it more difficult for undercover men to operate in Mexico, and definitely limits the duration of their assignments. X U

Another barrier which the Bureau has met, but according to the latest reports is hurdling, is the political situation in Mexico City. Until recently, Donatío Flores Pangoa, who was trained at the Bureau, was the Assistant Chief of the Investigation and Counter-espionage Section of the Mexican Department of Gobernación. Pangoa recently resigned to run for Mexican Congress in the State of Oaxaca. With the departure of Mr. Pangoa, the Bureau's best contact in this Department was lost. However, the Bureau is apparently succeeding in its efforts to reestablish the former excellent liaison with Mr. Pangoa's successor, Lic. Jorge Caballero Senties. X U

General Alfonso Rojo Rello, formerly Chief of the Mexican Military Intelligence Service, was replaced in a political shake-up. Here again, the Bureau has suffered the loss of one of its most valuable contacts, and efforts are being made to regain the full cooperation of this Mexican Governmental agency by frequent contacts with its new administrator. X U

It is believed that the change in these two Mexican Governmental Departments has been occasioned because of the influence of former President, General Lázaro Cárdenas, who is presently Minister of National Defense in Mexico. It is known that Cárdenas has caused inquiries to be made concerning the intelligence activities on behalf of the United States Military Attache and Naval Attache at Mexico City. X U

These American officials believe that the Mexican authorities are endeavoring to ascertain and curtail the activities of intelligence groups attached to the American Embassy in Mexico. An unverified report has also been received to the effect that similar inquiries were made relative to the activities of British intelligence operatives in the Republic. *XU*

Among the definite improvements in the SIS administrative set-up in Mexico is a newly-installed indexing and filing system. Heretofore, the method of indexing and filing utilized in the Embassy was insufficient to adequately handle the large volume of correspondence and files. Another improvement is the method of handling undercover men. Heretofore, they rarely visited Mexico City and had no secure means of communication with the Embassy. By means of a new system put into effect recently, each undercover Agent delivers his reports personally to the Embassy periodically, the frequency depending on the distance of the Agent from Mexico City. This enables the men to review the files of the Civil Attache, to talk over their personal problems, and to receive leads to be covered in their territory. *XU*

Another recent innovation has been the assigning of a greater number of cases to those Field Offices of the Bureau whose territory immediately adjoins Mexico. The San Antonio, El Paso, Phoenix, and San Diego Divisions have established excellent informants in the border States of Mexico and are enjoying cooperative liaison with the Mexican authorities. Because the representatives of the border offices are able to go into these Mexican border States as Special Agents of the Bureau, they are able to cover leads in Mexico with a great saving in time. However, all these investigations performed by the regular Field Offices of the Bureau in Mexico are supervised by the SIS Division. The border Field Offices are likewise apprised of the identities of all the Bureau undercover men working in their territory to avoid embarrassment and duplication of effort. *XU*

It should be stated that in addition to covering leads set out by the Bureau and the investigation of cases arising in Mexico, the Civil Attache also handles the investigations growing out of complaints made to the Embassy, as well as inquiries specifically requested by the Ambassador and his assistants, the Military Attache, and Naval Attache. At the present time there are over six hundred pending cases in Mexico. *XU*

There has been a large increase in the number of informants developed and retained by the SIS in Mexico during the past year. Among Mexican Governmental officials utilized as contacts of the Civil Attache are the following:  *XU*

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At the present time one of the Japanese informants referred to above is in the process of being used as a double agent in the operation of a clandestine radio transmitter on behalf of the Japanese in Mexico. *Su*

There are a number of German espionage cases pending, the most noteworthy of which is the Clog case, involving the transmission of espionage information by microphotographic dots between enemy drops on the European Continent and in Mexico. There are also ramifications in Mexico of two cases involving secret writing between Communists in the Western Hemisphere. *Su*

#### NICARAGUA *Su*

SIS coverage in the Republic of Nicaragua is extremely productive in spite of its comparatively small size. Numerically the coverage consists of an attache in the United States Embassy, an undercover representative, a stenographer-clerk and a man assigned to the Nicaraguan Government as advisor on National Defense and police activities. It is expected that another man will soon be assigned to the Nicaraguan East Coast as an attache. *Su*

The representative assigned to the Nicaraguan Government has so ingratiated himself by reason of his personality and apparent capabilities that he has long since become the close confidant of President Somoza, Lieutenant Aguirre, the Presidential Aide and Chief of the Department of National Defense, and the Nicaraguan Minister to Washington. *Su*

Lieutenant Aguirre's Department of National Defense has control of censorship, immigration, passports, visas, customs, naturalization, alien activities and control, and many other subjects pertaining to the country's national defense. All information concerning the above subjects is promptly furnished to our representative and his opinion concerning national defense operations are valued greatly. *Su*

Arrangements have been perfected to keep the Bureau advised of all individuals departing Nicaragua for the United States, and the Nicaraguan Government is following the suggestion of our representatives that the passports of all American citizens must be verified by the United States Embassy before an exit visa is issued by the Nicaraguan Government. *Su*

Information concerning the true reasons and indicated reasons behind some of the actions of the Nicaraguan Government has been of tremendous value to United States agencies. The extensive informant system our representatives maintain in Nicaragua has enabled them to submit a number of this type of report. XU

Excellent, comprehensive reports have been submitted on the organizations and activities of the Spanish, the Communists, the French, the Germans, and the Italians. Intensive investigations can be, and have been, conducted of any individual or concern in the Republic about whom or on which information is desired. XU

Information originally furnished by Bureau personnel concerning Axis Nationals doubtlessly was the deciding factor in many deportation or internment cases.

Excellent reports have been submitted on the communication systems in the Republic and the weaknesses have been cited. XU

Considerable quantities of cogent, up-to-the-minute information concerning commercial, financial, social, political, and economic subjects have been submitted continuously. This has been of inestimable value to United States agencies.

#### PARAGUAY XU

Until July 16, 1942, Bureau representation in Paraguay was restricted to agents operating in an undercover capacity. Since that time a Bureau representative has been assigned to the American Embassy at Asuncion as Legal Attache, and more recently an additional agent has been assigned as Assistant Legal Attache. In addition there are two clerical employees assigned to the Embassy. One undercover representative is presently located in Asuncion. In April, 1943, a representative was assigned to Villarrica in the capacity of Vice Consul. This position has enabled him to operate successfully without suspicion in the second most important metropolitan center of Paraguay. XU

The scarcity of large cities and industrial organizations as well as difficulty of travel in the interior of Paraguay has required the exercise of considerable resourcefulness on the part of the Bureau representatives assigned to that country. However, a close liaison is maintained with Paraguayan police authorities and access is had to their files as well as to the files maintained concerning entry and exit permits which are required by law of persons crossing the international borders. Through the efforts of our representatives, XU

arrangements have been perfected by which information regarding all mail of important espionage suspects, as well as important international mail, is made available to the Bureau. Sources of information have been greatly expanded so that coverage is now maintained of important hotel registers, boat and travel lists, activities of German colonies, and "free" political movements. *SU*

In the spring of 1943 a memorandum prepared by the Legal Attache and presented to the Paraguayan Government through the American Embassy was adopted without alteration by the director of confidential matters as a general order to officials throughout the country enjoining close surveillance over Axis subversive organizations, espionage agents, and activities. As a result, there has been a noticeable restriction of the activities of Axis nationals, and several individuals have been arrested for violation of travel regulations. *SU*

Arrangements have now been completed for the installation of a Bureau radio station at Asuncion which will be incorporated into the Bureau radio network. Equipment has been shipped to Paraguay and will be installed in the immediate future. It is expected that the resulting facilitation of communication will assist greatly in the prompt dissemination of important information from that country. *SU*

There is now being undertaken the preparation of a supplement through the Paraguayan monograph issued in April, 1942, which will contain information regarding subversive activities in Paraguay which has come into the possession of the SIS Division since that time. *SU*

#### PERU *SU*

To adequately and efficiently handle the added volume of work in Peru the number of SIS representatives in the country was increased to six Attaches in the Embassy, one assistant to the Vice Consul in Arequipa, Peru, and eighteen undercover representatives. *SU*

In addition, the confidential informant coverage in the country was materially increased and a number of qualified individuals employed to furnish accurate information relative to political and subversive movements within the country. *SU*

A radio transmitting station was installed in the Embassy to provide a speedy, secure method of communication with headquarters at Washington. Due to the favorable geographical location of Lima, this station was designated as the relay point for other units operating in other South American Embassies. *SU*



The Office of the Legal Attache in its capacity of coordinator of subversive information established with the cooperation and assistance of the Military and Naval Attaches, and Embassy representatives, a central information unit which serves as central clearing house for all intelligence information. Each participating agency furnishes its reports of an intelligence nature to this section whose personnel in turn synopsize and record the same on specially prepared index cards. A clerical representative of the SIS unit serves as chief clerk for the central information unit. *XU*

The Office of the Legal Attache maintains a close liaison with the Peruvian Division of Investigations and has designated one Special Agent to serve as liaison officer to handle all matters relating to subversive and espionage activities with the director of that organization. As a result of this cooperative arrangement, the Peruvian Division of Investigations conducts detailed investigations at the request of the Office of the Legal Attache and assists in surveillance and other work essential to the successful completion of cases. The Office of the Legal Attache also handles investigations of a specific nature for the Military and Naval Attaches as well as the State Department. *XU*

At the request of the Chief of Staff of the Peruvian Army, representatives of the SIS section taught two special intelligence schools sponsored by the Intelligence Division of the Peruvian Army for the instruction of specially picked army officers and civilians in counter-espionage and sabotage techniques. *XU*

A group of specially trained Special Agents surveyed the protective facilities of seven industrial plants considered vital to the war effort and furnished recommendations based upon these surveys to the interested plant officials and the Peruvian Government. *XU*

The activities of Axis nationals in Peru were seriously curtailed because of the deportation of its leading members by the Peruvian Government in cooperation with the United States Government. The Office of the Legal Attache furnished valuable data to the Peruvian Government which enabled it to prepare a comprehensive and intelligent list of deportees and rid the country of many dangerous elements. A total of 495 Japanese and German nationals were deported by the Peruvian Government for internment in the United States. *XU*

As a result of investigative efforts of the Office of the Legal Attache, it was ascertained that several Peruvian Government officials were involved in the taking of graft in connection with the deportation proceedings of February 24, 1943. The information obtained indicated that the individuals involved obtained large sums of money from possible *XU*

deportees or their families on their grounds that the deportees would not be deported so that possible deportees would not be put on the list for deportation. In some instances, individuals were assured that by paying certain sums of money they would not be deported and in other instances individuals already on the list for deportation were promised that upon payment of certain sums their names would be deleted from the list. A comprehensive report containing the essential facts was furnished the Ambassador who, in turn, informally discussed the matter with the President of Peru. Subsequently, the Director of Government, the head of the Division of Investigation, and other officials were dismissed from office for their participation in the graft operations. \$u

The coverage in southern Peru was materially increased with the assignment of an SIS representative to the Vice Consulate in Arequipa. Through the functioning of this office, all work in the important southern district of Peru was correlated; also, the vital border cities of Puno and Tacna were effectively covered. This office likewise maintains a close liaison with the regional headquarters office of the Division of Investigation and has been able to secure invaluable assistance from that organization in the investigation of cases. \$u

With the increase of the number of undercover representatives in Peru it has been possible to have permanent, thorough coverage in each department of the country. SIS representatives have conducted complete investigations into the economic, political, and social conditions in the various departments with special emphasis on subversive activities and movement of Axis nationals. The information has been incorporated into monographs and distributed to interested government agencies. Representatives, after the completion of surveys, are assigned to cover the departments on a permanent basis and develop complete confidential informant coverage in their respective territories. \$u

#### TRINIDAD \$u

An SIS representative is assigned in a liaison capacity at Port-of-Spain, Trinidad. This establishment of liaison between the Bureau and British authorities has resulted in the Bureau being promptly advised concerning information obtained concerning known espionage agents bound for the Western Hemisphere from Europe via Trinidad. Information obtained, as the result of detention of suspected individuals in Trinidad, has resulted in important information concerning the activities of enemy espionage agents in Latin America. \$u

URUGUAY X2

During the current year the SIS coverage in Uruguay through undercover representatives has been supplemented by the assignment of a Bureau representative as Legal Attache in the American Embassy. There are also three assistant Legal Attaches, four clerks, and two radio operators assigned to the Embassy as well as nine representatives operating in an undercover capacity in Montevideo. X2

A Bureau radio station has been in operation in Montevideo since November, 1942, connecting that office with the Bureau radio network. In addition to handling all radio communications pertaining to Bureau operations in Uruguay, this station serves the added function of transmitting all radio traffic between Bureau headquarters and the office of the Bureau Legal Attache in Buenos Aires, Argentina. X2

Recently the intelligence files of the various agencies of the American Embassy at Montevideo have been placed in the charge of the Legal Attache for maintenance and coordination. These files are under the direct control of Bureau representatives and have been utilized extensively in correlating information for the SIS Division. X2

The SIS has maintained direct contacts with the Uruguayan Federal Police and the Montevideo City Police, through whom all pertinent information contained in their file has been obtained. They are also called upon to exercise duties for which agents could not well be utilized. Arrangements are now being effected for the assignment of two police liaison officers to that country. A large volume of information has been obtained reflecting Axis sympathizers, propagandists, leaders, and organization in Uruguay. Excellent contacts have been maintained among members of the French and Spanish colonies through whom current information has been received regarding the activities of Vichy-French and Franco sympathizers. A number of excellent informants have been secured among individuals of Italian descent, it being noted that approximately one third of the total population of Uruguay is of Italian ancestry. X2

A monograph of 156 pages was issued in July, 1942 reflecting information extracted and correlated from the files of the SIS Division regarding totalitarian activities in Uruguay. The monograph was distributed to the office of the President and to interested governmental agencies, and has invoked much favorable comment. X2

Among the investigations presently being conducted in Uruguay, one of the most important involves inquiries into the contacts of Diendoms Costes, a well known transatlantic flier originally recruited by the Germans to travel to the United States as an espionage X2

agent. Investigation is also being conducted into the identity of certain individuals who have transmitted espionage information from several Latin American countries, including Uruguay, to a series of related drop agents in Madrid, Spain, by the use of secret writing. Two rings of smugglers in Buenos Aires, Argentina, which are securing strategic metals, diamonds, etc. from South America for smuggling to the Axis, are presently under investigation by our Uruguayan office. One such ring involves forty individuals in Buenos Aires, Argentina, and Montevideo, Uruguay, as well as prominent German firms. Another matter of importance in that office is the investigation of the contacts of Thilo Martens, a German businessman of Argentina and agent of the German Abwehr, who was involved in a case of sabotage in Rio de Janeiro, Brazil, in July, 1942. This individual was designated to look after the interests of "Graf Spee" sailors interned in Argentina. X u

#### VENEZUELA X u

SIS operations in the Republic of Venezuela have been vastly increased during the past fiscal year. There are presently on assignment in Venezuela twenty-two Special Agents, fifteen of whom are attached to the Embassy and the various Consulates with seven agents in an undercover capacity. The SIS clerical force has been increased to seven persons, one of whom is a translator. Within the past several months SIS representatives have been placed as Assistants to the Consuls in the American Consulates at Caracas, Maracaibo, Ciudad Bolivar, and Caripite. This Consular representation has been of increasing value to SIS operations and investigations of all phases of intelligence activity have moved forward with impetus. X u

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Informant coverage has been expanded to a considerable extent and a large informant group [redacted] in Venezuela has been utilized profitably, particularly during the negotiations between the Venezuelan Government and [redacted] in connection with the recently passed Venezuelan [redacted]. Due to the importance of [redacted] and their influence on economic conditions in Venezuela, these informants and three undercover representatives who have positions as [redacted] with [redacted] of Venezuela have submitted a large volume of accurate information concerning economic and political conditions in Venezuela. X u

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During the past fiscal year SIS representatives have initiated and are maintaining a close liaison with the Venezuelan Police and other officials of the Venezuelan Government with the result that all information concerning espionage and subversive activities developed by the Venezuelan authorities is readily available to the SIS representatives. Relations with the Embassy officials have been satisfactory and with the exception of some minor usurpation by the Naval Attache's office in the investigation of matters within the Bureau's jurisdiction, relations with officials of the War and Navy Departments have been good. X u

SIS representatives have in the past few months conducted a considerable number of investigations of all types of intelligence activity and at the present time a number of important espionage cases as well as cases involving the smuggling of diamonds have been developed. X u

The Pedro Alfonso Acero Case X U

Acero is a former Venezuelan diplomat who was at one time stationed in Germany. He is at the present time in Venezuela and it is definitely known that Acero was recruited by the Sicherheitsdienst in Lisbon during the summer of 1942. It is now known that the subject is planning to return to Germany from Venezuela at the earliest possible time. An investigation is going forward with the view to determining Acero's activities as well as his contacts in Venezuela. X U

The Angel Arpon Case X U

Arpon is a Spanish National who was found through the efforts of SIS representatives to be engaged in large scale diamond smuggling from Venezuela. It was determined that the funds used by Arpon in buying diamonds was furnished him to a great extent by Jose Sangronis de Castro, the Spanish Minister to Venezuela. It was further determined that in February of 1943 Arpon was taking a large amount of diamonds to Spain on one of the Spanish boats. The information concerning Arpon was furnished the British authorities at Trinidad who removed from Arpon and a number of confederates diamonds to the value of \$30,000. Subsequently, Sangronis, who apparently was recalled from his assignment in Venezuela because of pressure of the Venezuelan Government because of his activities in diamond smuggling, also traveled to Spain via Trinidad. According to reliable information, Sangronis had large amounts of diamonds which he was carrying to Spain in diplomatic pouches and on his person. Because of the diplomatic immunity of Sangronis, no action could be taken at the time. The investigation of Arpon and Sangronis has lead to the identity of other individuals engaged in diamond smuggling and widespread investigations are being conducted at this time in Venezuela to obtain further information relative to diamond smuggling. The prevention of industrial diamonds reaching Germany, one of the major objects in economic warfare, and the matter of diamond smuggling are being given preferred attention. X U

A major achievement in Venezuela was the obtaining of the Spanish codes and cipher pads utilized by the Spanish Consulate in Caracas, Venezuela. SIS representatives were able to come into possession of the Spanish codes and cipher pads by utilizing a group of informants developed in Venezuela. These codes and ciphers have assisted materially the Technical Laboratory in decoding Spanish diplomatic messages not only from Venezuela but from other parts of the Western Hemisphere. The intelligence information gleaned from the decodes of Spanish diplomatic messages has been extremely valuable to the Bureau. X U

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ANNUAL REPORT  
SPECIAL INTELLIGENCE SERVICE  
FEDERAL BUREAU OF INVESTIGATION  
UNITED STATES DEPARTMENT OF JUSTICE  
1943-1944

Bureau File  
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CHAPTER I - SIS OPERATIONS AT THE SEAT OF GOVERNMENT

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A. CHANGES IN ADMINISTRATION

The fiscal year of 1943-44 has brought about a number of important administrative changes at the Seat of Government. These changes have resulted in more efficient and comprehensive supervision of the work being performed by the field. At the same time since SIS operations in Latin America have become so closely integrated with the work being performed by Bureau representatives in Europe, it was necessary to establish a supervisor to coordinate all matters of an espionage or subversive activity nature which were reported from the European sphere that necessitated attention in South America. The duties of this supervisor are to examine the incoming material, coordinate it with the information at the Seat of Government, and properly distribute it to interested governmental agencies, as well as to the Legal Attaches in Latin America. X24

Also during the 1943-44 period, the establishment of two Traveling Attaches was effected. It is the duty of these Attaches to travel from one Embassy to another when the need for their services arises. These Attaches are kept currently informed as to SIS policy and procedure, and in turn pass this information on to the Legal Attaches in the countries which they visit. They also discuss personnel problems and administrative problems with Bureau representatives in Latin America and keep the Bureau constantly and currently advised as to the situation in each country. Also in connection with their work, they are able to pass on new ideas as to investigative techniques and ideas being used in other SIS offices to the various Legal Attaches. These Attaches are also utilized by the Bureau as "trouble shooters." The work of these two Agents has indeed been valuable to the Bureau's SIS program. X24

A system has been devised whereby men who have been on SIS assignment for eighteen months or more are being recalled to the Seat of Government for re-training. These Agents are afforded the opportunity of not only receiving the Bureau's domestic field in-training, but at the same time receive special instructions and conferences with the supervisors who are handling the work emanating from the office to which they were assigned. The purpose of these conferences and training is to keep the Agents fully informed as to not only the domestic field procedure, but also any new developments which have taken place in the SIS field. X24

To increase the efficiency of the Seat of Government supervision, Legal Attaches have been instructed to utilize the same efficiency report forms as are being used in the domestic field for reporting on those individuals assigned to their offices. The Legal Attaches have been instructed not only to confine their ratings as to the capability of the Agent to perform the same functions in the SIS field as he would perform in the domestic field, but also to include in his rating certain items which are peculiar only to the SIS field. X24

New instructions have been issued to the SIS field with regard to the preparation of reports. These report forms which the SIS field is using at the X24

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present time have been designed to increase the efficiency of the distribution of the information contained in reports at the Seat of Government. A special system is being utilized so that the Legal Attache may be able to include these reports in their files in such a manner as not to reveal any of the sources of information of the subject. These report forms also provide for appropriate notations whereby they may be easily handled at the Seat of Government for the purposes of filing, indexing and the preparation of statistical data. ~~SECRET~~

Since the volume of work being performed by the SIS field has steadily increased, the number of reports being received at the Bureau has also increased. In view of the fact that diplomatic pouches are limited in weight, a system has been devised whereby all reports emanating from the field, as well as all communications sent out of the Bureau, are prepared on light-weight paper so as to conform with the limitations of the weight restrictions on the diplomatic pouch. This new type of paper has not decreased the efficiency of either the field or Seat of Government operations. ~~SECRET~~

As a result of the work performed by SIS representatives, many of the countries in Latin America are deporting Axis nationals to the United States for internment. Several of these individuals deported have been subjects of investigations conducted by Bureau representatives. A procedure has been adopted whereby SIS supervisors who are well acquainted with the case in which the individual was involved are sent to ports of entry to interview the subject in complete detail. The results of this project have been extremely successful. ~~SECRET~~

As a part of the training program of SIS agents prior to their departure for assignment, they are required to read certain informative bulletins or books on the country to which they are assigned. There has been created in the SIS Section a complete library of material on each country in which the Bureau has representatives. This library serves exceptionally well for reference purposes not only to agents who are proceeding on assignment, but also to the supervisors at the Seat of Government. ~~SECRET~~

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B. SIS FINANCES

For SIS operations during the fiscal year 1944 the Bureau received an allocation for \$5,450,000.00 from the confidential fund of the President. As a result of outstanding advances exceeding unpaid expenses as of June 30, 1943, there remained unexpended in our 1943 allocation the sum of \$75,629.58 which the Bureau of the Budget authorized us to use during the fiscal year 1944, making the total funds available to the Bureau for SIS operations during the fiscal year 1944 the sum of \$5,525,629.58.

Due to the reduction of personnel on SIS assignment instituted by the Director during November, 1943, a considerable savings will be effected for the fiscal year 1944. As of June 30, 1944 the amount of \$3,455,453.87 had been expended as follows:

|                                       |                   |
|---------------------------------------|-------------------|
| Expenses                              | \$ 604,712.11     |
| General Expenses                      | 14,146.33         |
| Salaries                              | 1,746,373.85      |
| Informants                            | 366,776.06        |
| Non-expendable property               | 27,570.52         |
| Agents' Living and Quarters Allowance | 366,371.39        |
| Clerks' Living and Quarters Allowance | 126,325.11        |
| Entertainment                         | 4,017.24          |
| Advances                              | <u>199,161.26</u> |
| TOTAL                                 | \$3,455,453.87    |

It has been estimated by the Bureau and the Bureau of the Budget advised that for SIS operations during the fiscal year 1945 the sum of \$3,100,115.70 will be required.

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C. SPECIAL PROJECTS

Beginning in August, 1943, an index was maintained in SIS regarding known and suspected ship couriers operating between Latin American ports and Europe. This index includes the name, position held and ship on which employed, of each seaman concerning whom information has been received regarding his activities in carrying contraband material or espionage messages on behalf of the Axis. A second section of this index reflects the names of these couriers alphabetically behind the name of the ship on which they are employed. By means of this index, it is possible to maintain a complete check on the whereabouts and employment of these couriers as well as the extent of their activities for the Axis. It is also possible to determine through this index what sailors on a particular ship may be open to suspicion of courier activities. X u

In September, 1943, all of the messages in the possession of the Bureau from the [redacted] were logged in the SIS Section in an index containing all localities, cover names and proper names appearing in those messages. Through this index all messages pertaining to a particular subject or containing a given name may be found in one place and studied together. In this way, it has been possible to identify many cover names with the Agents in the German Intelligence Service to which they apply. In May, 1944, decodes were obtained by the Laboratory of German Intelligence messages transmitted between Germany and Argentina. These messages are of the same type as those received through [redacted] and are being logged in SIS in the same manner. These messages are of even greater interest to SIS than [redacted] messages in that they pertain almost wholly to Latin American affairs. A number of the German cover names for towns and individuals have already been identified through this means. X u

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In April, 1943, the need was seen in SIS for a complete index of known and suspected drop boxes used by the Axis Intelligence Service. An index was therefore set up showing the names of the countries used by the Axis for receiving espionage communications and an alphabetical list under each country of the individuals to whom such communications are directed. A second section of this index is also maintained showing an alphabetical list of addresses by country to which Axis mail has been addressed. By means of this index, it is possible to identify the name or address appearing on a communication as one being used by the Axis regardless of the fact that either the name or address used by them is changed from that previously used. This index has been of considerable value in handling material received from the Office of Censorship at the Bureau. This index has also been furnished to the various SIS offices and additions thereto are furnished them periodically, enabling them to identify suspicious mail addressed to or originating in their country. X u

During the past year the SIS Photograph Album of espionage agents was inaugurated. It had been noted that there was a need to have the photographs of known and highly suspected espionage agents available from time to time particularly during interviews of German Agents who were furnishing information concerning the German espionage setup. A project, therefore, was started to obtain all photographs of known and strongly suspected espionage agents that had already been submitted for the Bureau files and to secure photographs of X u

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these agents whose photographs had not yet been sent to the Bureau. These photographs are consecutively numbered and a complete description of the subject together with his location and present status are placed on the back of each photograph. The pictures are contained in a lightweight album, which album can be transmitted to any SIS office by courier pouch when and if needed. Three identical copies of the album have been made up so that several offices may use the album at the same time if that is necessary. S u

Bearing in mind the possibility that the Bureau may eventually be asked to participate in intelligence work in other hemispheres, all personnel files of agents presently on SIS assignment have been reviewed toward ascertaining their ability in languages other than Spanish and Portuguese. A complete index system broken down both alphabetically, as well as in languages, has been prepared. This system will provide an efficient method for the selection of agents to proceed to any assignment where a particular language is needed. This index is kept current at all times and the SIS representatives in Latin America are being encouraged to increase their knowledge of language other than Spanish and Portuguese. S u

Until October 1, 1943 periodical reports were prepared for the Director's information setting out the various phases of SIS work and its accomplishments. There has been instituted a system of compiling a report each quarter for the Director. This report includes general discussions of all phases of work engaged in by SIS representatives, as well as to present an overall picture of SIS operations both at the Seat of Government and in the Field.

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## CHAPTER II - SIS OPERATIONS IN THE FIELD

### A. ADMINISTRATIVE CHANGES

In view of the Bureau policy to no longer ask for deferments for any of its clerical employees under twenty-six years of age, it was necessary to train female stenographers and clerks to replace the male clerical employees who were on SIS assignment. During the month of June, 1944, forty-nine female clerical employees were sent to Latin America to take over all clerical duties in connection with the offices of the Legal Attaches. X u

The program to increase the efficiency of the SIS Division, both at the Seat of Government as well as in the field, is reflected in the institution of the submission of monthly administrative reports from each office of the Legal Attache. This monthly administrative report reflects essentially the same information as monthly administrative reports in the domestic field. Compilations are made from these administrative reports from which an over-all picture as to the number of cases receiving active investigation, the number of cases which are delinquent, as well as personnel which is assigned to each office, is reflected. X u

During the past year two liaison offices in the SIS field have been closed. The SIS office at Hamilton, Bermuda was closed as a result of the British Censorship authorities routing all mail into San Juan, Puerto Rico for censorship rather than to retain their offices in Hamilton. Since our SIS representatives were primarily stationed in Hamilton for the purpose of collaborating with British Censorship authorities, this new change made his services no longer needed. The SIS office in Kingston, Jamaica was closed as a result of the various intelligence agencies who were represented in Jamaica moving their headquarters to Guatemala City, Guatemala. The SIS office in Kingston was established primarily to maintain liaison with Army, Navy and British officials who supervised activities in the Caribbean area. Due to this move, the necessity for our office in Kingston was eliminated. X u

During the past year two additional SIS offices have been opened. At the request of the State Department, Bureau Agents have been attached to the American Legation in Lisbon, Portugal and the American Embassy in Madrid, Spain to correlate intelligence activities with representatives of other intelligence agencies represented in these diplomatic posts. The volume of work in Lisbon necessitated the assignment of an additional agent and clerical employee. In addition to these agents connected with the Legation in Portugal and the Embassy in Spain, an additional agent is attached to the United States Army in Italy. This agent works in close collaboration with other intelligence agencies and provides the Bureau with first-hand intelligence information obtained immediately after the occupation of any territory by the United States Army in Italy. X u

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Upon the request of the American Ambassador in Colombia as well as the chiefs of Army and Navy operations in the Caribbean a squad of five Bureau Agents was sent to Colombia to investigate the smuggling of platinum from that country. These agents have successfully uncovered a large ring of smugglers who have been clandestinely exporting platinum from Colombia into Argentina where it is believed it is being transhipped to Germany aboard Spanish boats. X<sub>u</sub>

B. FBI LEGAL ATTACHES X<sub>u</sub>

At the close of the fiscal year of 1944 the Bureau was represented in twenty republics in the Western Hemisphere by Legal Attaches assigned to the various Embassies in these countries. As heretofore set out Legal Attaches have been established in the American Legation in Lisbon, Portugal and the American Embassy in Madrid, Spain. X

There are being set out hereafter a list of those places where the Bureau has Legal Attaches stationed. X

Buenos Aires, Argentina  
La Paz, Bolivia  
Rio de Janeiro, Brasil  
Ottawa, Canada  
Santiago, Chile  
Bogota, Colombia  
San Jose, Costa Rica  
Havana, Cuba  
Ciudad Trujillo, Dominican Republic  
Quito, Ecuador  
London, England  
Guatemala City, Guatemala  
Port-au-Prince, Haiti  
Mexico City, Mexico  
Managua, Nicaragua  
Asuncion, Paraguay  
Lisbon, Portugal  
Lima, Peru  
San Salvador, El Salvador  
Madrid, Spain  
Port of Spain, Trinidad  
Montevideo, Uruguay  
Caracas, Venezuela

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C. SIS EMPLOYEES IN THE FIELD

At the start of the fiscal year 1944 (July 1, 1943) the Bureau had the following personnel on SIS field assignment: ~~X~~

|  |           |
|--|-----------|
| Agents   | 315       |
| Travel Legal Attaches                            | 3         |
| Radio Employees                                  | 26        |
| Special Employees                                | 13        |
| Translators, Cryptographers<br>and Photographers | 7         |
| Clerical Employees                               | <u>79</u> |
| Total  | 443       |

XU

There were also 12 clerical employees, 2 radio operators, and 46 Special Agents preparing for SIS assignment at Washington, D.C. S

The Bureau continued its expansion toward the goal of 500 Agents on SIS assignment previously requested by the State Department until October 1943. As of October 31, 1943 the Bureau had the following personnel on SIS assignment in 87 cities and 31 foreign countries: S

|   |           |
|---|-----------|
| Special Agents                                    | 331       |
| Traveling Legal Attaches                          | 2         |
| Radio Employees                                   | 29        |
| Special Employees                                 | 11        |
| Translators, Cryptographers,<br>and Photographers | 10        |
| Clerical Employees                                | <u>87</u> |
| Total   | 470       |

XU

There were also 43 Agents, 8 clerical employees, and 4 Radio Operators at Washington, D. C. preparing for SIS assignment. The coverage as of this date represents the maximum attained during the SIS program up to the present time. XU

In view of the successful developments of the war, the State Department suggested to the Bureau on October 25, 1943, that possibly a part of the reporting on economic, political, industrial, and financial matters which the Bureau formerly had handled, could be done by State Department personnel and that the Bureau could reduce the number of Agents it had on assignment in Latin America. The Director immediately issued instructions for Bureau employees to discontinue gathering any information other than of an espionage, sabotage, or subversive activity nature and a program of immediate reduction was instituted. During November and December 1943 approximately 136 Special Agents were recalled from SIS assignment. On November 16, 1943 the State Department advised that the Bureau's reduction of SIS personnel in Latin America was causing considerable concern in that Department. On November 17, 1943 the State Department advised that a number of complaints XU

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had been received from various Ambassadors because of the Bureau's reduction of the SIS personnel assigned to their Embassies. On December 27, 1943 the State Department directed a letter to the Bureau requesting the Bureau to resume its work in the economic, political, industrial, and financial fields. The Bureau immediately complied with this request from the State Department but the number of Bureau employees on SIS assignment has been kept in a static condition. X U

During the early months of 1944 it was realized that due to the Bureau's desire to cooperate fully with the Selective Service program it would no longer be possible to keep male clerical employees under twenty-six years of age on SIS assignment. The Director accordingly approved a plan for the sending of female Stenographers to those SIS posts where the most favorable living conditions were to be found. After undergoing a period of intensive training at the Bureau 49 female Stenographers were sent as replacements to the offices of the Legal Attaches at Mexico City, Mexico; Havana, Cuba; Bogota, Colombia; Caracas, Venezuela; Lima, Peru; Santiago, Chile; Montevideo, Uruguay, and Rio de Janeiro, Brazil during May and June 1944. X U

As of June 30, 1944, the close of the fiscal year, the Bureau had the following personnel on SIS assignment in 43 different cities located in 26 foreign countries. X U

|                      |     |
|----------------------|-----|
| Legal Attaches       | 23  |
| Special Agents       | 132 |
| Special Employees    | 12  |
| Clerical Employees   | 90  |
| Radio Employees      | 18  |
| Travel Legal Attache | 1   |
| Traveling Supervisor | 1   |
| Total                | 277 |

X U

Of the above number 4 Special Agents were under transfer to the domestic field and 12 clerical employees had been recalled for induction into the Armed Forces. X U

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D. SIS POLICE LIAISON

During the fiscal year 1944 the police liaison program in SIS continued to expand. The Bureau now maintains police liaison Agents as follows:

Quito, Ecuador  
Rio de Janeiro, Brazil  
Sao Paulo, Brazil  
Porto Alegre, Brazil  
Santiago, Chile  
Havana, Cuba  
Havana, Cuba  
Quito, Ecuador  
Quito, Ecuador  
Caracas, Venezuela  
Lima, Peru

X 21

Due to the resignations of two Agents in Bogota two police liaison positions are temporarily vacant. However, arrangements are being made to fill these positions as soon as possible. Negotiations are in progress at the present time to place a police liaison Agent in Asuncion, Paraguay. This assignment was once approved by the Ambassador but later disapproved by him. It is believed that the new Ambassador will be favorable to the assignment. We formerly maintained a liaison position in Nicaragua, but in January 1944 we were forced to discontinue it because of the political situation in that country. X 21

All the police liaison Agents have worked closely with the police of their countries of assignment and have been successful in obtaining cooperation and assistance in investigation of Bureau cases. Special Agent [redacted] the police liaison officer in Santiago, Chile, through his contacts with [redacted] was able to interrogate suspects in the [redacted] clandestine radio ring, as well as to accompany the police on raids conducted in that case. Special Agent [redacted] in Ecuador and [redacted] in Peru were particularly successful in securing the cooperation of the Ecuadoran and Peruvian police in the deportation of Axis nationals to the United States. Many of the police liaison Agents have delivered lectures and given instructions to large groups of Latin American officers. While flying over an isolated region of Colombia our police liaison Agent in that country, [redacted] was killed in an airplane crash February 27, 1944. X 21

Visits to the Bureau by Latin American Police officials have tended to increase the cooperation of the police department affected with our Legal Attaches. During July and August of 1943, Dr. Plinio Milano Brasil, the Chief of the Political Police of the State of Rio Grande do Sul, Brazil, was a guest of the Bureau. The Bureau was visited in September, 1943 by Dr. Manuel Pulido V., Director of Investigations of the Venezuelan National Police. Major Joaquim Amaro da Silveira, Special Delegate for Political and Social Order of the Police Department of the Federal District of Rio de Janeiro was our guest in April 1944. As the fiscal year closed, Jorge Garreton (Garreton) Director General of Investigations of Chile, was able to accept the Bureau's invitation and arrived in the United States for a course of study. X 21

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Through the efforts of Dr. Sandoval Smart, head of the Police Technical Laboratory in Santiago, Chile, there was organized for the last week in May 1944 the First Pan American Congress of Criminology, invitations to which were extended to leading police authorities in all countries of the western hemisphere. As the Director was unable to attend the Congress because of the pressure of business, Special Agent [ ] visited Santiago and addressed the Congress in the name of the Director. His speech received much favorable comment in the Chilean Press. [ ] headed the North American Delegation and was elected Vice-President of the meeting. X u

The Bureau's publication, the Classification of Fingerprints, after being translated into Spanish, was sent out in large numbers to all the Latin American offices of SIS in the fall of 1943 for presentation to Latin American police officials. This publication was well received by the Latin American officials in spite of the fact that many of them use a different system of fingerprint classification. X u

The Bureau forwards the FBI Law Enforcement Bulletin to all Legal Attaches. Several copies are sent so that they may be presented to leading police officials. In the spring of 1944 the FBI Pledge for Law Enforcement Officers was colorfully prepared in the Spanish language and distributed by the Police Liaison Agents and Legal Attaches to Latin American Police Officials. The Pledge was so well received that in the latter part of the year a Portuguese version was under preparation for distribution in Brazil. X u

As a result of the work of the Police Liaison Agents, many Latin American countries have increased their contribution of fingerprints to the Bureau's files. Late in June 1944 the volume of these contributions became so heavy that the Bureau began plans to have its standard criminal print cards translated into Portuguese and Spanish for distribution among the Latin American police systems. Also in June of 1944 the Bureau sent to all SIS offices a file of outstanding identification orders. One copy of each identification order, apprehension order and wanted flyer is now sent to each SIS office. X u

La Prensa of Buenos Aires, one of the world's leading newspapers, published an article concerning the Bureau in the spring of this year. This article commented very favorably on the Bureau's work. Similar favorable articles appeared in police publications in several Latin American countries, especially Chile and Cuba. The Revista de Carabineros in Quito, Ecuador, and Vida Policia of Porto Alegre, Brazil, carried articles concerning the Bureau's work and photographs of the officials of the Bureau. X u

The Bureau is endeavoring to place police liaison Agents in every Latin American country although as in the past the assignment can be made only after a request has been received from the country desiring the services of such an Agent. X u

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B. LIAISON

TRINIDAD X U

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During the entire year a Bureau agent was assigned to the American Consulate at Trinidad, B.W.I., to act in a liaison capacity. Trinidad is one of the most important control points in the Western Hemisphere operated by the British. While all neutral vessels plying between Latin America and Europe do not stop at this port, all of those carrying mail are required to submit to a search by the Contraband Control and Censorship officers. In addition to the American intelligence services located on the island with the armed forces, all branches of the English intelligence services have representatives at Trinidad. The Bureau liaison officer maintains contact not only with MID, ONI and the State Department representative, [redacted] British Censorship and British Contraband Control. (S)

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On September 12, 1943, a Spanish-speaking agent was assigned as a replacement to Trinidad, where he assists in the interrogation of known and suspected Axis agents, and couriers who are either passengers or crew members aboard the neutral vessels. Because of this agent's language ability, he has been able to materially assist in the investigation of cases involving not only Latin America, but also the United States. [redacted]

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[redacted] In addition, he has been able to assist in the investigation of cases within the Bureau's primary jurisdiction in the United States. These cover a wide diversification of cases, including Crimes on the High Seas, Selective Service, Fraud Against the Government, and others. X U

The work of this agent has become so voluminous that on May 9, 1944, a male stenographer was assigned to his office to assist him. This stenographer was transferred from Havana, Cuba. X U

It is known that the Axis powers are utilizing neutral vessels to obtain much needed strategic material such as platinum and industrial diamonds out of Latin America, and this Bureau Agent is able to play a part in the control of the flow of these strategic materials from Latin America to Europe by being in a position to assist at the searches and the interrogation of suspected individuals. X U

He is also, by virtue of his participation in the interrogations, to advise the Legal Attaches in the various countries of the impending arrival of individuals who are suspected of working for the enemy. X U

Some of the agents who have been apprehended at Trinidad who are representative of the general type are as follows: X U

Henri Catherine Gravat was recruited by the Spanish to work for the Japanese in the United States. He was apprehended December 8, 1943, and interrogated on the basis of SIS surveillance reports from Buenos Aires. X U

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Luis Morales Serrano was a German agent who gave much information during his interrogation which was known to be largely a fabrication because of SIS investigations in Latin America. *XU*

Joaquin Ruiz Goseaschochea, Second Officer aboard the SIS "Cabo de Hornos", was arrested at Trinidad August 21, 1943, at which time he admitted that he had been in the service of the Germans for a considerable period. The occasion for his arrest was the discovery of a radio transmitter hidden in the second class bar of the ship, though it later developed that Ruiz apparently had nothing to do with secreting the radio there. *XU*

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[REDACTED] S

Manuel Perez Garcia was arrested at Trinidad on August 6, 1943, en route to Spain. He was Valance Security Officer in the Spanish Embassy at Buenos Aires, and chief contact between General Friedrich Wolf, German Air Attache, and espionage couriers aboard Spanish ships. Garcia was en route to Spain on a brief visit and to secure a cipher machine from Germany for Wolf. *XU*

José Francisco Javier Pacheco y Cuesta, a Cuban, was arrested while en route to Cuba on the "Marques de Comillas". He has been recruited in Belgium by the Germans and trained in Antwerp. He was connected for a time with the German service in Spain. *XU*

By virtue of this agent's position and liaison with the Naval authorities he was able to place at the disposal of ONI the technical resources of the FBI Laboratory. For some time the Navy had been bothered by the theft of morphine from First Aid kits with which each Navy plane is equipped. Because of the casualties being suffered by the Navy planes operated out of Trinidad, the morphine equipment was vitally important. It was considered by the Navy to be a serious and pressing matter. The Bureau was able to furnish a dye which was used to treat the cellophane-wrapped packages of morphine which led to the apprehension of the thief. *XU*

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JAMAICA X2

Because of the establishment of a liaison representative of the Bureau at Jamaica, success was achieved in obtaining close cooperation and unification of effort on the part of both British and United States interests in the coordination of intelligence matters of common interest to the two governments. The SIS representative closely supervised the censorship material and secured splendid results in the questioning of suspicious individuals travelling through Jamaica, some of whom were interned on that island for the duration of the war. X2

When it became known that many of the refugees brought to Jamaica from Europe had no intention to return to their native lands and were attempting to enter the United States for permanent residence, the FBI liaison officer materially assisted in the tightening of the British Foreign Travel Control Program. The program evolved provided that all refugees applying for United States visas would be interviewed by the Bureau liaison officer. It was found that a great many individuals travelling on Dutch passports obtained in Lisbon, Portugal, were of other nationalities. It was possible to check on their stories and disclose many fictitious histories, which resulted in the denying of exit permits and United States visas. This procedure provided a very important block to the possible infiltration of undesirable and subversive elements into the United States. X2

Through the interception of correspondence by Imperial Censorship made available to the SIS liaison officer, SIS representatives in Cuba were able to break up a large visa racket ring, the members of which had been bribing officials and obtaining visas for entry into Cuba. George Pawlings, the leader of the ring, and many of his associates are presently awaiting trial in Cuba. X2

Through the questioning of passengers aboard ships arriving in Jamaica and the analysis of correspondence examined by Censorship, much valuable information was obtained concerning occupied Europe. Through arrangements made by the Bureau liaison officer, copies of interrogations by British Contraband Control officers were made available to the Bureau. X2

With the decline of the strategic importance of Jamaica as a military base because of the successful waging of submarine warfare which practically eliminated this menace from the Atlantic, both British and American garrisons were considerably reduced. Because of the decline in activity in Jamaica and the consolidation of many British censorship functions with their station at Trinidad, it was decided to remove the SIS liaison representative and close this post. This was accomplished on June 5, 1944. X2

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BERMUDA X u

As a result of having a liaison representative at Hamilton, Bermuda, the Bureau has been able to establish close coordination between the British and American Censorship, and also to cement firmer relations between the two intelligence agencies. Because of his liaison with the British Censorship, this Bureau Agent has been able to do much to aid in cases involving the transmission of information by espionage agents using the medium of microscopic dots and secret writing. It is interesting to note that the microscopic dots employed by the German espionage agents was originally discovered at Bermuda, and one of the first west-bound dots found in the [ ] Case mentioned elsewhere herein was discovered at Bermuda by the Bureau's liaison agent. It proved to be of inestimable value in subsequent investigation in New York and Mexico. X u

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In the fall of 1943 the Bureau SIS representative in Bermuda forwarded information obtained there concerning the interception of a letter from Portugal to one Manuel Martins in Philadelphia, Pennsylvania, which letter enclosed a photograph in which there was concealed one \$1,000 United States note. Because of this, investigation was instigated in the United States in order to ascertain whether or not the addressee of this letter was being paid for his espionage activity by this means. X u

During the early part of 1944, when it became evident that the submarine menace to Allied shipping in Atlantic waters had been fairly certainly removed, both British and American military installations on the island became less important and the garrisons were considerably reduced by both forces. In addition, the British Censorship, in the interests of economy and efficiency, decided to consolidate their Bermuda Censorship Station with that operated in Trinidad. As a result the opportunities for service by the Bureau liaison officer at Bermuda were considerably lessened, and accordingly he was recalled to Washington on March 23, 1944, and no replacement was made. X u

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F. PLANT SURVEY PROGRAM

The plant survey program of the FBI which was instituted in 1943 has been completed during the current fiscal year. It will be recalled that under the Delimitation Agreement entered into with the Army and Navy on November 22, 1942, the FBI agreed to survey strategic facilities in Latin America said to be vital to the Allied war effort, and to furnish experts in plant security to those countries where management and government officials desired their advice. X U

At the present time, FBI security officers are stationed in Brazil, Colombia, Chile and Cuba. During the current year similar officers have also been in Ecuador, Bolivia and Venezuela, but are withdrawn at the present writing. The good will and mutual cooperation which was fostered by the plant survey program in all the countries visited is being continued through these security officers and the Legal Attaches in the other countries where security officers are not stationed. X U

The liaison which was established with the British through that nation's Industrial Security Organisation in Latin America is also continuing through liaison between the FBI and British representatives in Latin America and through the exchange of pertinent reports here. X U

Facilities in Argentina and Mexico were not surveyed because of the hostile attitude of the Government of the former and because it was against the wishes of United States Ambassador Messersmith in the latter. X U

The plant survey work done in each country is as follows: X U

Bolivia X U

All of the important tin and tungsten mines have been surveyed, as well as important power installations, and recommendations have been submitted to the appropriate persons, in addition to a comprehensive memorandum prepared for the Bolivian Government. X U

The important railroads in Bolivia are British-owned, and reports on them have been received from the British Industrial Organisation and furnished to interested United States agencies. X U

American-owned air lines in Bolivia have been surveyed. X U

Brazil X U

Fifteen strategic ports in Brazil have been surveyed, as well as one railroad, four coal mines, the facilities of four American oil companies, and Pan American and Panair do Brasil Air Lines. A plant survey Agent is assigned to the American Embassy in Rio de Janeiro. X U

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Chile X U

The copper mining and power facilities of the three large American-owned copper companies have been surveyed, in addition to the strategic port of Antofagasta, Chile, the Panagra Air Lines in Chile, and the oil depot at the port of Valparaiso. There is a plant survey Agent assigned to the Embassy in Santiago, Chile. X U

Costa Rica X U

The facilities of an oil company in Costa Rica were reported vital to the Allied war effort and have been surveyed. American-owned air line facilities have been surveyed there, as well as those in other Central American countries. X U

Cuba X U

In Cuba, a manganese company, a nickel mining company, a copper mining company, the main power facilities, and the American-owned or operated air lines have been surveyed. A plant security officer is stationed in Cuba. X U

Colombia X U

The only industrial facility reported as vital to the Allied war effort in Colombia is a state-owned railroad. This company has been surveyed. X U

The American-controlled air line in Colombia has been surveyed since the arrival of the security officer assigned there. X U

Ecuador X U

Due to the importance of balsa wood in the manufacture of bombers and as a substitute for cork, the balsa wood industry in Ecuador has been surveyed, which survey covered twenty-six different mills. In Ecuador, the facilities of the All America Cable and Telegraph Company, a large copper mining company, and the Pan American Air Line have also been surveyed. X U

Peru X U

Three copper companies, a vanadium company, two oil companies, Panagra Air Lines, and the port of Callao, Peru, have been surveyed. X U

The Ambassador in Lima has been very much interested in the survey project in his country. X U

Uruguay X U

Three meat packing companies, the state-owned power company, and the state-owned refinery have been surveyed, as well as the port of Montevideo, Uruguay. X U

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~~Isuzu~~ X U

The oil facilities in Venezuela which are the only industrial facilities considered important were previously surveyed by a Bureau representative in an ~~unofficial~~ capacity. It has, therefore, not been necessary to make additional surveys there. The air lines of the country have also been surveyed. X U

The following organizations have been surveyed in Latin America. It is pointed out that in a number of instances more than one facility belonging to an organization was included in the survey of that organization. X U

#### Argentina

Pan American-Grace Airways in Argentina

#### Bolivia

American Smelting and Refining Company  
Bolivian Power Company  
Bolivian Tin and Tungsten Corporation  
Cia. Minera y Agricola Oploca  
Compania Aramayo de Minas en Bolivia  
Hochschild Mines  
International Mining Company  
Lloyd Aereo Boliviano  
Pan American-Grace Airways in Bolivia  
Patino Mines  
Sociedad Empresa Estano de Araca

#### Brazil

|  |                                |
|--|--------------------------------|
| Baro Branco Minas                          | Port of Natal                  |
| Batina Mine                                | Port of Pelotas                |
| Cresuma Mine                               | Port of Porto Alegre           |
| Companhia Paulista de Estradas<br>de Ferro | Port of Recife                 |
| Jao Jeronimo Mine                          | Port of Rio Grande             |
| Panair do Brasil                           | Port of Rio de Janeiro         |
| Pan American Airways                       | Port of Santos                 |
| Port of Bahia                              | Port of Sao Luis               |
| Port of Cabedello                          | Port of Vitoria                |
| Port of Fortaleza                          | Standard Oil Company of Brazil |
| Port of Macao                              | The Atlantic Refining Company  |
| Port of Manaus                             | The Caldrie Company            |
|  | The Texas Company              |

#### Chile

|                                   |                            |
|-----------------------------------|----------------------------|
| Andes Copper Mining Company       | Las Salinas Oil Depot      |
| Anglo-Chilean Nitrate Corporation | Lautaro Nitrate Company    |
| Braden Copper Company             | Pan American-Grace Airways |
| Chile Exploration Company         | Port of Antofagasta        |
|                                   | Port of Valparaiso         |

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Colombia

Aerovias Nacionales de Colombia

Ferrocarril del Pacifico

Costa Rica

West India Oil Company

Cuba

Compania Nacional Cubana de Aviacion  
Cuban Electric Company  
Cuban American Manganese Company

Nicarco Nickel Company  
Matambre Mines

Ecuador

All American Cables and Radio, Inc.  
Aserrio La Victoria Balsa Mill  
Aserrio San Pedro Balsa Mill  
Aserradero Borbon Balsa Mill, aka Sr. Jorge Raad Mill  
Aserrio America Balsa Mill  
Aserrio Aurora Balsa Mill  
Aserrio Santa Rosa Balsa Mill  
Aserradero Las Mercedes Balsa Mill  
Balsera Guayaquil, S.A., Balsa Mill  
Cia. Aserradero San Vicente (Balsa Mill)  
Cotopaxi Exploration Company  
Ecuador Balsa Mill  
Ecuadorian Balsa Wood Company  
Empresa Electrica del Ecuador, Inc.  
Federico Figueroa Balsa Mill  
Florida Balsa Mill  
Hanna Balsa Mill  
Inca Balsa Mill  
International Balsa Company  
Josefina Balsa Mill  
La Propicia Balsa Mill, aka Pasovani Mill  
La Maria Balsa Mill  
La Esfuerza Balsa Mill, aka Sr. Plaza Mill  
Libertad Balsa Mill, Esmeralda, aka Estupian  
Libertad Balsa Mill, aka Granada Mill  
Moderno Balsa Mill  
Pan American-Grace Airways, Inc.  
San Jose Balsa Mill, aka Plata Brothers Mill  
San Pablo Balsa Mill  
Santa Marta Balsa Mill, aka Luis Zatinabal Mill  
Segundo Tambaco Balsa Mill  
Sociedad Ecuatoriana de Aserradero, aka Eduardo Garcia Mill

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Peru

Cerro de Pasco Corporation  
Docks of Callao  
Esso Asiatic Oil Company  
International Petroleum Corporation  
Vanadium Corporation

Northern Peru Mining and  
Smelting Company  
Peruagra Airlines  
Peruvian Corporation  
(British Railroads)

Uruguay

Ansap Distillery and Refinery  
Artigas (Armour) Meat Packing Company  
National Meat Packing Company

Port of Montevideo  
Swift and Company (Meat Packing)  
Usina Fower Company

Venezuela

Gulf Oil Company  
Lago Petroleum Corporation  
Monsie Grande Oil Company

Pan American Airways  
Royal Dutch Shell Company

Facilities of the Pan American Airways have also been surveyed in  
Costa Rica, Guatemala, Honduras, Nicaragua, and El Salvador.

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CHAPTER III - SELECTION AND TRAINING OF SIS AGENTS

During the first part of the fiscal year 1944 the regular five weeks training classes for Special Agents to be sent on SIS assignment were continued. The personnel for these classes was selected by the Administrative Division from the Domestic Field and the Special Agents selected were ordered to Washington on special assignment, where they received five weeks of study in either Spanish or Portuguese, supplemented by 32 hours of lectures concerning SIS work. The last of these classes commenced on August 30, 1943, subsequent to which time such classes were discontinued, as a sufficient number of Special Agents had been trained for SIS work based on current needs. X u

Since that date the selection of personnel for SIS assignment has consisted only of the securing of replacements for such personnel as had to be removed from foreign assignment. These replacements have been selected from Agents with previous SIS experience who had expressed a desire to return to SIS work and who had been removed from SIS in connection with the reduction of SIS personnel in November and December, 1943. X u

In September 1943 a program was instituted for the retraining of SIS Agents following approximately 18 months of continuous SIS assignment outside of the United States. Since that time Special Agents have been recalled at length intervals, public business permitting, at which time they have attended the Bureau's regular In-Service Training Course and, in addition, been given supplemental training regarding code work and the security of communications and afforded an opportunity for conferences with supervisors at the Seat of Government regarding their work. Special Agents, particularly Legal Attaches, are also recalled to Washington upon occasion for conferences on special subjects, only, of course, in those instances where such conferences are believed of sufficient importance to justify the necessary expenditure for transportation. X u

A program has recently been instituted for the holding of quarterly conferences in the SIS field. These conferences, to be presided over by the Legal Attache, are to be held in each SIS office every 3 months and are to be attended by all Agent personnel except such undercover men as the Legal Attache feels should not attend for reasons of security. A program has also been instituted whereby the various Legal Attaches discuss with each Agent assigned to their offices the investigations being carried on by the Agent at intervals of approximately one month. In addition to allowing the Legal Attache to better supervise the work of his office, it is hoped that this program will permit Legal Attaches to further train the Agents assigned to their jurisdiction in SIS investigative procedures. X u

In May 1944, following the Bureau's decision to send female clerical personnel to SIS offices, a training school was held for such female personnel, which consisted of three weeks intensive training in all phases of SIS clerical work, general instructions regarding all phases of the SIS program, and practical work in the Chief Clerk's Office of the Washington Field Division. X u

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The personnel for this school was selected by the Administrative Division. A program has also been instituted in the SIS offices for holding monthly clerical conferences, provided over by the Legal Attache, in order to further train and keep up-to-date SIS clerical personnel. X2

At the present time plans are being made for an additional SIS training school for female clerical personnel. Plans are also under way for special SIS retraining schools which will consist of that portion of the Bureau's retraining program most applicable to SIS work combined with subjects which pertain only to SIS. These schools will be attended by Agents on SIS assignment and will be conducted by the Training Division.

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CHAPTER IV - COMMUNICATIONS AND TRANSPORTATION

During July, 1943 a Bureau radio station was installed in the American Embassy at La Paz, Bolivia. This station has been the last set up in the SIS network to the present time. In connection with the reduction in SIS personnel during the latter part of 1943, the installation of radio equipment which had been forwarded to Managua, Nicaragua was discontinued and no station has been installed there as yet. The stations in operation at Ciudad Trujillo, Dominican Republic and Port-au-Prince, Haiti were removed and plans for the installation of stations at Caracas, Venezuela; Buenos Aires, Argentina; and Mexico City, Mexico were discontinued. At the end of the fiscal year 1944, the Bureau had in operation radio stations in the SIS network at Havana, Cuba; San Jose, Costa Rica; Bogota, Colombia; Quito, Ecuador; Lima, Peru; Santiago, Chile; La Paz, Bolivia; Asuncion, Paraguay; Rio de Janeiro, Brasil and Montevideo, Uruguay. XZ

Through the medium of this vast network of radio stations in Latin America there have been communicated 1,188,057 code groups. Schedules are maintained with each station daily. The use of these stations insures the Bureau of constant and accurate communication. It also eliminates delays of at least twenty-four hours when messages are sent from some countries by ordinary commercial cable. XZ

It is interesting to note that during the recent revolutions in Ecuador and Bolivia, Bureau radio stations afforded the only means of communication to the United States. Ambassadors in these countries sent a total of 2,538 code groups to the State Department through Bureau stations. As a direct result of this excellent work the Ambassador in El Salvador has requested the Bureau to place a station in the American Embassy in that country. He too felt the need for such a station during the recent revolution in that country. Efforts are being made to comply with the Ambassador's request in the very near future. XZ

All cables sent between the Bureau and the offices of the various Legal Attaches are handled through the Department of State. It was originally the practice to add a phrase at the beginning of such cables in State Department code stating, "For Hoover from \_\_\_\_\_" or "To \_\_\_\_\_ from Hoover." The encoding or decoding of this phrase at the State Department took a considerable amount of time and delayed our cable traffic. During January, 1944, the Bureau instituted the use of a standard code word as a prefix to such cables, indicating that they were either for the Legal Attache at the city to which they were addressed or for the Bureau if addressed to Washington. The word "Legat" is used on cables to Legal Attaches and the word "Taget" on cables from Legal Attaches to the Bureau. The use of these code words eliminates the necessity for any encoding or decoding in the Code Room of the State Department and has resulted in saving about one day in the transit time on each cable. XZ

A plan has been consummated whereby the Bureau's Liaison Officer in Trinidad will use the radio facilities of the War Department for direct communication with the Bureau. XZ

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communication with the Bureau. The use of such facilities will save a considerable amount of time in the transmission of messages which would ordinarily be sent through commercial cable companies. X u

During the fiscal year 1944, several innovations were adopted in the handling of the mail to and from the various Legal Attaches. The envelopes bearing a post office box return address formerly used by the Department are used for Bureau mail and their printed package stickers for packages and large envelopes. The fact that such mail is from the Bureau is indicated by the marking "FC/1" being placed under the return address of the State Department. Mail for the Bureau from the offices of the various Legal Attaches is now addressed to Mr. [redacted] at the Department of State and marked in large letters in pencil or ink "FC/1." It has been found that the addressing of mail in this manner saves a considerable amount of time in its handling at the Department of State, it being routed directly to the Bureau from the State Department Mail Room. X u

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As a result of considerable difficulty experienced with the Mail Room at the State Department in the designation of Bureau mail for the various diplomatic pouches, a policy has been instituted of placing the words "Secret" or "Confidential" on the outer envelopes of such mail by large rubber stamps, depending upon whether the mail is to travel by Courier Pouch or unaccompanied Air Pouch. These markings conform to the standard practice of the State Department. X u

The practice of having all Bureau mail for Legal Attaches tamper-proofed by the FBI Laboratory before it is transmitted has been instituted during the past year. The FBI Laboratory has also, at the request of the Department of State, conducted a series of tests on mail for the East Coast of South America to determine if the diplomatic pouches of the State Department were being tampered with by anyone while en route. These tests are still continuing at the present time. X u

During August, 1943 in order to reduce the weight of Bureau mail for Legal Attaches and thus cooperate with the Department of State, a supply of Bureau letter head paper of air mail weight was secured and its use instituted for all mail to Legal Attaches. It has been found that the use of this paper reduces the weight of the mail sent from the Bureau considerably and thus enables us to place a larger number of letters in the diplomatic pouches without increasing the total weight of the mail so transmitted. X u

During the past year the Bureau has established direct liaison with the United States Dispatch Agent in New York City, which greatly facilitates the handling of freight shipments to and from our Legal Attaches. Such shipments are still handled through the Supply Section of the Department of State insofar as the physical handling of the shipments are concerned. However, all questions arising in connection with such shipments are settled directly with the United States Dispatch Agent in New York X u

As of June, 1, 1944 a regulation was inaugurated by the Bureau of Internal Revenue making it no longer possible for transportation companies to X u

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allow Government employees tax exemption on transportation purchased with cash. In order to alleviate the necessity for Bureau employees assigned in open capacities to pay tax on their transportation, arrangements have been perfected with the Department of State for the use of Government Transportation Requests of that Department by our open employees. A supply of such requests has been secured from the Department of State, issued in blank, and these are in turn issued by the Bureau to those individual open employees requiring transportation. A memorandum copy of such GTR is then forwarded to the Department of State, together with a check in payment for the transportation purchased. X 21

Toward the close of the fiscal year 1944, plans were completed to test, between Mexico City and the Bureau, the use of microfilm for the transmission of communications with a view toward transmission between the Bureau and all SIS offices for all communications except radio and cable messages and checks. The shipping of this microfilm by diplomatic air courier pouch in an undeveloped state is expected to result in a great saving of weight in the diplomatic pouches and greatly increased security with little or no loss in transmission time. X 21

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CHAPTER V

NEW YORK SIS OFFICE

The duties of the New York SIS office are to establish relations with various commercial concerns who have branch offices in various Latin American countries. Through these relations the Bureau is able to place Agents in Latin America as representatives of these concerns. Agents are temporarily assigned to the New York SIS office to receive their necessary training in business of their cover company, as well as to arrange for their travel to Latin America. X U

During the fiscal year of 1943-44, the New York SIS office developed a total of eighteen new cover companies in addition to the fifty-seven cover companies already existing, making a total of seventy-five cover companies available to the Bureau's SIS program. During the same fiscal year, six cover companies were abandoned for reasons of Bureau policy. X U

Of the sixty-nine cover companies usable by the Bureau, all but ten have been studied for their future possible use to SIS outside the Western Hemisphere. The remaining ten as yet not approached were mainly those corporations with headquarters in the Mid-west. X U

During the same fiscal year, the Bureau's retrenchment program on SIS enabled the Bureau to reduce the Agent personnel in the New York SIS office by one Agent so that it is now maintained by the remaining Agent who is designated as in charge.

In the fiscal year of 1943-44, the New York SIS office's contacts have been used in major cases of the New York Field Division. In well over a dozen instances, at the request of the New York Field Office, the New York SIS office has been able to discreetly make useful arrangements to these major cases with high officials of SIS contact companies to the advantage of the investigation. In addition, sixty-five of the SIS contacts in New York have been set out in the form of confidential contact cards and are being integrated in the source of information indices of the New York Field Division. This should enable the New York Field Division to make further use in major matters, of the New York SIS contacts. The SIS contacts outside of the New York Field Division territory are not included in the above described index cards. X U

During this same fiscal year, one point was reached where 182 Agents were on SIS undercover assignments representing fifty-nine separate cover companies. Due to the retrenchment program, by July 1, 1944, this number was reduced to sixty-four Agents and Special Employees, representing thirty-six cover companies. The New York SIS office, during this retrenchment period, has maintained cordial relationship with those cover companies whose Agents on SIS have been withdrawn from Latin America. X U

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CHAPTER VI - COVERS AND COVER COMPANIES X U

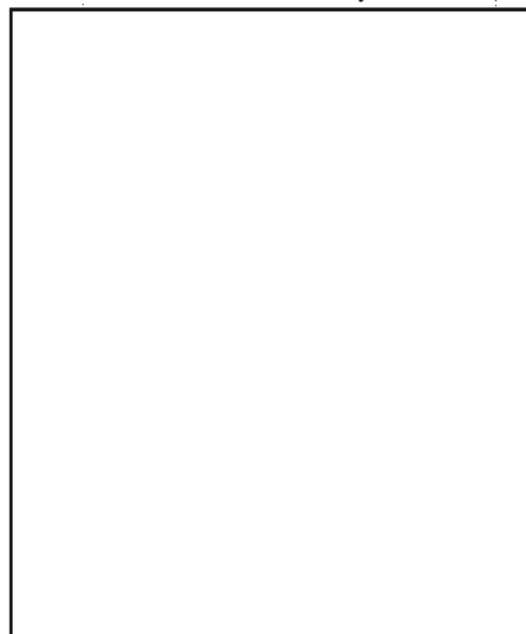
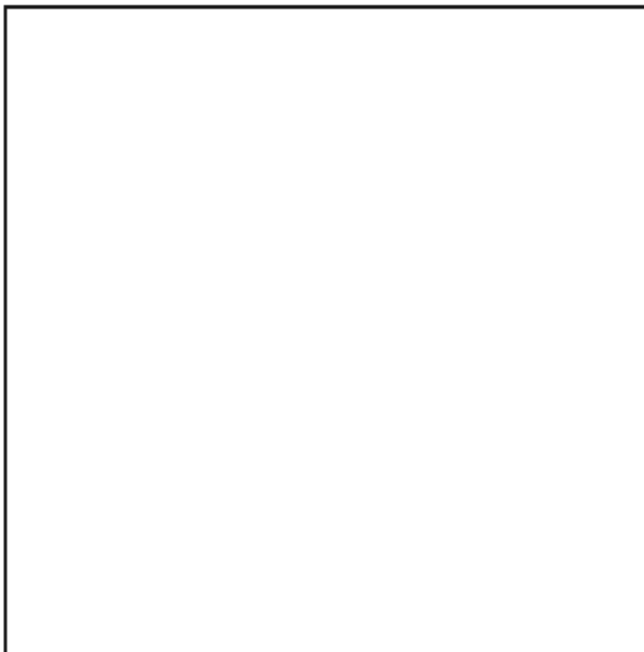
After successfully completing the SIS training, the agent is ready to depart for his post of assignment. As his assignment being of such a confidential nature, it is known only to a high executive of his cover company, the Director of the Federal Bureau of Investigation, the Assistant to the Director and a few key employees of the SIS Division. X U

The agent obtains his passport and the necessary visas as the representative of some American commercial organization which has legitimate reason to send employees into Latin America. The covers available to the SIS Division include representative of [REDACTED] b7E b7D

[REDACTED]  
[REDACTED]  
[REDACTED]  
concerns, and a variety of other occupations to which individual agents or special employees are particularly adept by experience and ability. Most of these companies give special training to the agents in order to familiarize them with their cover business. X U

In addition to the listed active cover companies, there are forty-one companies which are not being used who have indicated their willingness to permit agents to proceed to Latin America and obtain intelligence information as their representatives. X U

The presently active SIS cover companies are as follows: X U



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## CHAPTER VII - MAJOR ACCOMPLISHMENTS

### A. SMUGGLING CONTROL

One of the most important phases of SIS work is that concerning investigation of cases involving the smuggling of strategic materials from Latin America to Axis Europe. The principal materials smuggled are industrial diamonds and platinum. *XU*

It is difficult to estimate enemy requirements of industrial diamonds but it is believed that Germany's economy needs at least 500,000 carats in order to keep her war machine functioning efficiently. These industrial diamonds which are used in the production of high precision tools are not produced in any of the territories under the German control and it is only through drawing on her reserves and through the smuggling across the Allied blockade that she is able to satisfy this need for diamonds. Despite the fact that efforts are being made in Germany to find substitutes for diamonds, it is still necessary for Germany to obtain them from unoccupied territory. Latin America produces about five per cent of the world's output, Brazil contributing about 400,000 carats, French Guiana and Venezuela about 40,000 each and British Guiana about 20,000 carats, and since the Allies have driven the Axis out of Africa, this source, though small in percentage, is important because of its accessibility through Argentina. *XU*

Although Brazil and Venezuela have done much to control the diamond production and marketing, many of the diamonds find their way into illegal channels and are smuggled to Buenos Aires, which is the focal point for all smuggling in Latin America. From there they are placed on board neutral vessels leaving for Spain and Portugal where they reach enemy hands. *XU*

It has been estimated that Japan needs approximately 300,000 carats of diamonds annually to maintain its production of war materials and the only diamond fields in the Far East under Japanese control are those in Borneo, which fields have never produced more than 4,200 carats annually. Furthermore, the stocks of diamonds held in Java, another Japanese occupied territory, were believed to have been transferred to Ceylon and Australia before Japanese occupation and it is entirely possible that Japan is obtaining some of her material through the purchase of diamonds on the black market in neutral Portugal and Madrid. *XU*

Platinum is also one of the strategic materials much needed by the enemy countries which have to draw on sources of this material outside territories occupied by them. Platinum is used as a catalyst for the manufacture of nitric acid, and because of its high melting point and resistance to acid corrosion, it is used extensively in electrical equipment. The metal is found in Alaska, Canada, United States, South Africa, Russia and Colombia. The Choco District in Colombia is the only producing area in Latin America and, while it is difficult to estimate the production in this district because of the amounts that go into contraband traffic, it is thought that it runs between 30,000 and 40,000 ounces per year. The production and marketing *XU*

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of platinum is controlled by the Colombian Government; in that producers by law are forced to sell the metal to licensed dealers who must turn it over to the Central Bank of Colombia. Despite these measures however, much of the material is sold illegally and finds its way across the borders to Ecuador and then by devious routes to Buenos Aires. From this point, similar to industrial diamonds, the material is transported aboard neutral vessels to Spain and Portugal, where it is purchased by enemy representatives. X u

To date, there have been no evidences of enemy rings in Latin America purchasing and trafficking in these strategic materials, but it is only necessary to offer a high enough price in Europe to stimulate the flow of these materials to a place where they can be purchased by the enemy. Because of their nature and their high value and small bulk, it is difficult to control the smuggling activities. X u

The British navicerting system and the random searches of vessels at control points has acted as a deterrent to the flow of these materials to neutral Europe but it has not by any means stopped this traffic. The only really effective means of control is the obtaining of precise and specific information concerning anticipated smuggling of these materials and SIS representatives have [redacted]

[redacted] As a general policy for the investigating of smuggling cases, the Bureau interested itself in all cases of contraband activity involving strategic materials, but has only conducted investigations concerning other materials not in a strategic category when it is inspired by Axis interests or done for the benefit of blacklisted firms. With this in mind, SIS representatives have been able to [redacted] General smuggling in Latin America is widespread and efforts are being made to [redacted] so that the Bureau may be immediately advised concerning clandestine shipments of platinum and diamonds and shipments of other materials when they are made for the benefit of Axis interests. X u

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As an aid in the investigation of these cases, [redacted] is maintained at the Seat of Government and the Field is periodically advised as to [redacted]

[redacted] Information concerning them is obtained from the British authorities as a result of their [redacted] program; from [redacted] which organization [redacted] and from investigative reports by Bureau agents in Latin America. X u

The Legal Attache in La Paz, Bolivia has perfected arrangements with the police authorities of that country so that any individual, male or female, traveling by plane or train suspected of being engaged in smuggling, might be thoroughly searched at La Paz. All international travelers going north or south on the western side of Latin America either by plane or by train must pass this city, and it is expected that these facilities placed at the service of the Bureau will be of great assistance in controlling the X u

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files of strategic materials. Arrangements have also been made with [ ] representatives so that they will purchase any platinum discovered as a result of these searches, to prevent its coming into the possession of Axis interests. X

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At the request of the United States Ambassador to Colombia, five Bureau agents in June of 1944 were assigned to work in Colombia exclusively on the investigation of cases involving the contraband traffic of platinum in that country. In the short space of time that they have worked there, much has been done to uncover the activities of those who are engaged in the illegal traffic in platinum. X

The representatives of the office of the Legal Attache in Bogota, Colombia, have from time to time compiled information relating to the activities of smugglers and contrabandists dealing in platinum. As a result of SIS investigations, information concerning these contrabandists has been furnished by the United States Embassy to the Colombian authorities who indicated that they would take stringent action. The Colombian Government agreed to intern Axis nationals engaged in this contraband traffic; to repatriate non-enemy aliens who are likewise engaged; and to take strong action against Colombian citizens who are found to be active in platinum smuggling. The State Department and Naval and Military authorities look upon the control of platinum smuggling as being vitally important to the Allied war effort and have brought pressure to bear on the Colombian Government to act on information furnished by SIS representatives. As a result the Colombian authorities have placed tighter control on the production and marketing of platinum. X

The United States Ambassador to Colombia presented the Colombian Government a memorandum setting forth information given him by the Legal Attache concerning the smuggling activities of seventeen individuals who were believed to be principal smugglers of platinum. Arrangements were made by the Colombian Government for the expulsion of these individuals from the country regardless of their nationality. X

A representative of the Foreign Economic Administration, who conducted a survey of the platinum smuggling situation in Colombia, commented that he found that the FBI in Colombia was the only agency capable of taking any action with respect to the legal control of smuggling. He highly praised the SIS representatives and stated that in his estimation all of the individuals engaged in smuggling had been identified by them. X

The SIS liaison officer at Trinidad, B.W.I., has also done much to assist in the investigation of smuggling matters because of the fact that Trinidad is one of the main control ports for neutral shipping from Latin America to Europe. Many of the passengers and crew members aboard neutral vessels who are suspected of being engaged in smuggling are interrogated and searched at this point. The Bureau's representative there participates in the searches and the interrogations and is able to do much to further the investigation of these cases. X

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In addition to platinum and diamonds there are other strategic materials available in Latin America, which are desired by enemy countries, such as quartz crystals, tungsten, cocaine, mica, tantalum and quinine. Despite the fact that rubber is not one of the materials which the Axis is interested in obtaining from Latin America, there is widespread activity in smuggling this product which concerns American authorities. Because of the extreme shortage of rubber in Argentina, both raw and processed rubber is being smuggled into that country from Bolivia and Brazil with the apparent consent of Argentine customs authorities. The situation is aggravated because of the plentiful supply of gasoline in Argentina and the lack of any restrictions on the consumption of rubber. As a result, both private individuals and commercial companies are in dire need of automobile tires and tubes which shortage the Argentine officials have attempted to alleviate by the complete elimination of import tax on these articles. They have, in fact, encouraged the importation of any type of rubber goods regardless of whether or not the material has been exported from the contiguous countries legally. XU

The major portion of the rubber produced in both Bolivia and Brazil is by contract destined for the Rubber Development Corporation which processes and exports the rubber for the use of the United Nations. The price fixed by contract is approximately thirty cents per pound or about sixty five cents per kilogram. The same rubber in Argentina brings about \$2.25 and upwards per kilo which makes contraband activity extremely profitable. Some of the rubber goods smuggled into Argentina have been found to be destined for black-listed firms and the general subject of rubber smuggling is receiving the attention of SIS representatives because of the fact that it reduces the supply of rubber for use by this country in the war effort. AU

There follow a synopsis of some of the representative cases worked on by SIS agents in Latin America. XUA

Through alert SIS representatives in Quito, Ecuador, a lucrative supply of platinum was cut off from the Axis, and the leader of the smuggling ring, [redacted], was apprehended at his Pebble Beach, California, home on July 20, 1943. He was sentenced by a United States Federal Judge in San Francisco to 18 months in jail for violation of the United States Censorship laws. More than 7,000 grams of platinum were transported by this ring from the producing region in Colombia to Argentina, where the metal undoubtedly reached Axis hands. The existence of this ring was first detected through [redacted], Ecuador. The communication contained what was suspected and later proved to be, double talk about platinum. It was determined that the platinum purchased in Colombia and carried to Buenos Aires, Argentina, in belts, was being purchased by Axis representatives. As a result of the investigation of this case, the identities of many individuals actively engaged in the smuggling of this metal were ascertained. This information has materially assisted in placing contraband control regulations in effect in Latin America, and has placed local police authorities on the alert for activities in this regard. XU

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SIS representatives in Ecuador and Colombia have [redacted]

[redacted] who have been active in smuggling platinum from Colombia to Ecuador. Details of their transactions were learned and the information was turned over to authorities in Quito, Ecuador. As a result both of these individuals were apprehended on March 7, 1944, and were found to be in possession of ten pounds of platinum which had been illegally transported across the Colombian-Ecuadoran border. X u

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This quantity of platinum at legal rates would be worth approximately \$5,000 but the prevailing black market rates in Ecuador would be considerably over \$10,000. X u

Signed statements were obtained from both these individuals in which they admitted illegally purchasing the platinum in Cali, Colombia, five pounds each from [redacted] both of Condoto, Colombia. All of the individuals involved in this case have long been under observation and investigation by SIS representatives and the apprehension of the two main subjects was made possible by [redacted]

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The subjects were turned over to the Colombian authorities together with the signed statements in which they admitted their guilt. They were, however, released by the Colombian authorities and are presently at liberty in that country. X u

For a considerable time Bureau agents in Colombia and Ecuador worked on the case involving platinum smuggling from Colombia to Ecuador by [redacted]. All the investigation concerning him has been conducted by the offices of the Legal Attaches in both countries and the details were turned over to the Comandante of the Carabineros in Ecuador. [redacted] was apprehended on January 26, 1944, by Ecuadoran officials and contraband platinum weighing about three pounds was found in his possession and confiscated. He stated that the platinum was owned by [redacted] of Bogota, Colombia, and in signed statements he admitted having clandestinely transported the metal from Colombia to Ecuador from which place he attempted to sell it to various individuals in Havana, Cuba, and Buenos Aires, Argentina, at contraband prices. Through questioning of the subject the sources of the contraband platinum in Colombia have been ascertained and the identities of individuals in other countries who are active in the contraband platinum market have been learned. X u

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Recent investigation in Colombia has resulted in uncovering the activities of [redacted] together with a widespread ring of platinum smugglers. Reliable information has indicated that [redacted] for the past year, has made extensive purchases of platinum in Colombia and that he has smuggled the platinum to Rio de Janeiro and Buenos Aires. [redacted] was recently apprehended at Lima, Peru, through the cooperation of the Peruvian Police, after traveling from Colombia, and he has admitted his participation in platinum smuggling. He has admitted having smuggled out of X u

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Colombia forty-five pounds of platinum about December, 1943, and having purchased between April and early June, 1944, an additional forty-two pounds of platinum which he intended to smuggle out of Colombia by using two women accomplices. He states that this platinum is still in Colombia in the care of an accomplice by the name of [redacted]. The subject has expressed a

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[redacted] In exchange, he has stated [redacted] in Colombia, including the Axis interests and the Argentine outlets. The investigation of [redacted] is continuing and it is believed that it will result in producing conclusive evidence as to the contraband activity of the already known prominent smugglers in Colombia and other South American countries. X u

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[redacted] has long been known to the Bureau as a platinum smuggler. It is known that he has supplied platinum to [redacted] in [redacted], Ecuador, which platinum was transported to Quito, Ecuador, where it was sold to [redacted] a former associate of [redacted] mentioned above. [redacted] was known to have many sources in Colombia through whom he could obtain the platinum which was to enter the contraband traffic. On January 18, 1944, [redacted] was apprehended at Ypiales, Colombia, on the Colombia-Ecuador border in the act of smuggling a quantity of platinum across the border. The 20 grams of platinum found in his possession at that time was confiscated by the Colombian National Police, but [redacted] himself was subsequently released inasmuch as existing laws in Colombia do not provide for imprisonment of an individual found to be smuggling out of Colombia. X u

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On July 10, 1943, [redacted] his two nephews [redacted] and [redacted] and approximately fourteen of his associates in Rio de Janeiro were apprehended by the police at Rio de Janeiro and were charged with illegal transactions in platinum. It was stated that his source of this metal was Colombia and that he was a courier who travels between Bogota, Colombia, and Rio de Janeiro. [redacted] is one of the largest platinum and diamond dealers in Brazil and he is associated in his illegal enterprises with [redacted] known smugglers, [redacted] and his associates were released approximately ten days after their apprehension. It has been alleged, although not definitely proven, that [redacted] is clandestinely obtaining African boat diamonds in the United States and selling them in Brazil. It has also been reported that [redacted] has been receiving platinum from the United States by having it melted into the base metal of radio tubes consigned to him but this, too, has not been proven. X u

The Legal Attache at La Paz, Bolivia, learned of the intended clandestine shipment of a large quantity of rubber from Bolivia to Argentina. The information was furnished by him to the Director General of the Bolivian police on April 5, 1944, and shortly thereafter twelve individuals were apprehended by the latter at Santa Cruz, Bolivia. Approximately 10,000 pounds of rubber valued at about \$4,600 was recovered. Some of the individuals involved were apprehended in the act of illegally transporting the rubber to the Argentine border. In all, twelve men were apprehended, but five of this X u

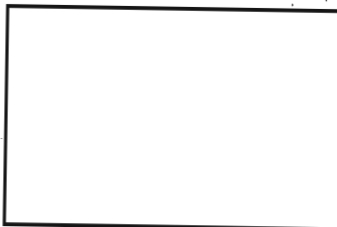
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men taken into custody are believed not to be involved in rubber smuggling, but to be members of the PIR. The following mentioned individuals were, however, definitely linked with the contraband shipments. X u



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The desire for the importation of strategic materials into Argentina is increasingly evident in activities occurring in South America. Several Argentine Army officers including [redacted]

[redacted] were taken into custody on April 19, 1944, because of their activities in attempting to smuggle strategic war material from Chile to Argentina. The materials involved included nickel and copper and it was ascertained that they were destined for the use of the Argentine Army. X u

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The three above-mentioned individuals were stated to have been employed by [redacted] alias [redacted] who was last known to be in Mendoza, Argentina. After their apprehension they gave signed statements setting forth the details of their activities in smuggling nickel and copper for the benefit of the Argentine government. Some thirty-three other individuals were involved. [redacted] confessed that he is a [redacted] in active status in the Argentine Army who was commissioned by Director General of Material of the Army in Buenos Aires to obtain nickel, zinc and other metals needed by the Argentine war industry. His district chief was [redacted] who worked in Chile under the name of [redacted]

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[redacted] The organization was formed in November of 1943 and the chief purchasing agent was [redacted]. The materials were taken via truck and mule from Ovalle, Chile, through Calingasta, Argentina, to San Juan, Argentina, from which place the shipments were taken by Argentine Army trucks. X u

All three individuals were expelled from Chile on April 27, 1944, and were delivered to the Argentine authorities at the border town of Los Andes by the Chile Department of Investigations. X u

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An informant has been developed in a smuggling ring which has been engaged in smuggling tires from Brazil to Argentina. This group is comprised of [redacted] and others. The ring apparently headed by [redacted] has planned to smuggle approximately 2,000 high-speed heavy-duty tires across the Argentine-Brazil border at Foz de Igassu. The plan was to have the tires brought to this border town by truck where the consignment would be met by a launch dispatched from the Argentine side of the river. However, on or about April 10, 1944, officers of the Brazilian Military Intelligence Department apprehended [redacted] and a short time later [redacted]. At the present time they are incarcerated at Sao Paulo, Brazil, where they will undoubtedly be kept for the duration of the war. [redacted] however, left Brazil and is presently at liberty in Buenos Aires, Argentina. X u

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B. ESPIONAGE ROUND-UPS

\*Argentina X U

On November 3, 4 and 10, 1942, memoranda were presented by the American Embassy in Buenos Aires to the Argentine Foreign Office requesting action against numerous Axis espionage agents operating in that country. These memoranda reflected the results of intensive investigation by SIS both in Argentina and neighboring Latin American countries. As a result, the principal individuals exposed in these memoranda were arrested by the Argentine Government and indicted. However, they were never tried nor convicted, and by the summer of 1943, practically without exception, all were free and again active in Axis espionage affairs. During the last six months of 1943 SIS in Argentina was fully occupied with covering the activities of these individuals and developing information regarding the identity and activities of their numerous collaborators in the espionage field. X U

Information developed during this period left no doubt but that Buenos Aires was the center of Axis intelligence operations in the Western Hemisphere, the "Lisbon of South America", so to speak. Espionage and smuggling agents operated freely and with scarcely a pretext at disguising their true work. They collected detailed information regarding politics, economics, manufacturing, and the war efforts of Latin America and the United States. They gathered precious drugs, metals and equipment much needed in the Axis countries. To transport this information and equipment to the Axis governments they devised an elaborate courier system, utilizing passengers and crew members of Spanish ships plying between Argentina and Europe. For more urgent messages they set up powerful radio transmitters outside Buenos Aires. In addition, they made use of secret inks and handled bulky material by reducing it to microfilm. For their cohorts in Mexico they forwarded messages containing photomicrographs or dots. X U

SIS arranged through British authorities for several important subjects, notably Manuel Perez Garcia, a Spanish Security Officer, and Jose Olivera del Rio, a courier, to be arrested at Allied control points or on the high seas and interned. Regarding those who remained in Argentina, it was necessary to await the action of the Argentine Government. X U

The break in diplomatic relations between Argentina and the Axis on January 26, 1944, found SIS prepared with a wealth of detailed information regarding the organization and activities of the German, Japanese and Italian Intelligence organizations in Argentina. As a result, the Bureau was able to deliver a comprehensive memorandum to the State Department on the same date, pointing out the available evidence against sixty-five Axis agents considered the most dangerous to Allied security. This summary memorandum was also furnished to the Legal Attache in Buenos Aires and together with two memoranda prepared by the Legal Attache, formed the basis for a communication from United States Ambassador Norman Armour, to the Argentine Government. X U

Collateral with the break in relations and the considerable publicity surrounding the espionage mission of Osmar Alberto Helmutz, Argentine X U

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Consul to Barcelona, the Argentine Government arrested some twenty Axis agents, including those who had been formerly exposed, arrested and released. By the end of February, 1944, Argentine police had taken into custody seventy-seven alleged Axis representatives. This total finally arose to 158 individuals, according to the best available records, and included the principal subjects in every major case under investigation by SI in Argentina. Many of those arrested were found to be only incidentally connected with subversive activities and were released after some questioning. Others were held for more extensive interrogation, while still others were found so deeply involved that they were held for criminal action. Figures as of May, 1944, indicated that thirteen of the most important subjects were being held in the central police station by the Buenos Aires Police Department on espionage charges while thirty-three others were confined in the Villa Devoto prison. XN

Many of the persons included among those originally arrested had diplomatic or semi-diplomatic privileges and were released or placed under house arrest shortly thereafter. Beginning in March, 1944, the Argentine Foreign Office began to consider the question of repatriation of these diplomats and their families. By the close of the 1943-44 fiscal year these plans had proceeded to the place where arrangements were virtually complete for the return of 169 Axis diplomats to Germany via Spain on the Spanish ship "Cabo de Buena Esperanza", leaving Buenos Aires July 6, 1944. XN

The foregoing arrests and repatriations have, of course, dealt a severe blow to Axis intelligence activities in the Western Hemisphere, since practically all of those activities were directed from Buenos Aires. However, information in the possession of SIS at the close of the year showed that this organization was still functioning in Buenos Aires although admittedly with somewhat diminished vigor. Covering the activities of this underground organization promises to furnish SIS in Argentina extensive investigative duties during the coming year. XN

#### Chile XN

A vital link in the German espionage system was stamped out during the year of 1943 as the result of action taken in Chile which identified and caused the detention by Chilean authorities of many espionage agents. During the early months of 1943, radio signals were intercepted which evidenced clandestine radio traffic by a German control station believed to be located near Hamburg, Germany, and a clandestine radio station using the call letters PQZ which was thought to be located in South America. XN

The South American clandestine station was located at La Cisterna, a suburb of Santiago, Chile, after extensive investigation by SIS representatives. The occupant of the premises where the station was located was identified as Guillermo Kunsemüller (Rothmann). Continued inquiry by our representatives, assisted by [redacted] revealed that XN

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the clandestine radio transmitter in Santiago was being used by members of a far-reaching espionage organization. In following the activities of the station, it was determined that the South American answer station, known as PQZ, discontinued broadcast to Germany with its last message on October 27, 1943. After this date it became apparent that members of the organization were afraid the authorities know of their activities, and it was thought possible that the transmitting equipment in Kunsmüller's home would be removed. *SU*

The State Department was very much impressed with the evidence obtained by Bureau representatives indicating widespread German activities in Chile and other South American countries and authorized the presentation of information concerning this case to the Chilean authorities. On February 14, 1944, the Legal Attaché at Santiago prepared a memorandum setting forth information concerning the activities of the PQZ espionage ring which was delivered to the Chilean Foreign Office by the American Ambassador. Simultaneously, a memorandum containing supplemental information was presented to [redacted] [redacted]

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on a confidential basis. The Chilean authorities under the direction of [redacted] immediately instituted action to round up espionage agents involved in this matter. *SU*

Guillermo Kunsmüller, a Chilean of German descent, was taken into custody on February 15, 1944, and after a lengthy interrogation confessed that he had operated the clandestine station known as PQZ and that he was identical with an individual known as Pedro, who operated a clandestine radio station known as HOI. This station had been active in Chile during 1942, but had ceased operations. Kunsmüller indicated Augusto Kroll (Gell) as being his immediate superior and also gave evidence implicating others in espionage activities as well as information which led to the location of the radio transmitter he had used in operating the station PQZ. Kroll, who had been previously identified as being involved in espionage work, revealed the true leader of the organization to be Fernando Francisco Timmermann (Buschung). He also disclosed the location of the radio transmitter used by Kunsmüller which had been buried in the garden at the rear of his home and revealed the whereabouts of another transmitter and short-wave receiver which had been buried in the garden at the residence of Hans Graner (Yjeitteles). *SU*

Graner was determined to have acted as a contact man for Kroll in his association with Humberto Perez (Caseres) who had been sent to Santiago from Buenos Aires by members of the German espionage system in Argentina for the purpose of working under the leaders of the organization in Chile. Perez was found to possess a short-wave receiver and admitted being involved in the activities of the organization. He also gave information regarding the activities of Victor Vouga, alias Rudolfo, who was an active agent in Chile during 1943 operating under directions of German authorities in Buenos Aires. Vouga was later identified as Heinz Lange, a well-known German agent who had previously engaged in activities in Brazil. *SU*

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Paraguay and Argentina. It was determined that Lange had departed from Chile in December, 1943, and that the organization established in Chile by him was to continue operations under the direction of Eugenio Ellinger (Knoll). X U

Ellinger was identified as the individual known as Juan Valdes who had been associated with members of the PYL espionage group which was active at Valparaiso, Chile, during 1941 and 1942. Since the authorities had acted to break up the PYL organization in October, 1942, Valdes had been a fugitive whose apprehension was sought by the authorities. He was located and apprehended after information was obtained by SIS representatives which indicated he was endeavoring to obtain a false passport for the purpose of leaving Chile. Two of our representatives, namely [redacted] and Police Liaison Agent, [redacted] were present when the authorities took Valdes into custody after some gunfire and a chase. X U b7C

At the time the Chilean authorities began to apprehend and detain persons implicated in the activities of the PQZ organization, it was determined that Bernardo Timmermann had previously departed from Santiago and was in the south of Chile where it was feared that he might try to escape into Argentina. His activities were closely followed and he was apprehended by the Chilean authorities and returned to Santiago for interrogation. As a result of the questioning of Timmermann and the search of his home, evidence was obtained which established a far-reaching espionage organization formerly directed from the German Embassy in Santiago, but which had been turned over to the leadership of Timmermann following the repatriation of German Embassy officials from Chile in September, 1943. X U

It was ascertained that Ludwig Von Bohlen, former Air Attache to the German Embassy at Santiago, had been responsible for the espionage organization which had been developed through the assistance of other Embassy officials, including Wilhelm Hammerschmidt, Julius Mahn, Dr. Erwin Wolf, Arthur East and Wilhelm Thoen. These individuals had recruited persons loyal to Germany or sympathetic to the Axis cause who would supply information beneficial to the German war effort. Some were trained in the use of codes and secret ink writing. Others acted as couriers or liaison agents between persons who supplied information and the leader of the organization. Still others endeavored to establish a system of agents who would report information regarding the movement of Allied vessels along the west coast of South America. X U

Upon the departure of Von Bohlen, Timmermann was designated to act as the leader of the organization. He received funds in the amount of approximately \$200,000 in United States currency, was instructed in the use of secret inks and codes by Von Bohlen and Julius Mahn, and received records of prior activities of the group from Von Bohlen. A search of his home revealed a large quantity of United States currency, and he disclosed the identity of individuals he had designated to hold other sums of United States currency for safe-keeping. X U

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From Timmermann, Gerardo Krebe (Wilchens), Kurt Visti (Hamberriesser), Juan Bladimiro Westermeyer (Ehrl), and Max Kutzner Benhal there was obtained the amount of \$174,150 in United States Currency, as well as Chilean and Argentine currency valued at \$27,500. In the basement of Timmermann's home was found a well-equipped photographic laboratory which was used in reducing espionage reports to microfilm which was transmitted by courier to Buenos Aires. One of the principal couriers used by Timmermann was stated to be Federico Bado (Roth) now residing in Buenos Aires, Argentina. X u

Timmermann also possessed data regarding the code used in the PXX radio circuit, other codes used by radio transmission to and from Argentina, codes to be used in secret writing letters to Argentina, and others for the use of agents in intra-country communications. Formulas for several types of secret inks were found. Timmermann admitted his participation in espionage activities and advised that upon the departure of Von Bohlen, he was informed that he should contact General Friedrich Wolf, Military and Air Attache to the German Embassy at Buenos Aires should he desire assistance. X u

Timmermann confirmed the role played by his sub-agent, Augusto Kroll, and the agents under the direction of Kroll, including Gruner, Peres, and Alberto Collell (Roco) who supplied information obtained from Chilean Military authorities and Communist reports. Others under the direction of Timmermann included Hans Joachim Heinke (Dietze), who controlled a group of agents operating between Valparaiso, Chile and Santiago, which group had for its principal purpose, the submission of information regarding Allied ship movements. Those working with Heinke included Ilse Blanca Dorrer (Wagner), Karl Ernst (Gudenschuager), Carlos Gienza (Steele), and a member of the Chilean Investigaciones, Armando Cespedes (Cespedes). Following the disclosure of the activities of Cespedes, he was dishonorably discharged from the Investigaciones before a public gathering. X u

Other evidence seized from Timmermann which had been left in his possession by Ludwig Von Bohlen, included documents and reports submitted by various agents, receipts signed by agents for various expenditures, blank Chilean carnets, various passports including blank Chilean and Spanish passports which were to be used to assist German nationals possessing technical experience to return to Germany, various seals of official governmental departments of Chile and Bolivia, and other data. One espionage report disclosed information regarding United States planes, air training, and training accidents, which was allegedly obtained from Lieutenant Emilio Schonherr, a Chilean air force lieutenant who recently returned from the United States after extensive training in this country. It is possible that this information was obtained by Kunsemuller as a result of a casual conversation with Schonherr as the report stated that the information had been supplemented with data obtained from periodicals. Another document of interest was a memorandum concerning the experience gathered by the leaders and members of the espionage ring, which set forth the mistakes made by the agents involved in the PXL espionage case. From the evidence it can be concluded that Von Bohlen was directing the activities of the PXL group. X u

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Among the receipts signed by agents working for Von Bohlen which were recovered from Timmermann were several receipts signed by Dunkel. The agent using this cover name was identified as Guillermo Hellemann (Gross) who, assisted by his wife Anna Brodenkamp de Hellemann, collaborated with Alberto Heise (Lodtmann) in obtaining various technical magazines from the United States. Hellemann was also found to have been active in establishing a group of agents throughout the northern part of Chile for the purpose of reporting shipping information. Hellemann and his wife were detained by the authorities, and while being held in custody, Hellemann's lawyer tried to release him on a writ of habeas corpus. The authorities immediately obtained from President Rios an order for his expulsion from the country. Through action by our representatives and cooperation with the American Embassy officials, Hellemann was removed from Chile in the plane of the United States Military Attache to Talara, Peru. Hellemann was subsequently brought to the United States where he was thoroughly interviewed by a Bureau representative. *RU*

Investigation with regard to the PQZ organization led to information which revealed the existence of a second group of espionage agents known to have operated in Chile. This group was dependant upon the German banks in Santiago for its leadership; however, direction of the group was believed to be handled from Buenos Aires, Argentina, although it is known that individual members cooperated at times with Ludwig Von Bohlen. Following the break of relations with the Axis by Chile it appeared there was some question as to whether the group operating through the banks would be reorganized. Von Bohlen did not favor such action; however, Victor Vouga, alias Rudolfo, arrived in Santiago from Buenos Aires, and it is believed that Vouga established an organization separate from that operated from the Embassy by Von Bohlen which took the place of the organization directed through the German banks. While in Chile, Lange or Vouga, associated with Herbert Schlosser and his wife Gertrudis, who traveled to Argentina with Lange when he departed from Chile, and were later apprehended by Argentine authorities for espionage activities. *RU*

Other individuals reported to have been dependant on the German banks were Ernesto Schluter (Biersterfeldt), now in Argentina, and Waldemar Koeser (Bartels), presently in custody of the Chilean authorities. It is to be noted that Humberto Peres, who has been previously mentioned as working with Kroll, stated that he had been introduced to the work of German espionage activities by Degli Uberti (Real), well-known Paraguayan nationalist and Nazi sympathizer. While in Argentina, Peres advised he was associated with the operation of a radio station at two different locations during which time he was working with Dr. Alves and one Emilio. Alves has since been identified as Juan Otto Shurrer Stolle, a German agent presently in custody of the Buenos Aires police. Peres was directed to Santiago in September, 1943, for the purpose of acting as a reserve radio operator and while in transit to Chile was used as a courier for two sealed documents addressed to Heinze Lange. *RU*

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A third group of espionage agents operating independently from the others was determined to be occupied solely with political activities in South America. This group was headed by a Eugenio Langer. Langer is reported to have arrived in Chile some time during 1941 or 1942 to set up a radio transmitter at Quilpué, Chile. He was stated to have been working in conjunction with two Peruvian refugees, Luis Flores (Medina) and Victor Perez (Antiesban). The purpose of this group was to bring about a political revolution in Peru. However, the project was a failure. The radio transmitter was removed and Langer is now believed to be in Argentina. X u

It is to be noted that members of the PQZ espionage ring, as well as other organizations operating in Chile, have dispatched agents to Peru for the purpose of obtaining information regarding that country as well as information concerning activities of the United States within Peru. A close connection has been noted between the German espionage organization in Chile and that which is known to exist in Argentina. This fact is further evidenced by the flight of numerous individuals in Chile to avoid prosecution or disclosure of their activities in this case as well as in the PYL Espionage Case. X u

Individuals known to have been involved in the PYL Case who have been implicated in the current investigation of the PQZ ring include Heinrich Reiners, Hans Blume, Friedrich Von Schulz-Hausmann, Johann Peter Szeraws, all of whom are now believed to be residing in Argentina. X u

At the present time prosecution of individuals detained by the authorities is in the hands of Judge Luis Maquedano (Lira) of the circuit court at Santiago. Action of the court has been slow and efforts of the judge at the present time have left much to be desired from a standpoint of effective action. X u

Of the fifty-six individuals detained by the authorities, twenty-six are reported to be presently in custody, six have been released under bond, and the others have been questioned by the court and released without bond. In all, a total of ninety individuals have been implicated in German espionage activities in Chile, including those detained and those who have fled to Argentina to avoid prosecution. Three radio transmitters have been seized by the authorities, the molten remains of a fourth transmitter recovered and the whereabouts of a fifth transmitter determined. This latter unit was reported to have been thrown in a river at Santiago to avoid seizure. Three short-wave receivers have been taken from subjects involved and two power units used with the radio transmitters have been located. This equipment, with the large amount of funds confiscated from Timmermann and his assistants, is now in the possession of authorities awaiting disposition by the court. X u

The names of all individuals who have been detained by the authorities, including those who have been implicated in the activities of the PQZ organization in Chile, are listed below: X u

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1. Bernardo Francisco Timmermann (Ausgang), holds dual citizenship, German and Chilean. Arrested February 19, 1944; still in custody.
2. Gertrudis Frieda Botke (Bade), Chilean, wife of Timmermann. Arrested February 19, 1944; at present at her home at the disposition of the judge.
3. Hans Joachim Heimes (Dietze), German. Arrested February 21, 1944; still in custody.
4. Augusto Kroll (Goll), German. Arrested February 17, 1944; still in custody.
5. Vilma de Kroll, wife of Kroll, German. Arrested February 17, 1944; released March 1, 1944.
6. Hans Graner (Yjeittales), German. Arrested February 17, 1944; still in custody.
7. Elena de Graner, German, wife of Graner. Arrested February 17, 1944; released March 1, 1944.
8. Humberto Perez (Caceres), Paraguayan. Arrested February 19, 1944; still in custody.
9. Adolfo Adorno (Céspedes), Paraguayan. Arrested February 19, 1944; released March 1, 1944. Adorno was determined to be a friend of Perez, who advised that he was not engaged in espionage work nor did he have knowledge of such activities. X  
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10. Guillermo Kunsemüller (Kothmann), Chilean. Arrested February 15, 1944; still in custody.
11. Gisela Koth Schober de Kunsemüller, German, wife of Kunsemüller. Arrested February 15, 1944; released by the judge on March 3, 1944.
12. Manuel Rivera (Belmar), Chilean. Arrested February 16, 1944; released by the judge March 1, 1944. Rivera resided at the residence of Kunsemüller and though he was believed to have known of Kunsemüller's activities, no evidence has been obtained indicating he was involved.
13. Klaus Krebs (Wilckens), Chilean. Arrested February 22, 1944; still in custody. This individual was implicated in the disposition of a radio transmitter.
14. Diego Fajardo (Carrasco), Chilean. Arrested February 21, 1944; released March 1, 1944. Rearrested March 2, 1944; released on bond June 22, 1944. Fajardo was implicated in the disposition of a radio transmitter.

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15. Waldemar Koeser (Bartels), German. Arrested February 21, 1944; still in custody.
16. Heinz Pfeiffer (Schulze), German. Questioned on February 29, 1944, implicated in case, and formally arrested April 1, 1944; released April 6, 1944. Pfeiffer was implicated in the disposition of a power unit.
17. Carlos Otto Bruhn (Patzold), Chilean. Arrested February 26, 1944; still in custody. Bruhn has been established as the liaison agent between Augusto Kroll and Alberto Collell.
18. Alberto Collell (Joca), Chilean. Arrested February 26, 1944; since released.
19. Juan Baldomero Westermeyer (Kuhl), Chilean. Arrested March 8, 1944; released March 17, 1944.
20. Gerardo Krebs (Wilckens), Chilean. Arrested March 8, 1944; still in custody.
21. Kurt Veitl (Hauerrisser), Chilean. Arrested March 8, 1944; released March 17, 1944.
22. Max Kutzner (Vonnhoff), German. Arrested March 11, 1944; released March 17, 1944.
23. Ricardo Krebs (Wilckens), Chilean. Arrested March 11, 1944; still in custody. Ricardo Krebs was apprehended when he presented himself at the office of the Investigaciones to inquire for his brothers Gerardo and Klaus. It had been established that he was the individual using the name Euriso who was to be held in reserve by Timmermann for possible future activities.
24. Elso Blanca Torrer (Wagner), Chilean. Arrested March 9, 1944; released on bond July 6, 1944.
25. Jurgens Luders (Schneider), German. Arrested February 26, 1944; released March 1, 1944. Luders was implicated by Kroll who advised that on orders from Timmermann, he obtained from Luders a package containing a radio receiver which was delivered to Humberto Perez.
26. Herbert Sundermann (Foerster), German. Arrested February 26, 1944; released March 1, 1944. This individual was apprehended when he appeared at the office of Timmermann to report for work. He has not otherwise been implicated.

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27. **Pedro van Matsyansky, Pole.** Arrested February 26, 1944; released March 1, 1944. This individual worked as a gardener for Timmermann and has not been implicated in other activities.
28. **Eugenio Ellinger (Inell), German.** Arrested February 24, 1944; still in custody.
29. **Jorge Ebensperger (Grassau), Chilean.** Arrested February 25, 1944; still in custody. He was implicated through association with Eugenio Ellinger, alias Juan Valdez.
30. **Renate Adela Ebensperger (Grassau), Chilean.** Arrested February 25, 1944; released on bond July 6, 1944. He was implicated through association with Eugenio Ellinger, alias Juan Valdez.
31. **Elena Grassau (Schwank), Chilean.** Arrested February 25, 1944; released February 27, 1944.
32. **Catalina Heinbockel (Arp), German, viuda de Montovisky.** Arrested February 26, 1944, questioned and immediately released. Other-in-law of Herbert Schlosser, not otherwise involved.
33. **German Winterhalter, German.** Arrested February 25, 1944; released February 27, 1944. Rearrested April 1, 1944; released April 6, 1944. Winterhalter was implicated when a photograph was found in the possession of Alberto Perez containing his picture with that of Ellinger, Melitta Tietz, and Herbert Schlosser. He has not otherwise been involved. 4
34. **Armando Cespedes (Cespedes), Chilean.** Arrested March 11, 1944; still in custody.
35. **Hilda von Plate (Timmermann), Chilean.** Arrested March 11, 1944; still in custody. This individual was used by Von Bohlen as a code clerk, formerly employed in the German Embassy and was at the time of her apprehension, employed in the Swiss Embassy.
36. **Walter Thieme (Bruggemann), Chilean.** Arrested March 11, 1944; released on bond June 19, 1944. Thieme was implicated by Timmermann who stated that he had a radio transmitter in his possession used by the espionage group. He admitted associating with Koesser, Heinz Lange, and others in espionage activities and having possessed radio equipment.
37. **Juan Moller (Petersen), German.** Arrested March 11, 1944; still in custody. Moller possessed a radio transmitter which was destroyed by burning. The molten remains of this transmitter were recovered by the authorities. This instrument had been delivered to Moller by Heinrich Reiners and Hans Blume.

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38. Helmut Bunn, German. Arrested March 12, 1944; released March 27, 1944. Bunn was implicated in the disposition of the transmitter found in Moller's warehouse.
39. Hermann Gerstenmaier (Lauter), German. Arrested March 13, 1944; released approximately March 28, 1944. This individual was implicated by Timmermann as possessing radio equipment used by the organization. A search of his home failed to reveal radio apparatus.
40. Enrique Tiedemann (Plaggen), German. Arrested March 16, 1944; released on bond June 22, 1944. Tiedemann was implicated in the disposition of the radio transmitter which was thrown in the river at Santiago.
41. Heinrich Gerhard Brunken (Jansen), German. Arrested March 16, 1944; released on bond June 22, 1944.
42. Carlos Orrego (Wenald), Chilean. Arrested March 17, 1944; still in custody. Orrego has been suspected of being engaged in espionage activities for a long period of time. He was implicated by Walter Thiene and Waldemar Koeser as having sold a radio transmitter and assisted in the installation and operation of this unit. At the time of his apprehension, he was en route to Argentina. X u
43. Theodor Fuchs (Schmid), German. Arrested March 19, 1944; still in custody. Theodor Fuchs has been known to be a professional informant although no information connecting him with espionage activities has been obtained.
44. Heinrich Oellerich, German. Arrested April 3, 1944; released April 10, 1944. Involved in the activities of Guillermo Hellemann.
45. Engelhardt Graf, German. Arrested April 1, 1944; released April 6, 1944.
46. Cesar Pries, Chilean. Arrested March 1, 1944; still in custody. Pries operated as an agent for Karl Ernst.
47. Franz Hilger, German. Arrested April 1, 1944; still in custody. This individual has been implicated as an agent for Ludwig Von Bohlen.
48. Gerd von Plate, Chilean. Arrested April 1, 1944; released April 6, 1944.
49. Carl Ernst, German. Arrested April 2, 1944; still in custody.
50. Father Francisco Martinez, Spaniard. Arrested April 2, 1944; released same day. Implicated in the activities of Heinz Lange, alias Victor Vouga.

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51. Isabel Fideris (Reiners), Chilean. Arrested April 2, 1944; released on bond July 8, 1944. This individual was very active in the PFL espionage group and was one of the first contacts of Hausmannier upon his return to Chile from Germany.
52. Annie Bradenkamp de Hellenmann, German. Arrested April 1, 1944; still in custody.
53. Guillermo Hellenmann (Grews), German. Arrested April 1, 1944. Deported to the United States.
54. Wilhelm Reichmann, German. Arrested April 1, 1944; still in custody. Employer of Bernardo Timmermann and former German Consular at Santiago. Brought into the case through his association with Timmermann.
55. Harold Sievers (Fonck), Chilean. Interviewed on April 14, 1944, in Santiago after which he returned to his post in Valparaiso. It is alleged that Von Bohlen obtained military information pertinent to Chile from this individual who used the cover name of Erwin Rosmel. Sievers is a sub-lieutenant in the Chilean Army.
56. Lucinda Silva (Vargas), Chilean. Arrested April 15, 1944, still in custody. At the time of her detention, she was employed at the University of Concepcion. She was involved by documents found in the possession of Timmermann which disclosed she had traveled to Bolivia for the purpose of obtaining espionage information.

Orders for the arrests of the following individuals have been issued by Judge Luis Baquedano of the Circuit Court as the result of investigation and interrogation of the subjects by the judge.

1. Heinrich Reiners, German. Now believed to be in Argentina.
2. Hans Blume, German. Now believed in Argentina.
3. Friederich von Schulz-Hausmann, German. Now in Buenos Aires.
4. Johann Peter Sseraws, German. Whereabouts unknown.
5. Oscar Bade, Chilean. Now in Buenos Aires.
6. George Gunther, German. Now in Argentina.
7. ----- Franzl, German. Now in Argentina.
8. Mrs. Oehring, German. Now in Argentina.
9. Walter Mayer, German. Whereabouts unknown.
10. Carlos Mordhorst, German. Presently in Chile.
11. Federico Kaven, German, repatriated to Germany.
12. Melitta Tietz, Chilean, now in Argentina.
13. Ernesto Schluter (Biesterfeldt), German. Now in Argentina.
14. Hans Lange, German. Whereabouts unknown.
15. Herbert Schlosser (Gershofer), German. Under arrest in Argentina.

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The following individuals have been called before the Court by Judge Bagshaw for questioning, and have been released:

1. Mrs. Hunschoel
2. Hans Hoffbauer
3. Father Francisco Martinez
4. Boie Bruhn
5. Tito Schausenberg

Other individuals implicated in espionage activities are as follows:

1. Ludwig von Bohlen, repatriated to Germany.
  2. Federico Giemsa (Steele), Chilean. Now in Buenos Aires.
  3. Carlos Giemsa (Steele), Chilean. Now in Buenos Aires.
  4. Waldemar Federico Bade (Roth), Chilean. Now in Buenos Aires.
  5. Arnold Siemsen von Issendorff, German. Residing in relegation in Chile.
  6. Eugenio Langer, German. Whereabouts unknown.
  7. Hermann Eggers, German. Residing in Chile.
  8. Gertrudis Hostovisky de Schlosser, Chilean. In custody of Buenos Aires Police.
  9. Luis Alberto Flores (Medina), Peruvian, residing in Chile.
  10. Victor Perez (Santiesban), Peruvian, now residing in Chile.
  11. Guillermo Gomez (Roosevelt), Chilean, residing in Santiago.
  12. Lieutenant Colonel Gonzalez, Chilean, member of Military Intelligence.
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#### Colombia X u

After a great deal of negotiation with the Colombia Government, Hermann Heinrich Rullhusen, who had been identified as a German espionage agent by SIS in Colombia, was deported by the Colombia authorities in April, 1944, to Panama. He was thereafter brought by Army plane to the United States and interned at Camp Kenedy, Texas, where he was interrogated by Bureau agents. When he realized that conclusive evidence as to his activities as an espionage agent was in possession of the Bureau, he gave a comprehensive statement as to his recruitment, training and activities as a German espionage agent. X u

Rullhusen was unable to furnish positive information that Ludwig Bischoff, formerly of Dallas, Texas, and now of Fresno, California, is a German agent, despite the fact that Bischoff furnished Rullhusen with radio transmitter parts and money, which money had been sent to Ludwig by Johannes Bischoff of Bremen, Germany, an official of the Bremen Ast. Rullhusen stated that Ludwig should have known that he, Rullhusen, was an agent when he had sent the radio transmitter parts, but as no one had ever told him that Ludwig was one of the Bremen group, he could not positively so state. X u

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Rullhusen did, however, furnish information regarding Waldemar Othmer, presently in Knoxville, Tennessee, which conclusively stamped Othmer as an agent. Othmer was engaged in radio training in Bremen along with Rullhusen and others in early 1940 under the direction of Johannes Bischoff, and Rullhusen positively identified a picture of Othmer in Norfolk, Virginia, as the individual with whom he received espionage training. Intensive investigation of Othmer is now under way and prosecution of him will be sought in the near future.

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C. EXPULSION AND INTERNMENT OF AXIS NATIONALS

As few countries in Latin America possess security laws which enable them to control or ultimately handle nationals of Axis countries, the program of deportation and internment of dangerous enemy aliens has assisted materially in reducing the danger presented by the presence of such individuals in the Western Hemisphere. Since the inception of the SIS program in Latin America, Bureau representatives have been constantly on the alert for information regarding individuals who present a threat to the security of the nation in which they reside. ~~SECRET~~ *XU*

The magnitude of this work can easily be recognized by the fact that there are presently interned in the United States 2,113 Axis nationals who have been deported from South and Central America. This figure does not include the 2,584 German, Japanese and Italian nationals who have been repatriated to their native lands after their removal from Latin America. SIS representatives have participated in the expulsion program in all Latin American countries where established, and our representatives have been responsible for obtaining and correlating information concerning those persons considered dangerous, presentation of information to the several governments of Latin American republics through the American Embassies, assisting in drawing up the program and procedure to be followed in the actual expulsion and compiling data for the Alien Enemy Control Unit of the U. S. Department of Justice for approval to intern such individuals in the United States. ~~SECRET~~ *XU*

The several nations of Latin America have handled the control of dangerous Axis nationals in varied ways. Some countries, such as Brazil, Cuba and Mexico, have provided their own internment camps, while Chile, acting under a new security law, relegated the individual to a forced place of residence; and countries, such as Peru, Ecuador, Bolivia and the Central American countries have caused the expulsion of the individual from the country for internment in the United States. ~~SECRET~~ *XU*

In most instances the Republics of South America (though not of Central America) have looked upon deportation of an alien to the United States for internment as interference with the sovereign right of the nation to control and regulate the movements of aliens within the borders of the country. Other than repatriation of diplomatic officials and those voluntarily returning to Germany, countries such as Paraguay and Uruguay, have not taken action to intern or expel citizens of Japan, Germany and Italy. Of course, in Argentina no action was taken to control or deport Axis nationals as that country has only recently broken relations with the Axis and at the present time negotiations have only proceeded to an extent as effecting diplomatic representatives and their return to their native country. ~~SECRET~~ *XU*

Chile ~~SECRET~~ *XU*

The first effort by the Republic of Chile to control dangerous Axis nationals resulted following the passage of a public law empowering ~~SECRET~~ *XU*

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the President to designate places of forced residences for foreigners residing in Chile. This law was first effective on January 4, 1943, and extended for a period of six months. During this time approximately two hundred aliens of German and Japanese nationality were relegated. This security law was re-enacted and continued from July 4, 1943, during which time fifty-one persons were ordered to reside in a forced place of residence. This program has continued under a re-enactment of the security law effective January 4, 1944, at which time ninety-one axis nationals including seventy-nine Germans and twelve Japanese were relegated. X U

In most instances the persons who have been subjected to forced residences in Chile are individuals concerning whom information has been obtained regarding subversive or espionage activities as a result of investigation by SIS representatives. These individuals have been approved for internment in the United States based on information developed by Bureau representatives; however, the Republic of Chile has declined to take such action inasmuch as its officials believed its sovereign right of controlling aliens within its borders would be jeopardized. X U

The effect of the control established by the Chilean Government would be of material assistance to the security of the hemisphere if carried out as planned. However, the program has numerous weaknesses in its administration, such as lack of control over correspondence, exemption from daily registrations in many instances, and freedom of travel, which render the regulation ineffective. X U

It is known that many individuals now subject to the regulations of the relegation decree, including Alberto Julio Von Appen Bestmann, Hans Hofdauer, Isabel Piderit de Reiners, Bruno Dittman, and others, were engaged in German espionage activities and have not otherwise been controlled by prosecution under security regulations. X U

In the investigation of the RZ espionage ring certain documents were obtained from Bernardo Fiemermann, leader of the organization, which established the role employed by Guillermo H. Hellen (Grewe) as an espionage agent for Ludwig Von Bohlen, former Air Attache in the German Embassy in Santiago. Hellenmann was detained by the authorities, and when his lawyer attempted to attain his release by writ of habeas corpus, the Chilean Investigaciones secured an order for his expulsion from the country which was signed by President Rios. X U

SIS representatives through the cooperation of other Embassy officials and upon authority from the State Department was successful in effecting the deportation of Hellenmann by United States military plane to Talara, Peru, following which he was subsequently removed to the United States for internment. X U

It is believed that a valuable precedent has been established in this instance which may result in future action by the Chilean Government to remove dangerous German nationals to the United States for internment. X U

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Peru X u

The Republic of Peru was one of the first South American nations to cooperate with the American Government by expelling dangerous German, Japanese and Italian nationals from the country for ultimate internment in the United States. There have been 2,239 Axis nationals removed in accordance with this program. X u

During 1943 a major part of the work of SIS representatives located in Peru consisted in correlating information and conducting investigation with regard to the activities of Axis sympathizers. Lists were compiled of dangerous Axis nationals which information was submitted for approval with regard to internment of the subjects in the United States. In those instances where the information was deemed sufficient as to warrant such action, appropriate memoranda compiled by the legal attaché was submitted to the Peruvian Government in order to effect the expulsion of the Axis nationals from the country. X u

During 1943 six different contingents of Axis nationals were removed from Peru including 124 Germans and 568 Japanese. This number also involved women and children of dangerous Axis nationals who desired to be removed with the various subjects for internment in the United States. These individuals have been removed by means of United States Army transport vessels and by the use of the United States Air Transport planes. They are now confined to internment camps located in various sections of the United States. The deportation program in Peru is virtually complete inasmuch as there remain only a few individuals who are considered dangerous to the security of the Republic. Such individuals are in some instances protected by political figures while others are protected by reason of their Peruvian citizenship or intermarriage with Peruvian citizens. X u

Bolivia X u

Based on data accumulated by SIS representatives, twenty-nine Japanese and fifty-two German nationals were summarily expelled from Bolivia on May 18, 1944, and were brought to Panama for internment by United States Army Transport planes. The legal attaché in La Paz, Bolivia, at the request of the American Ambassador, handled all the details of the expulsion with the Bolivian Government with whom we did not have at the time formal diplomatic relations. With the removal of the individuals in this instance from Bolivia, the expulsion program, as developed by Bureau representatives, has been virtually completed as other individuals known to be dangerous to Bolivia had been removed on previous occasions. X u

Ecuador X u

Continued efforts by SIS representatives in Ecuador have resulted in the removal of dangerous Axis nationals who were determined to be a threat to the security of the Republic and the Western Hemisphere. In all, 452 German, Japanese and Italian nationals have been expelled from the X u

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country and the effect of this program has been materially assisted as a result of our efforts during 1943 when a total of sixty-two Germans and three Italians were deported and removed to the United States for internment. X u

Included in this program were ax. self, a German national in charge of German affairs at the Spanish Embassy, who was found to have operated a German news agency in a clandestine manner; Eduardo Panse and his brother Ernesto Panse who assisted in the management of the German affairs after the expulsion of diplomatic officials; Otto Heinrich Carstenjen, former manager of the Otto Wolff Oil company, who was believed to be engaged in espionage activities; and others who were known members of the NSDAP and associated German organizations. At the present time only one Japanese national resides in the Republic of Ecuador and his activities are controlled by forced residence in a remote area of the country. X u

Only a few other axis nationals considered dangerous presently remain in the country, and available information indicates that they are not presently engaged in subversive or espionage activities. Such individuals have been protected from deportation in some instances due to intermarriage with Ecuadorian citizens or because of their political or social influence. X u

#### Brazil X u

As previously mentioned, 209 Axis nationals are presently interned in detention camps established by the Brazilian Government. This figure includes the continued operation, a policy established by the Brazilian Government to control Axis nationals since that nation formally declared war on the Axis nations. At the outbreak of war several hundred German, Japanese and Italian sympathizers were taken into custody but were later released. X u

The internment program in Brazil, as instituted in the beginning, affected all Axis nationals; however, it is now confined to the detention in internment camps of those persons concerning whom information has been received indicating they are engaged in subversive, espionage or other suspicious activities. X u

#### Haiti X u

On June 23, 1944, fourteen German internees with their wives and children were transported from Haiti to the United States by plane for internment in the United States. All other German nationals who were interned in Haiti have been released by the Haitian authorities though they are required to report once a week to the police authorities in Port-au-Prince. The Haitian Government released these internees evidently because they felt that conditions are sufficiently well under control in that Republic to permit the release of the internees with safety; however, separate cases have been opened on each of these released individuals and a check will be maintained on their activities and associates. X u

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During the past year Haiti has deported a total of twenty-three individuals for internment in the United States. None have been interned there during that period. *XU*

Mexico *XU*

During the last half of 1943 and the first half of 1944, thirty-three Axis nationals have been repatriated from Mexico. The number of individuals who have been interned in Mexico because of subversive activities, espionage or sabotage, is undetermined. Mexico has not followed the policy of sending Axis nationals to the United States for internment inasmuch as it has established its own internment camp for that purpose. *XU*

Guatemala *XU*

Guatemala, one of the Central American countries, during the past twelve months has deported approximately 139 individuals to the United States for internment. During that same period the Republic has interned no one within the Republic inasmuch as they do not have what we would call an internment camp, but use their prison for that purpose. *XU*

Honduras, El Salvador, Nicaragua, Costa Rica, Dominican Republic *XU*

These countries also have followed the policy of sending Axis nationals to the United States for internment. During the past twelve months, Honduras has deported for internment seventy-three individuals; El Salvador, twenty-one; Nicaragua, twenty-four; Costa Rica, seventy-nine; and the Dominican Republic, nineteen. In none of these Republics, have any individuals been retained for permanent internment inasmuch as these countries do not have internment camps and find it necessary to use their prisons for that purpose. *XU*

Cuba *XU*

Cuba is one of those countries which has established facilities for internment within its own boundaries. As a result they have sent no Axis nationals to the United States for internment. The program of deportation and internment of dangerous enemy aliens was carried on very intensively in Cuba from the time of declaration of war and the situation was considered as having been brought under control by the latter part of 1942 or early 1943. As a result, Cuba is no longer engaged in mass internments of Axis nationals and makes such internments only on a selective basis. During the past twelve months only eight individuals have been interned in Cuba. *XU*

Colombia *X*

Colombia did not sever relations with the Axis nations until the fall of 1943. Immediately subsequent thereto a list of approximately 141 individuals was drawn up of those who were considered to be fit subjects for internment. Colombia has followed the program of interning Axis nationals

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within its own borders except in those few cases where the individuals are considered most dangerous or are known to have been actively engaged in espionage for the Axis, and in such cases those individuals were deported from Colombia to the Panama Canal Zone and later were sent to the United States. Six individuals are in that classification at this time and they were not deported until the spring of 1944. Approximately 100 individuals have been interned in Colombia. X u

Venezuela X u

No deportees have been received from Venezuela for internment in the United States during the past twelve months, and within the confines of its borders, Venezuela during that same period is reported to have interned only four persons. X u

This country, though it severed relations with the Axis countries immediately after the United States went to war, has never had an internment program as such, inasmuch as they have never considered the Axis nationals sufficiently dangerous to cause much worry. X u

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D. SUBVERSIVE POLITICAL COVERAGE

The solidarity of the Western Hemisphere has been threatened during 1943 by revolutionary movements which have overthrown some of the governments of Latin American countries. Certain movements presently exist which are a continued threat by reason of further activities by elements seeking to cause the overthrow of governments of other Latin American nations. While some such movements are local in nature, not inspired by outside elements, the removal of a government recognized by the United States in itself is detrimental to the Allied war effort in that it affects the flow of vital war materials being obtained from Latin America and causes a break in the present program as it concerns the security of the Hemisphere from Axis influence and penetration. In 1943, nearly all of the various nations of Latin America had been involved in some type of political movement that has caused unrest in the country affected. ~~SECRET~~ U

In January, 1944, a summary memorandum was prepared regarding Current Revolutionary Movements in South America which proved to be of considerable interest and value to governmental agencies in the United States. This memorandum contained information obtained by our representatives in Lima, Peru, concerning Argentina's plan to develop movements in Latin America which would result in the removal of all governments not favorable to Argentina and it also had for its purpose the establishment of an anti-United States block in South America. No previous information had been received by the State Department of the United States in this regard and the facts as developed by SIS representatives proved to be of extreme value. ~~SECRET~~ U

As definite information had been obtained indicating a well organized plan by the Argentine Government to sponsor revolutions led by military elements similar to the Argentine revolution in other Latin American countries, it was necessary to obtain detailed coverage in this field. Reliable contacts have been established by our representatives in high governmental circles throughout Latin America and informants have been developed among the opposition. Several instances have occurred wherein our representatives have received advance information on attempted revolts and revolutions which has been made available to the American Ambassador, the State Department of the United States, and interested governmental agencies. ~~SECRET~~ U

The radio facilities of the Office of the Legal Attache in the countries affected by revolutions have been of vital importance in transmitting communications to the State Department in Washington, as in most instances no other means of communication has been open while the revolutionary movement was in progress. ~~SECRET~~ U

Background information regarding personalities involved in the various revolutionary movements in Latin America has been of valuable assistance to the State Department of the United States in determining what action would be taken with regard to recognition of newly established ~~SECRET~~ U

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Argentina X U

A military group overthrew the Government of President Ramon Castillo in Argentina on June 4, 1943. Subsequent developments have placed a sinister aspect on this revolt as information received concerning Argentine activities in Latin America, the Bolivian coup, and current revolutionary movements in other countries of South America strongly indicate that Argentina may be fomenting new revolutions with possible Nazi assistance. The original revolt in Argentina was reported to be instigated by the "Young Generals," including General Ramirez who was established president, Generals Rawson, Martinez, Mason and others. This group was supplanted by an organization known as the "Colonels Group" who are not only nationalists and admirers of Germany, but who took steps to form a completely totalitarian government in Argentina. The organization which developed from the "Colonels" organization was known as the G.O.U. or Gobierno Orden y Unida and was composed chiefly of Colonels from the Argentine Army and was headed by Colonel Juan D. Peron. Colonel Peron has become increasingly powerful in the Argentine Government and is described as one of the most important figures in Argentina today. Shortly after Argentina broke relations with the Axis early in 1944, President Ramirez was forced to resign and General Farrell, Minister of War, was named President of Argentina. X U

The situation with regard to Argentina has become increasingly serious with regard to its opposition to the United States, its endeavor to influence other Latin American republics, and its desire to incite revolutionary movements which would establish a political and economic block of South American nations who would be friendly to the present Argentine regime. X U

Bolivia X U

The Legal Attache's Office at La Paz, Bolivia, has followed very closely political developments in Bolivia. This action was necessary because individuals making up the Movimiento Nacionalista Revolucionario were reportedly obtaining support from Argentina for a revolutionary movement. Other individuals known to have been associated with the opposition were allegedly sympathetic with the Axis cause. In September, 1943, information was received that leaders of the M.N.R. were planning a revolt against the Bolivian Government. This information was substantiated by the activities of one of the leaders of the Party, Paz Estenssore, who was known to be consulting with Argentine leaders concerning such a movement. On December 20, 1943, the President of Bolivia, Enrique Penaranda, and members of his Cabinet were seized and ousted by a successful revolt instituted by the M.N.R. At this time the communications with the outside world were cut off and the Office of the Legal Attache cooperated with the American Ambassador in furnishing radio facilities for transmitting information to the State Department of the United States regarding the events transpiring as a result of the revolution. X U

Since the establishment of a new government under President Gualberto Villarroel, the Office of the Legal Attache has been able to report

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current political developments through contacts with Cabinet and high police officials of the provisional government. X U

#### Brazil X U

Elements of the Integralist Party, which was outlawed by the Government of President Getulio Vargas in 1938, have been a continued threat against the present Government of Brazil. The leader of the Integralists, Plinio Salgado, was exiled to Portugal, where he presently resides, and reliable information has indicated the possibility of Nazi influence causing a movement to be developed through the Integralists which has for its purpose the removal of Vargas. X U

At the request of the State Department of the United States, extensive investigation was undertaken in Brazil and in the United States regarding the possibility of Brazilian exiles in the United States assisting in formulating a plan to overthrow the Government. This investigation was based upon a report that the Vargas regime in Brazil would be overthrown by pro-Axis and Fascist elements within the Brazilian Army. No information was developed indicating individuals in the United States were involved in this plot although it was established that elements in Brazil are present which strongly oppose the Government. However, no organized movement has yet taken action in this regard. X U

#### Chile X U

The Chilean Government has during the past several months expressed great concern over political developments involving opposition to the Government of President Rios. Information developed by our representatives had indicated Argentine collaboration with political figures in Chile which has for its purpose the establishment of a military regime in Chile similar to that now in existence in Argentina. X U

Following the Bolivian revolution, the Chilean Government acted to close its borders between Chile and Bolivia as it had learned that Argentine money was allegedly responsible for the Bolivian revolution. X U

Groups opposing the administration include the G.O.S. or the Grupo de Oficiales Subalternos, which is composed of low-ranking Army officers and the followers of Carlos Ibanez del Campo, who has been supported by Nazi political figures in Chile and who is known to have communicated with known Argentine nationalists. The activities of these groups have been closely followed in view of the subversive nature of the platform of their organizations. X U

#### Colombia X U

The political situation in Colombia during the past year has been most acute. Opposition under President Lopez has steadily mounted and X U

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Information has been developed concerning a definite movement to stage a revolution. In an unsuccessful conspiracy which occurred during 1943, it was reported that the plan of the conspiracy dealt with the establishing of a military coup d'etat similar to that which occurred in Argentina. A plot was uncovered which involved certain elements of the Army. This action was forestalled by the Government and the principal conspirators were taken into custody and subsequently tried. However, they were freed due to the lack of definite evidence against them. X U

Other groups opposing the Government include elements of the Conservative Party, anti-Allied groups, and members of the exiled native Fascist organization, which were united in opposing President Lopez. The coalition of the above groups was termed the Organizacion Nacional. However, it has been known by other names inasmuch as it changed its title on different occasions. This coalition set tentative dates during the latter part of 1943 for the staging of a revolt. Minor disturbances occurred frequently in March, 1944. An uprising occurred in the town of Purificacion. This movement was controlled by the Government. X U

On July 9, 1944, President Lopez was kidnapped by a group of Army officers headed by Lieutenant Colonel Diogenes Gill at Pasto, Colombia. Loyal troops, however, were successful in quelling the revolt and President Lopez was freed from his captors and has again resumed the presidency. During this outbreak, the Legal Attache's Office was able to radio messages advising of the situation and because communications with the exterior had been broken off, the United States Ambassador used the Bureau radio to send dispatches to the State Department. X U

#### Ecuador X U

During 1943, innumerable reports were received concerning alleged plots to overthrow the Ecuadorian Government. The chief source of opposition to President Rios was a coalition of all parties in opposition to the administration which was known as the Alianza Democratica Ecuatoriana. During the middle of May, 1944, reliable information was obtained by SIS representatives indicating the Government of President Arroyo would be overthrown either at the time of the national election, scheduled for June 2 and 3, 1944, or shortly thereafter. This information was made available to the State Department and other interested governmental agencies. On the night of May 28, 1944, the Alianza assisted by units of the Ecuadorian Army undertook an attack on the loyal carabineros at Guayaquil, Ecuador, looking to the overthrow of the Government. When this action was successful, the revolution spread to other cities throughout the republic and on the evening of May 29, 1944, President Arroyo and his Cabinet resigned. X U

The provisional government established by revolutionary elements immediately called upon Dr. Velasco Ibarra, prominent politician and former president who was residing in exile in Colombia, to return to the capital city, Quito, Ecuador, and take charge of the provisional government established by the Alianza. Investigation by our representatives disclosed no subversive elements to be controlling the revolutionary movement and during X U

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the course of the revolution supplied information as to current developments to the American Ambassador which was made available to the State Department of the United States through the facilities of the Bureau's radio. X U

#### El Salvador X U

There has been a great deal of political unrest in El Salvador during the past year. The main basis for such activity was reported to be the hostility of certain elements toward ex-President Maximiliano Hernandez Martinez, who prolonged his term as President by changing the national constitution. X U

On April 2, 1944, a revolution broke out in the capital city of El Salvador. For a time it appeared that the revolution would be successful, but on April 4, 1944, it was finally quelled by Government action. Investigation by our representatives has determined that the revolution in El Salvador, as in other Central American republics, was not inspired by Axis powers. Following the revolt, pressure was brought to bear against President Martinez, who on May 3, 1944, announced that he would resign from the Presidency. General Andres Ignacio Menendez was named to succeed President Martinez. However, a general strike continued until May 11, 1944, at which time Martinez left the country for Guatemala City. X U

Military elements in El Salvador have unsuccessfully attempted to persuade the President to deposit the powers of Government with military figures. A partial settlement has been reached by the parties involved and elections are to be held in January of 1945. For the immediate present, the political crisis appears to be under control. X U

#### Guatemala X U

Following the lines of passive resistance through a general strike in June, 1944, the Government of Guatemala, headed by President Ubico, was forced to resign. Previous information developed by our representatives in that country determined ex-President Ubico to have been a virtual dictator. He ruled the country ruthlessly and had been particularly harsh with his political opponents whom he had either imprisoned or executed. Through action by Guatemalan students and through the general strike which was effective June 24, 1944, the resignation of Ubico was effected and a new Government established. X U

SIS personnel in Guatemala were fully aware of the anticipated action against the Government and had enabled the distribution of this information to interested governmental agencies. X U

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Honduras XU

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Throughout the year of 1943, the Republic of Honduras was relatively calm from a political viewpoint. However, in June, 1944, a revolutionary movement developed which reached a climax in the first week of June, 1944, when parades and demonstrations were held as an expression of opposition to the established government. Reports were received that arms were being smuggled into the country and information at the present time indicates a situation of political unrest which may at some future date develop into revolutionary action inasmuch as the demonstration on June 4, 1944, did not affect the present position of the government. Our representatives have been cognizant of all political developments in Honduras and have maintained extended political coverage in that country. XU

Mexico XU

While there have been no overt acts on the part of organized revolutionary movements in Mexico during 1943, there have been several incidents which have involved the security of the Government of President Avila Camacho. One incident involved a Lieutenant Jose Antonio Eduardo de la Lama y Rojas of the Mexican Army. This individual attempted to assassinate the President, but was unsuccessful in this endeavor. Investigation by our representatives developed the information that the attempted assassination of the President by Lieutenant de la Lama was not the culmination of a general plot to overthrow the Government, but was rather the individual act of a religious fanatic. XU

An attempt was made on July 10, 1944, to start a rebellion within the Mexican Army which involved Captain Benito Castenado Chavarria. This individual endeavored to form a rebellion among the conscripted men but he was wholly unsuccessful in this attempt. He was tried by military court and sentenced to death. However, this sentence was suspended by President Camacho. XU

Nicaragua XU

Many charges have been made by the opposition against the rule as established in Nicaragua by President Somosa. Anti-Somosa demonstrations were held in the country on May 27, 1944, as a result of which the President has recently made some concessions to the opposition which has now reverted to a campaign of passive resistance. Present indications are that President Somosa will continue in power. However, the political situation in the country is described as uncertain. It is possible that a violent revolution may soon result and for that reason extended coverage is being given to political matters in Nicaragua at the present time. XU

Paraguay XU

The political situation in Paraguay has caused governmental officials to view recent developments with alarm. An attempt was made to

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overthrow the Government on January 26, 1944, and a revolutionary plot led by members of the outlawed Liberal Party was attempted. The revolutionists endeavored to release and arm the prisoners at the city jail and later sought to capture the central police station. This plot was quelled when several members of the revolutionary party were killed in the gun battle that ensued. X u

In this instance, the coverage afforded the revolutionary plot resulted in information being relayed to the State Department of the United States through available Bureau facilities in such manner as to be the first information the State Department had received concerning the matter. X u

During the early part of February, 1944, rumors were circulated concerning threats of a general strike by workers which would result in a probable governmental crisis. X u

The attitude of many individuals opposing the Government in favoring Argentina is a definite threat to the security of the Paraguayan Government as are the many individuals residing in the country who possess known pro-Nazi sympathies. The desire of Argentina for close collaboration with countries bordering Argentina is an even existing possibility that Argentina will endeavor to influence and assist elements desirous of overthrowing the Paraguayan Government. At the same time it is known that some forces opposing the administration of President Morinigo are known to be completely pro-American and pro-Allied. X u

Information received from the Office of the Legal Attache in April, 1944, indicated that a revolution was planned which would result in the overthrow of Morinigo as President. This movement was reportedly headed by General Delgado, who was stated to possess the support of elements in the Paraguayan Army, including Colonel Arturo Bray. Since that date, Cabinet changes have been effected in an endeavor to save the Government which have involved the placing in governmental positions individuals known to possess Axis and anti-United States sympathies. X u

#### Peru X u

The Government of President Prado has not been popular and has been subject to much criticism by the opposition. Numerous reports have been received indicating an attempt would be made to overthrow the Government which was to be sponsored by the Union Revolucionaria led by Jose Quesada and Manuel Majica Gallo. X u

During December, a plot was uncovered which was to be effective on December 31, 1943. This action did not materialize; however, other political activities which are being closely followed include the reported return of Marshal Oscar Benavides, Peruvian Ambassador to Argentina, who is allegedly favorable to the military government established in Argentina. X u

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Bonavides has been prominently mentioned as a presidential candidate to replace President Prado. However, he is opposed by General Eloy Ureta, the Union Revolucionaria, and members of the Mire Quesada faction. Bonavides was reportedly returning from Argentina to Peru where he would assist in the Government of President Prado, and it was reported that he desired to remove from high military positions the officers who were favorable to General Eloy Ureta. XH

The outlawed Aprista Party led by the notorious political fugitive, Haya de la Torre, has been subject to persecution by the administration. The Aprista Party has not yet indicated who it will support in the elections to be held during 1945. However, it is anticipated that the support of this group will be sought by any candidate who seeks election. XH

The Legat Attache at Lima has recently obtained information indicating that Marshal Bonavides was to return to Peru on or about July 3, 1944, and that elements of the Peruvian Army were desirous of causing a revolution to take place in order that the Government would be seized prior to the arrival of Bonavides in the republic. It was felt that this action would be beneficial at this time inasmuch as Bonavides, upon his return, would probably attempt to cause the transfer of Ureta Army followers from important posts, thus handicapping the efforts of Ureta at some later date in the event he desired to take such action. XH

#### Uruguay XH

The stability of the Uruguayan Government has been threatened by reported revolutionary activities sponsored by the Herrerista Party which was believed to have been backed by Argentine elements. Since the Argentine coup d'etat in June, 1943, tension in Uruguayan political circles has been increasing. The Herrerista group is a nationalist group, anti-United States in sympathy and Fascist in nature. The activities of this organization are being closely followed in view of its policies and tendencies, and extended coverage is being afforded political developments involving such elements in Uruguay. XH

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E. MONOGRAPHS

The SIS Section of the Bureau functions as a service agency for the distribution of pertinent information to the various departments of the United States Government for their assistance. In view of this function, numerous requests were received from various officials of the Governmental Agencies for summaries of information pertaining to such elements as economic developments, phases of political significance and other matters of intelligence concerning the various Latin American Republics. In response to these requests the Bureau has prepared monographs which are furnished to such officials not only for general intelligence information, but utilization as research material. X U

In view of the constant requests for summary information in this form, the Bureau SIS Section has prepared monographs not only on general intelligence matters in the various Latin American Republics, but on specialized topics of interest. During the past fiscal year the following monographs have been prepared to supplement previous general monographs on various Latin American Republics: X U

September 15, 1943 - General Monograph on the Republic of Cuba  
September 25, 1943 - General Monograph on the Republic of Costa Rica  
January 17, 1944 - The Spanish Falange in the Western Hemisphere  
January 25, 1944 - Current Revolutionary Movement in Latin America  
June 5, 1944 - General Monograph on the Republic of Guatemala X U

In addition to these, there are presently in preparation special monographs on the following subjects: X U

1. Communism in Latin America
  2. Smuggling of Strategic Materials in Latin America
  3. The German Espionage System in Latin America
  4. The Japanese Intelligence Service in Latin America
  5. Russian Espionage in Latin America
- X U

Similarly in preparation the SIS Section is preparing supplements on the present status of the Spanish Falange monograph and original country monographs on the Dominican Republic and Haiti. Further supplements to general country monographs it is expected will be compiled monthly on the basis of continuous and current information reported by our SIS representatives. X U

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CHAPTER VIII - ACCOMPLISHMENTS BY COUNTRIES X U

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ARGENTINA X U

During the period 1943 - 1944, the world witnessed an event few of the Allied nations expected to transpire, but which all had long hoped for, the capitulation, slight though it was, of the haughty Argentine spirit from the snug pinnacle of national pride to the outer fringe of the commitment of democratic nations. In January, 1944, as a result of Allied pressure, slipping Axis control and vituperative press criticisms, she finally kept her pledge made many years ago at Havana and Rio de Janeiro. X U

From January to date the Argentine has kept the spotlight in the Western Hemisphere as through changing administrations pressure just short of war has been brought to make her live up to her commitments. At present both Great Britain and the United States have their Ambassadors to the Argentine at home for "consultations", the strongest possible diplomatic rebuke which could convey displeasure with the Argentine's vacillating attitude. X U

Even though diplomatic relations have been severed with the Axis powers, the Argentine refused to repatriate the Axis diplomats who remained in a position to continue their espionage activities. Numerous memoranda had been supplied to the State Department as a result of SIS investigations in the Argentine indicating that the key to Axis espionage in that country was the diplomatic staff. At the specific request of the State Department, the memoranda was prepared for the use of Ambassador Norman C. Armour to assist him in his negotiations with the Argentine Government on the matter of Axis espionage agents operating in that country. The memoranda contained identifying data on sixty-eight Axis agents. The information was obtained from the Bureau files, which consisted almost entirely of reports submitted by the Legal Attache in Buenos Aires. X U

Finally the Argentine consented to expel the diplomats, and on July 6, 1944, 162 Axis nationals, including 125 persons with diplomatic status and thirty-seven of semi-official standing, were deported on the "Cabo de Hornos." This group was followed by another on July 12, 1944, aboard the Argentine ship, "Rio Jachal." This group consisted of 126 people, 109 of whom were German diplomats with their relatives and servants and a semi-official group of sixteen. Both of these ships before they sailed went through British control at Buenos Aires and all baggage not sealed was searched. Both these ships will touch at Trinidad where more thorough searches will be conducted by British control offices. In all probability some illuminating material will be brought to light confirming information on their activities presently in the possession of the Bureau. X U

As a result of the demand of Secretary of State Hull through Assistant Secretary of State Stettinius that it is imperative that the Argentine arrest or deport all individuals carrying on espionage activities in behalf of the Axis powers, numerous arrests took place during January and February of 1944 and some two hundred individuals were arrested and X U

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questioned. Many of these were released and so continued in employment. Among this group were seventy-five very well-known Axis agents on whom extensive information is on file in the Bureau which has been compiled by SIS representatives in Buenos Aires. X U

At present the internal affairs of the Argentine are undergoing startling changes indicating possible pro-allied cabinet ramifications. If this takes place and the Argentine is sincere in putting her house in order, the work of the SIS Division will be brought to fruition, and the memorandum which had been prepared for the State Department and for presentation to the Argentine Government will undoubtedly be used by her Police Department in rounding up the Axis agents either for trial and prison sentences or for deportation. X U

The SIS representatives in the Argentine have been very thorough in deeply penetrating into the espionage organizations of the Axis powers. Coverage on the activities of German, Japanese and Italian agents has been maintained by surveillances, intercepted communications, secret ink writings, informants and double agents. X U

With regard to Italian espionage since the entrance of that country into the war, the use of double agents has aided in obtaining information regarding their activities in the Argentine. The complete data regarding the activities of Axis agents in the Argentine is not being set forth; however, certain illustrative cases are being briefly outlined to demonstrate the manner in which SIS investigations are conducted and the results obtained therefrom. X U

The Juan Enriquez Case involves the interception of approximately sixty-five letters directed either to or from four related drop boxes located in Madrid, Spain, and numerous individuals in Buenos Aires, Argentina; La Paz, Bolivia; Mexico City, Mexico; Havana, Cuba; Valdivia, Chile, and Montevideo, Uruguay. Many of the letters from Latin America contain secret ink writings largely concerning ship movements, armaments and cargo. It is apparent that the four drop boxes are not only used by espionage agents for the forwarding of intelligence information but are also used for the dissemination of German propaganda. In addition, two of the cover addresses have been used by private individuals to send personal communications to families and relatives in Europe. Although it is felt that the personal use of the cover addresses is separate and distinct from the espionage and propaganda use to which they have been put for over two years, it is possible that such arrangements have been effected for the purpose of affording protection to the espionage messages. However, in so far as it can be determined, two of the addresses have been used exclusively for the transmission of intelligence information. Two of the individuals engaged in transmitting espionage information are Jose Ditsch and Jose L. P. Zartmann. X U

Ditsch has written the majority of the communications intercepted in this series. Out of forty-five communications written by him to the drop boxes in Madrid, twenty-three were found to contain secret ink writings furnishing shipping information exclusively. Others sent earlier in the X U

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series openly transmitted intelligence information without the use of secret ink. Ditsch is known to have received three communications at Asapardo 816, Buenos Aires, the address of the German Benevolent Society. The three letters contained secret ink writings, either requesting espionage information or furnishing instructions for the use of additional drop boxes. He has addressed his communications to the Madrid cover addresses, using various fictitious names and addresses. All the names used, however, had the one common characteristic in that the names or the initials used all contained the letters "D" and "J". The return address given at several of the communications was Calle Cramer 2885, the residence of Matias Turner who also conducts a delicatessen at that address. XU

In an effort to ascertain the whereabouts of Jose Ditsch, SIS representatives directed an informant to call at Cramer 2885 and asked for him by the alias which he had frequently used when employing this address, viz., Jose Dias. The informant was greeted by a woman who has been identified as Mrs. Matias Turner, who suspected the informant of having come to that address to deliver a communication for Ditsch. The informant, of course, had no communication for him, but was given two packages of back issues of Life Magazine by Mrs. Turner which were to be passed on to the "proper individual" whose identity was, however, not ascertained. At this time, Mrs. Turner stated that Jose Ditsch was in Bahia Blanca, an Argentine seaport about 400 miles south of Buenos Aires. Matias Turner was reported arrested by the Argentine police on February 11, 1944, and Jose Ditsch on February 12, 1944. XU

The other individual involved in the transmission of espionage information to Madrid drop boxes is Jose Zartmann, who holds the position of librarian at the Hospital Formi in Buenos Aires. He was born in Germany on August 23, 1908, is known to be pro-Nazi and to have been active in various Nazi organizations in Buenos Aires. He has been employed as librarian as noted for the past seven years. XU

Zartmann is known to have received three messages, all containing secret ink writing. From the content of the secret ink messages, it is apparent that Zartmann is a newly-recruited agent who is performing this espionage service in lieu of active military duty and part of the remuneration for his efforts is sent to his mother, who is apparently in Occupied Europe. XU

Two eastbound messages from Zartmann to his espionage principals have been intercepted, the first conveying his message in open code and the second being transmitted by the use of secret ink writing. Zartmann's activities have been constantly and closely followed by SIS representatives in Buenos Aires and he was reported apprehended by the Argentine police on February 12, 1944. XU

Francisco Korinek of Calle Uruguay 949, Buenos Aires, is a propaganda agent operating for the propaganda agency which has utilized the XU

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facilities of the drop boxes involved in the Juan Enriquez case. An intercepted letter directed to him dated December 18, 1941, spoke of forwarding propaganda material to Korinek and also mentioned his principals' desire to receive weekly information reports. Korinek is a German who is the representative of the Compania Codeco S. de R., Ltd., vendors of synthetic fuel with offices at R. S. Pena 501, Buenos Aires. He has been under periodic surveillance by the SIS in Buenos Aires and his activities and background have been fully tabulated. It was reported that on February 15, 1944, Korinek was apprehended by Argentine Police. *XU*

The background and activities of three other individuals who have used the drop boxes in this series for the purpose of disseminating propaganda have been fully obtained by SIS representatives in Mexico, Argentina, and Bolivia. No apprehensions of these individuals have to date been made. *XU*

Extensive investigations have been made concerning five other individuals who utilized two of the four drop boxes in this series to forward and receive mail from individuals in Europe. The contents of these communications were evidently harmless and of a strictly personal nature and no action has been taken regarding the curtailment of activities of these individuals. *XU*

British interrogation of Andres Blay Pigrau, Paraguayan Consul General to Barcelona, arrested October 21, 1942, at Trinidad, revealed that he was proceeding to Buenos Aires, Argentina, on an espionage mission for the Germans. On February 8, 1943, Joaquin Batillon Martinez, another German agent, was arrested by the British at Trinidad and sent to England by way of New York where he was questioned extensively by an SIS representative regarding his knowledge of German espionage in Argentina. The information furnished by these two agents formed the nucleus for an SIS investigation which revealed the existence of what has been perhaps the most extensive espionage and smuggling ring in the Western Hemisphere, operating under the direction of General Friedrich Wolf, German Military and Air Attache in Buenos Aires. *XU*

It was developed during the early part of this investigation that Manuel Perez Garcia, Falange Security Officer in the Spanish Embassy in Buenos Aires and former Spanish official in Berlin, Germany, was a key member of this ring and supervised the activities of ship couriers assisting the Germans and transmitting information and contraband to Europe. Garcia departed from Buenos Aires in July, 1943, for a short visit to Spain, where he was to secure a cipher machine from Germany for General Wolf. On the basis of information submitted by SIS regarding his espionage activities, Garcia was arrested August 6, 1943, on his arrival at Trinidad aboard the "Cabo de Buena Esperanza" and taken to England for internment. Questioning of Garcia has revealed a wealth of information regarding the operations and personnel of the German service in Europe and South America. *XU*

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[redacted] deserted ship in Buenos Aires in March, 1943, to become [redacted]

Spanish ships. Shortly afterward [redacted]

[redacted] and through him complete data have been secured regarding the smuggling and espionage operations in Buenos Aires, as well as photographs of all messages and espionage information sent by the couriers. He has provided samples of contraband collected by the group and has assisted in substituting innocent material for this contraband in several cases. X u

Another member of the espionage ring, [redacted], performed services similar to those of [redacted] beginning in the early fall of 1943. Through [redacted] the Bureau has received coverage of the delivery of some 450 pages of coded messages, about 3,200 photographic negatives containing economic and political data, numerous letters, two kilograms of Malayan tin and other material, including twenty-two golf balls purportedly containing messages. In the same case, samples were secured of quartz crystal apparently intended by the group for optical or specialized radio purposes, and talcum powder was substituted for a shipment of 750 grams of insulin intended for delivery to a courier aboard the "Cabo de Hornos" on February 4, 1944. X u

José Olivera del Río, radio operator aboard the "Habana," was known by British authorities through secret sources to be a German courier. However, no outside information regarding his activities was developed until he received a package containing coded messages and photographs and another containing two kilograms of metal thought to be platinum from Aguilar on October 1, 1943. On the basis of information furnished by SIS, Olivera was arrested by the British on the high seas off Gibraltar on October 19, 1943, and taken to England. As with the previous agents arrested in this case, considerable data concerning General Wolf's organization were secured from Olivera. X u

It is expected that another known courier, Salustiano Rey Gonzales, a waiter on the "Cabo de Buena Esperanza," who was carried messages given him by our double agents, will be arrested by British authorities when his ship next reaches Trinidad. X u

In September, 1943, information was received that a German agent using the cover name "Malota" was proceeding to Argentina on a special mission. Shortly thereafter, it was developed that this agent was identical with Fernando Ramon Rosendo Baulenas Salas, a Spanish student in Buenos Aires who had gone to Spain earlier in the year, and whose return passage to Argentina in November, 1943, had been booked by [redacted] at the request of the Germans in order to prevent the British in Spain from becoming suspicious of him. Salas has been under surveillance by SIS since he arrived in Argentina in December, 1943, and it is known that he has arranged for communication between the German services in Argentina X u

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and Spain through Spanish diplomatic facilities. British authorities have announced the intention of arresting Salas upon his return to Spain. However, he was arrested by Argentine police February 11, 1944, for espionage. *AM*

After the break in relations between Argentina and the Axis on January 26, 1944, a number of the principal agents of General Wolf, as developed by SIS investigation and the interrogation of those arrested by the British, were apprehended by Argentine police and held on charges of espionage. Included were Jose Mella Alfagame, smuggling chief of the group; Benito Ramon Amorin, brother of the notorious agent, Esteban Amorin; Manuel de Miguel Arrastia, Buenos Aires chief of the Spanish Falange; Jose Santiago Valles Cruz, espionage liaison officer in the Spanish Consulate; Eugen Juan Frank Langer, assistant in courier operations; Martin Muller, assistant of General Wolf; Nicolas Moreno Quintana, espionage and smuggling agent; Benjamin Juan Roson, brother-in-law and assistant of Jose Mella; Wilhelm von Siedlitz, contact of General Wolf and superior of Esteban Amorin; and Walter von Simons, well-known agent of the German espionage and propaganda service. General Wolf, himself, was detained on February 10, 1944, and placed under house arrest, subsequently being released preparatory to repatriation to Germany. Warrants are outstanding for the arrest of several other members of the group. *X2*

Aside from our double agents in the Efe Case, SIS was able to develop another such agent in connection with the arrest of [redacted] by the Argentine Government in May, 1943, when he arrived in Buenos Aires aboard the "Cabo de Hornos." [redacted] was found to be carrying espionage information, money and instructions for delivery there to a German agent unknown to him and apparently destined for the United States. In [redacted] [redacted] was sentenced by the Argentine courts to two years imprisonment. *X2*

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[redacted] was arrested shortly after [redacted] by the Argentine Police and admitted that he was the agent for whom the espionage material had been intended. [redacted] had, in fact, traveled to Argentina aboard the same ship as [redacted]. However, [redacted] was released without prosecution or publicity by the Argentine Government and was recruited by SIS in Argentina as [redacted] for the Bureau. He has gone to Chile where he is safe from rearrest by Argentine Police. He maintains cable contact with his German superiors in Madrid attempting to secure further instructions and money through a ship courier to be contacted by [redacted] who proceeded to Buenos Aires from Chile and is working under the supervision of SIS representatives. *X2*

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A fourth double agent coming to the attention of SIS during 1943 was [redacted] famous [redacted] who was sent by the Germans to Argentina in January, 1943, with the United States as his destination. He was kept under surveillance in Argentina and full information regarding him was secured by the SIS Attache. In June, 1943, *X2*

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Costes and his wife arrived in the United States at Miami, and [ ] has been under the control and operation of the Bureau in New York since that time. Many points in his story and a number of his contacts have been checked since by SIS *XU*

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Since July, 1943, numerous communications have been intercepted written directly to Ferruccio Alvina Palazzo, Nueva Borsa 18, Genoa, Italy, and also those transmitted through an intermediary, Hector Colombo, Consul General of Uruguay, at Geneva, Switzerland. Colombo is a known intermediary for Axis intelligence agents and has been known to assist in the financing of espionage agents in the Western Hemisphere. The letters were signed "P.P." and transmitted information concerning shipping, commercial matters, politics, agriculture, and employment, all of which had been colored and flavored with sympathy toward the Axis Powers. Much general information was given concerning the tourist trade in Uruguay and the effect of weather conditions on live stock in Uruguay and Argentina and other matters of an intelligence nature with detailed remarks as to the present activities in Argentina and other South American countries, all of which information is of importance to the Axis Powers. *XU*

It was ascertained that the author of these communications was Piero Porro who receives mail addressed to him at Calle Sarandi 444, Montevideo, Uruguay, Calle San Martin 195, and Calle Potos 1060, Buenos Aires, Argentina. Porro is an Italian by birth who has resided in Buenos Aires since 1917. At the present time, he is a company representative for a number of Italian concerns and it has been ascertained that he is a close associate of known Italian espionage agents in Buenos Aires. *XU*

Porro was reportedly arrested by the Argentine Police on February 15, 1944. *XU*

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In August, 1943, information was received from [ ] that an unknown Spanish bachelor about thirty-five years of age and reportedly of a good family was scheduled to proceed from Madrid to Buenos Aires to assume a position in the shipping firm of Compania Trans-Mediterranean. He had resided in Argentina previously for about ten years and had agreed to work with the German authorities recruiting agents on steamers operating between Argentina and Spain and Argentina and the United States. Apparently, these agents would act as couriers for German agents stationed in those countries. Inquiries by SIS in Buenos Aires revealed that the Compania Trans-Mediterranean had no office in that city [ ]

[ ] the Bureau is, therefore, well prepared to receive full information regarding this agent should he arrive in Argentina. *XU*

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On the basis of information from [ ] indicating him to be a German agent, the British arrested Ernst Hoppe at Gibraltar while en route from Lisbon to Buenos Aires. A subsequent confession has *XU*

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revealed that he was an agent of the Sicherheitsdienst (German Security Police) who was dispatched to Buenos Aires on a very important mission. Hoppe was known to SIS in Buenos Aires in early 1942 as a superior chief of the Motorized Corps of the SEDAP and Commander in Chief of the block station of the Storm Troopers of Zone 19 in Buenos Aires. It was also known that he had operated an automobile driving school, and his partner, who had taken over the business upon Hoppe's departure for Europe, has been under investigation by SIS as a possible Axis agent for some time. *XU*

During August and September, 1943, a number of reports were received from reliable, but highly secret sources, to the effect that the German Espionage System contemplated landing agents and equipment along the coast of Argentina from a submarine or a small boat such as a yawl or trawler. It was indicated that the equipment would include radio transmitting and receiving equipment, as well as photographic equipment, possibly for making and enlarging microphotographs and photomicrographs. It was further indicated that Waldemar Boettger, a former radio operator expelled from Ecuador in April, 1942, would also be landed as a technician and instructor to operate this equipment. Similar reports having been received by ONI, G-2 and the British, arrangements were made by SIS in Buenos Aires for a beach patrol to be participated in by informants and representatives of the respective intelligence services. This patrol covered an extensive area in the vicinity of Mar del Plata, Argentina, which was shown by observations to be the only logical spot near Buenos Aires for such a landing. This extended coverage lasted for some months until December, 1943. Then, it was revealed that one Carlos Gustav Eichenberg had purchased and improved a large estancia on the Atlantic Coast in the neighborhood of Mar del Plata, apparently for the purpose of setting up a headquarters for German espionage in that area. Investigation also revealed the possibility that Boettger had been brought to Argentina by another means or had landed earlier than was expected and was probably already in contact with Eichenberg. *XU*

Countess Douglas, Chilean wife of the well-known German agent, Albrecht Archibald Douglas, has been of considerable interest to the Bureau because of her residence in the United States, her arrest in Rumania in 1940 on espionage charges and her connection with the German clandestine radio station PYL in Valparaiso, Chile, in late 1941 and early 1942. Investigation in Chile identified her as the "Dinterin" and "Countess D." of the PYL messages. However, prior to the arrest of these subjects in October, 1942, Mrs. Douglas disappeared and was not heard of for some months until she was located by SIS agents in Buenos Aires, Argentina. Handwriting specimens were obtained from Mrs. Douglas and forwarded to the Laboratory which identified her as the writer of three letters signed Jose Pyra, having a return address of a known German drop box in Santiago, Chile, directed to Janos Salomon, Chief of the German station ONE-MTF in Brazil. When confronted with this information, she admitted her connection with Radio station PYL and the Santiago drop box, insisting, however, that she cooperated with the Germans only through threats of Ludwig von Bohlen and Wilhelm von Pechhammer of the German Embassy in Santiago. *XU*

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It was realized that Mrs. Douglas had failed to reveal the entire information in her possession regarding the German espionage system and continued efforts were made to secure from her a full confession. In early February, 1944, Freda Douglas admitted that she had been recruited by the German Espionage Chief, Hugo Sebeld, in Berlin in September, 1940, while her husband was on an espionage assignment in Sofia. Sebeld gave her a mail drop, a cable address and a microfilm containing her individual code, a grill type of cipher she cannot recall. She returned to New York in November, 1940, and was joined by her husband in March, 1941. Although both were intended to operate as German agents in the United States, Mr. and Mrs. Douglas quarreled and after some six weeks she took three photomicrographs containing their espionage instructions which had been given Douglas by Sebeld, and left Chile. Countess Douglas has thus far admitted no espionage activity in the United States, claiming that her only action was to send a cable to Sebeld, advising him of her arrival in New York. X u

Eugenio Zilsky Kiss, an Hungarian diplomat, was sent to Argentina in 1941 as Agricultural Adviser to the Hungarian Legation. Information received shortly after his arrival reflected that he was working for the Germans under Count Andor Samsay, Hungarian Charge d'Affaires, and that he was reportedly operating two clandestine radio stations. However, investigation failed to reveal the existence of the radios or active participation of Kiss in espionage. Prior to his return to Budapest in May, 1943

[REDACTED]

At that time he admitted half-hearted efforts at clandestine radio transmissions for the Germans. Since his return he has communicated with his intermediary Andres Niklas in Buenos Aires by cable, by telephone and by letter. One such letter contained the Bureau's signal for secret ink, but no message could be developed.

[REDACTED]

During the early part of 1943, SIS was conducting investigations in Brazil and Argentina concerning the activities of a smuggling ring reported to be engaged in the traffic of United States dollars from Buenos Aires to the United States to finance the activities of Axis espionage agents. X u

Investigation reflected Nestor Landers was being used as a courier for the subjects in the case. By investigation in Buenos Aires it was ascertained that Landers was in regular contact with Daniel Kahanovich and Jacob Berson who in turn were known subjects in the Harold Kbury case involving extensive platinum smuggling operations. This thereby established the direct connection of important subjects in the two different smuggling cases. X u

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It is to be noted that mention is made elsewhere in this memorandum regarding Harold Kury and his illegal activities which resulted in his incarceration for eighteen months on Censorship violations. X U

SIS representatives in Buenos Aires, Argentina, have developed an informant in a Japanese espionage case centering principally in Buenos Aires, Argentina, and Santiago, Chile, which involves the use of couriers between these two cities transmitting coded messages requesting intelligence information. During the investigation of this case, a widespread plan for sabotage of American and British vessels was uncovered. X U

The espionage ring involved in this case is headed by Shozo Murai, the Civil Attache, who reports to Tomigyo Koseki, Secretary to the Japanese Embassy at Buenos Aires. The principal courier is a Chilean named Carlos Santa Cruz Pablote who at one time planned to take a trip through Bolivia, Peru and Ecuador for the Buenos Aires Japanese Embassy using the cover of a delegate of the Socialist Party of Chile with the ostensible purpose of organizing the Socialist youth. In reality the purpose of his trip was to observe and report on the war activity in Bolivia and the amount of arms and ammunition possessed by that country. In Ecuador, he was to visit and report on oil fields outside of Rio Guayas, near Santa Elena. While in Lima, Peru, he was to deliver letters to certain Japanese. These communications were to be sent to them by the Japanese Embassy and were to be carried in the lining of Santa Cruz's suitcase. It has been ascertained that Santa Cruz's mother, Luce Pablote de Santa Cruz, of Santiago, Chile, has also been used as a courier for the Japanese espionage system and has acted as an intermediary mail drop for them. X U

Another individual named Manuel Mayo Botelom has also been used as a courier in that it is known that he took a trip in July of 1943 carrying documents for the Japanese carefully concealed inside a suitcase of special construction. X U

All of these individuals have been known to have been in contact with Alberto Veloz Santa Cruz, a member of the Chilean Nationalist Party, who is the publisher of a book known as "The Orient" which has been reportedly used for sending coded messages. Through the efforts of SIS representatives in this case, copies of some of the coded messages sent between Buenos Aires and Santiago have been obtained and submitted to the FBI laboratory for decoding. They have been found to be requests for espionage information. X U

According to information received out of the Japanese Embassy in Buenos Aires, the Japanese have a contact in nearly every American Embassy in South America. It is also maintained that the Japanese employ a courier system between Argentina, the clearing house, and Chile, Brazil, Bolivia, and Uruguay, and they are trying at the present time to establish a service with Mexico, Canada, and the United States. X U

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On August 8, 1943, Carlos Santa Cruz, above-mentioned, received a package sent to him from Chile which contained 108 sheets of official United States Embassy Document paper, which was designated for Javier, the cover name of Shogo Marai at the Japanese Embassy. One of the sheets was obtained and forwarded to the FBI Laboratory for examination, where it was determined through comparison that it was a sheet of genuine United States Embassy Document paper embossed with the same master seal as was used on standard Embassy paper. *KU*

It was also ascertained by SIS representatives in Buenos Aires that this group of individuals intended to embark upon a program of sabotage of American and British ships by giving British and United States seamen mementos of Buenos Aires in the form of statues of the Virgin de Lujan, which are reported as being filled with incendiary chemicals which, after the lapse of a sufficient space of time will cause fires aboard the various vessels. Agents have also located the premises in Buenos Aires where it is believed that these statues are to be manufactured and filled with the incendiary materials. *KU*

Henri Catharin Gravat first became a figure of interest when information was received from a very confidential source that he was traveling from Spain to Buenos Aires aboard the SS "Cabo de Hornos" in May, 1943, and that he was to act as an Axis espionage agent in the Western Hemisphere. He is a Frenchman who formerly held a minor diplomatic position in the Guatemalan Consulate in Spain, and information was received that he was to act as a Japanese agent in the United States using the cover of a Guatemalan diplomatic official. The original plan as learned was for him to travel from Buenos Aires to Guatemala City where the cover would be arranged and thence to some United States city, probably San Francisco, California. *KU*

Gravat was under constant surveillance in Buenos Aires from the time he arrived until the date of his departure in November, 1943. The communications to his principals in Spain were intercepted and it became evident that Gravat no longer wished to continue the original plan and desired to return to Spain. Permission was given him by his principals and he left Buenos Aires aboard the SS "Cabo de Hornos Esperanza." He was apprehended en route to Spain on December 8, 1943, when this Spanish vessel docked at Trinidad, B.W.I. In his interrogation Gravat admitted having been recruited for espionage work by the head of the Spanish Intelligence Service in Madrid but denied having known that he was in fact to work for the Japanese Government until he was contacted as arranged by an individual named Elias Jofre in Buenos Aires. He was given \$3000 U.S. currency by Jofre for his proposed espionage services. Gravat was interrogated on the basis of the results obtained in a physical surveillance by Bureau representatives in Buenos Aires. Gravat furnished a considerable amount of information regarding his recruitment and espionage training in Madrid and the drop boxes which were furnished to him. He steadfastly maintained that he believed that he was only to work for the Spanish Government in *KU*

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the Western Hemisphere until he was advised by Jofre as to his expected participation in Japanese intelligence matters. X U

Attention was first directed to this individual, Elias Jofre, when it became known to representatives in Buenos Aires that he was receiving trade communications from the United States and furnishing them to the Japanese Embassy at Buenos Aires. It was known that Jofre was in close contact with many individuals in the Japanese Embassy principally Shoso Marai, the Civil Attache who according to reliable information received has charge of intelligence activity for the Japanese Government. Through surveillances it was also noted that he had frequent contact with Henri Catharin Gravet who had been sent to the Western Hemisphere to act as a Japanese espionage agent. It was learned that he was in fact an intermediary between the Japanese Embassy and Gravet, to whom he gave \$3000 of a promised \$5000. Jofre was reported arrested on February 15, 1944, by the Argentine Police. X U

Choko Shirakawa, a Japanese in the employ of the Japanese Embassy in Buenos Aires, Argentina, is known to have received two encoded communications. The first was received by him on November 11, 1943, addressed to Juan Roberto Martinez at Calle San Jose 663, bearing no return address but mailed at Lima, Peru. The message was contained in a reversed alphabetical cipher which was deciphered by the FBI Laboratory. The communications numbered 5 and 6. This unknown individual is evidently receiving pay from Shirakawa and is reporting on various individuals in Lima, Peru. In January, 1944, another addressed to Martinez at the same address postmarked at Lima, Peru, contained a message using the same cipher system as the previous one and conveyed the same type of information. X U

SIS representatives have checked into the background of Shirakawa and have found that he formerly resided at Calle Mexico 1815, Buenos Aires. In the early part of 1943, Shirakawa told the porter of his apartment house that letters would come addressed to Juan Roberto Martinez at Shirakawa's apartment which were for a friend of his and which should be delivered to him. This is evidently a cover name used by Shirakawa to avert any suspicion which might be cast upon him if he were to use his own Japanese name. X U

It was reported that on February 11, 1944, Shirakawa was taken into custody by the Argentine police. X U

Investigation conducted by SIS representatives in Buenos Aires, Argentina regarding Masao Tsuda revealed that he is the South American representative of the Japanese News Agency Domei, with offices at 868 Avenida President R. S. Pena, 5th floor, apartment 1, Buenos Aires, Argentina. X U

Tsuda was born in London in 1897, and educated at St. James College, London, specializing in politics and international labor problems. He married an American-born Japanese and is the father of two children. X U

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His wife and children are presently in Tokyo, Japan. He speaks English, French, Spanish and his native tongue. He has lived in England, Germany, Austria and France and has been a diplomatic representative in England, France and Germany. He was the Japanese delegate to the Labor Bureau in the League of Nations, Geneva, Switzerland. X U

Investigation has determined Tsuda's main task was the compiling and forwarding to Tokyo information of a military, political, social and economic nature concerning the United States. Information was gathered from various sources principally being taken from North American publications. All his reports were cabled to Japan via Trans Radio International, Buenos Aires, and his monthly cable bill ranged from \$6000 to \$10,000 Argentine pesos monthly (1500 to 2500 U. S. Currency). X U

1944. X U Tsuda was arrested by the Argentine authorities on February 15,

Velvaloe Dickinson, a noted doll manufacturer of New York City who was arrested in New York early in 1944, was determined by investigation to be the writer of a number of open code espionage letters mailed under forged names in various parts of the United States and addressed to Ines Lopes de Molinari, O'Higgins 2553, Buenos Aires, Argentina. Investigation by SIS in Buenos Aires disclosed that Ines Lopes de Molinari was born in Chile of a good Chilean family and was married at the age of 17 to a prominent political leader, Dr. Ruiz Molinari, and they thereafter moved to Buenos Aires. X U

It was learned that the Molinaris were pro-German and pro-Japanese, that Ines has a brother, Ricardo Lopes, who was a pilot and lieutenant in the Chilean Air Force, and who had been sent to the United States to study United States methods. X U

Dr. Ruiz Molinari in the days of the Argentine Revolution in 1930 took refuge in the Japanese Embassy and then went to Santos, Brazil, on a Japanese ship. He was found to be the possessor of a Japanese decoration of which he is very proud, and was on good terms with Baron Tomii who was Ambassador at Buenos Aires, and was frequently invited to parties at the Japanese Embassy. X U

Velvaloe Dickinson also was pro-Japanese and her messages were evidently intended for the use of the Japanese in view of the investigation in Buenos Aires showing the Japanese connections of the Molinaris. X U

The Legal Attache at Buenos Aires, Argentine, has been in close contact with Captain Ricardo Prati, the Military Attache at the Italian Embassy, subsequent to the capitulation of Italy and the pledge of allegiance by the Embassy officials to the Badoglio Government. Captain Prati has furnished the Bureau through the Legal Attache, much important information concerning the operation of Italian espionage in Latin America and is also in X U

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the process of furnishing information in his possession concerning the operation of German espionage. *XU*

A double agent in the Italian espionage system in Latin America was developed by the Buenos Aires SIS Agents. He identified Luis Bonassi of R.S. Pena 511, Buenos Aires, as the head of an Italian espionage ring. Bonassi arrived from Italy aboard the SS "Cabo de Hornos" at Buenos Aires on May 20, 1942, accompanied by a radio operator, Carlos E. Bidone, who is in reality a non-commissioned officer in the Engineers Corps, and whose true name is Perfetto. Bonassi claims to be an Argentine citizen, but it has been ascertained that his birth certificate was fraudulently obtained in Rome, Italy, with the assistance of two Argentine Consulate officials. His true name is Captain Ricardo Valli, who has long worked in the Italian espionage system, first in North Africa and later in the Western Hemisphere. Bonassi has been constantly in touch with the Italian Embassy in Buenos Aires through Captain Ricardo Prati, the Military Attache, who has taken the place of Commander Eugenio Torriani as the head of all Italian espionage in Latin America after the latter's death in an automobile accident in June of 1943. *XU*

Bonassi obtained a radio transmitter for Bidone and established him at the address of the perfume shop at Calle Rivadavia 5695, Buenos Aires, with the assistance of Mario Gomez, and Bruno Perpetuo Rigotti of Calle Pichonca 364, both of whom worked with Bonassi in the cover firm of Luis Bonassi and Company of Avenida R.S. Pena 996, as well as assisted him in his espionage activities. The shop where Bidone operated was run by Rigotti's wife. *XU*

Another individual who has been known to assist Bonassi and who has had a radio transmitter installed in his home is Ignacio Grandinetti, Cochicho 752, Buenos Aires. The name of this individual was given by Bonassi as a person through whom espionage information could be forwarded to Bonassi. It is known that Grandinetti has operated his transmitter inasmuch as an individual in Rio de Janeiro has been found who has been in radio contact with him. However, no evidence has as yet been uncovered to indicate he used this radio for the transmission of espionage information. *XU*

Another individual identified as one of the leaders of an Italian espionage ring is Andres Angel Bonso, who left Rome, Italy, after a period of training in May, 1942. He came to Argentina accompanied by his radio operator, also a non-commissioned officer in the Engineers Corps, named Jose Carlos Trotti, whose true name is Zaffarella. Bonso is a native Argentine, having been born in Chivilchoy, Argentina. He is a lawyer and a member of the Italian Army Reserve who was called to active duty upon the entry of Italy into the war, his assignment being to the Ministry of Popular Culture with the rank of captain. At his own request, he was re-assigned later to Argentina for the purpose of establishing an intelligence service. Bonso was instrumental in obtaining the necessary documents for *XU*

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Bonassi, Tretti, and Bidone from the Argentine Consulate officials in Rome for their travel to the Western Hemisphere. X u

During the time that Bonso was in Buenos Aires, he enlisted the services of an individual to travel to Rio de Janeiro, Brazil, to act as an espionage sub-agent. This individual was named Louis Ismael Romero, who reported to Bonso a considerable amount of information concerning Allied ship movements out of Brazil, but because of the fact that the information was being received by Bonso and turned over to Captain Ricardo Prati, his superior in the Italian Embassy, too late to be of any value, Romero was recalled and is presently residing on Calle Independencia, Buenos Aires. X u

Bonso also solicited and received the support of an old friend of his named Angelica Wochetta, the wife of Pedro Cusani of Calle Moline 366 in the Saavedra District of Buenos Aires. Bonso explained to both these individuals the nature of his work and the part which he wished them to play, to which they agreed. They, in fact, introduced him to another individual, a midwife named De Pallavicino of Calle Conde 1520, who agreed to give him every assistance possible in his espionage work. It was through this individual that Bonso met Romero, whom he sent to Brazil. X u

Another individual who assisted Bonso in Buenos Aires is a retired policeman, Pedro Bruno, formerly living at Calle Calle. X u

After the death of Commander Morriani of the Italian Embassy, through whom Bonso was obtaining financial assistance, he was severely restricted in the amount of money which he was able to obtain to carry on his espionage activity. As a result, he decided to return to Italy to have his position more clearly defined. X u

Bonso sailed from Buenos Aires on August 14, 1943, aboard the SS "Monte Albertia" for Spain, but was apprehended en route by the British authorities at Trinidad, B.W.I. He was subsequently taken to London where he was interrogated and furnished the complete details as to his recruitment and training in espionage work, as well as his activities in the Western Hemisphere. X u

In addition to counterespionage work and its related investigations, SIS representatives have been active in other fields of endeavor. A few typical illustrations of this are being set forth to indicate the willingness and thoroughness with which these various tasks are met. X u

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The subjects Jaime Fernandez Manuilla alias Captain Boan, and Wolfgang Wallner alias Herman Schiller were eventually arrested by the Argentine authorities and charged with extortion. *Su*

[redacted] informed the Military Attache and the Legal Attache [redacted] instructed to place a bomb in the men's room of the Embassy on January 15, 1944 at 10:00 A.M., [redacted] was intercepted by prearrangement at the Embassy entrance in possession of a live bomb and conducted outside of town where the bomb taken from [redacted] rendered harmless by an explosive expert. The Argentine Foreign Office was notified by the Embassy on January 18, 1944, at which time the information and exhibits prepared by the Legal Attache were delivered to the Argentine Police. Both subjects were arrested this same date [redacted] claimed he was acting under instruction of Cipriano Pons Lezica, and alleged nationalist and terrorist. The Police discounted the possibility Lezica was involved. However, Bureau representatives conclude it is quite probable the bombing attempt was inspired by the Argentine nationalist. *Su*

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On April 6, 1943, the Legal Attache in Buenos Aires furnished to Merwin Bohan, the Economic Counselor of the American Embassy, a comprehensive summary report consisting of 390 pages on the totalitarian firms in Argentina. *Su*

Mr. Bohan subsequently advised the representatives of the Legal Attache's Office that one of the immediate results was that he was able to act within a few hours after receiving this compilation, utilizing the information as a basis for preventing a transfer of over \$500,000 by one of the Axis firms in Argentina. *Su*

In November, 1942, a group of prominent pro-Ally Argentine political leaders headed by Dr. Thomas LeBreton, ex-Argentine Ambassador to the United States and England, prepared a memorandum for presentation to the then President of Argentina, Ramon S. Castillo. The memorandum embodied a plea to President Castillo to change his policy of neutrality and cooperate more closely with the Allies. For the purpose of presenting this memorandum to President Castillo, the LeBreton group chose Dr. Pablo Calatayei, an ex-minister, a prominent political leader and a close confidant of Castillo. *Su*

An undercover SIS representative in Buenos Aires who had developed a close friendship with Dr. Calatayei was able to obtain the details of this memorandum to Castillo and a complete report of Castillo's answer which explained in detail the basis and the reasons for his continuing a policy of neutrality and a clear presentation of his attitude toward the United States. *Su*

Through such an intimate contact of Castillo, SIS representatives were able to keep abreast of the latest developments in the Argentine. *Su*

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political scene with the Castillo regime, and through the SIS system of reporting advice the American Ambassador, thereby keeping him informed of behind the scene politics which normally would escape his attention. *Xu*

The Office of the Legal Attache in Buenos Aires, Argentina, received information in 1942 that Fritz Thyssen, wealthy industrial leader and steel magnate of Germany and author of the Book "I Paid Hitler," was reported to have been sent to Argentina by Hitler to head Nazi espionage operations in Argentina. It was known that Thyssen had extensive business interests in Argentina, and it was also reported that Thyssen's daughter and her Hungarian husband, Count Harbo Zichy, who resided in Buenos Aires, were aiding and financing German activities in Argentina. *Xu*

Through planned social contacts an undercover SIS representative in Buenos Aires was able to meet Thyssen's daughter and Count Zichy. Following various entertainments and associations in the Zichy social circle, the SIS representative became very friendly with the Zichy family and obtained first-hand information concerning the financial status and activities of the family, the fact that Fritz Thyssen was living in Berlin, Germany, and his activities and relations with Hitler at that time. *Xu*

As the result of an analysis undertaken by the Office of the Legal Attache in Buenos Aires, the 1,046 individuals comprising the crew of the "Graf Spee" were located, identified and investigated in such a manner that the Office of the Legal Attache obtained complete information and compiled the entire data which were set forth in one comprehensive report. *Xu*

As a result of this report, the United States Government has more complete and informative facts than the Argentine authorities regarding the members of the "Graf Spee" crew. This report was furnished to the American Ambassador in Buenos Aires in order to equip him with the forceful details of the lax manner in which the Argentine Government was handling enemies of the United Nations. *Xu*

At a subsequent time, when Argentina severed relations with the Axis nations, it was noted that one of the first steps taken for internal security was the formulating of a definite program to be followed for safeguarding Argentina from any acts of violence by the individual crew members of the "Graf Spee." *Xu*

When Ernesto Casimiro Uriburu was stationed in Philadelphia, Pennsylvania as Argentine Consul he was deemed sufficiently pro-axis to warrant the State Department permission to investigate him and the Attorney General saw fit to sanction a technical surveillance on this same individual. In November, 1942, prior to the time a complete investigation became effective, Uriburu returned to Argentina. *Xu*

An undercover SIS representative, through use of a studied channel of social contacts, managed to meet Uriburu in Buenos Aires and *Xu*

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cultivate his friendship to the point of gaining his confidence and thereby determine Uriburu's political ideology. X U

When Uriburu returned to the United States in January, 1944, in the career post of Third Secretary of the Argentine Embassy in Washington, D. C., it was possible to furnish the details of Uriburu's activities during the time he was absent from the United States of America. X U

#### Communist Activities

The number of Communists in Argentina has been estimated at 30,000. Since the Party disassociated itself with the Third International in 1939 and the Argentine Government declared it illegal, it has been operating in an underground manner, and since the June 4, 1943 revolution in the country, it has been the subject of even more persecution by the Government than before. It is, therefore, not possible to give an active estimate of its numerical strength. Investigation indicates that it is managing to follow the regular party line as the Communists in nearby countries who are able to operate more openly. Some of the known party leaders, including Rodolfo Ghioldi, were able to escape to Uruguay following the June 4 coup and are operating from there. They publish a newspaper which circulated underground among Argentine Communists as well as being distributed to other Communists in Latin America. X U

Clandestine newspapers continue to be published in Argentina. The Party's principal "front" organizations were abolished by the Junta, and in addition to some 2,000 Communists, a number of Labor Leaders, Leftists, Radicals and other thought inimical to the Military Regime, have been interned. One organization which the Communists encourage and sponsor is called "Unidad Nacional." This was formed before the June 4 coup by the Communists in an effort to unite various political parties into one party. Of course, it was abolished officially when the new regime came to power, but under pressure an underground form of this party still operates whereby "groups" of eight to ten persons meet weekly in a form of social gathering and discuss national and international questions. They sponsor a dance or party once a month to raise money and receive and distribute the paper called "Unidad Nacional." They also study Communist literature at these meetings. X U

More than ten confidential informants, some within the party, are keeping the SIS representatives informed of Communist activities throughout Argentina. X U

Also of unusual interest with regard to Communist activities was the release of Victor Codovilla by the Argentine Government in May, 1944. Codovilla is one of the outstanding Communists in Latin America. He is of Italian descent and a naturalized Argentinean. He was one of the founders of the Communist Party in Argentina and was very active in it until just prior to the Spanish Civil War when he went to Spain and X U

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took a leading part on the side of the Spanish Republicans. He has studied in Russia and returned to Argentina after the Spanish Civil War to resume his activities for the party. He was arrested by the Castillo Government shortly before it was overthrown in 1943. Although it was well established that he was in bad health due to his imprisonment, the Argentine Government refused to release him until President Rios of Chile requested his release. He was released to Chile and then traveled to Mexico where he is now residing. SIS representatives are closely following his activities in that country. X u

Union Eslava X u

According to reports received from several sources, the U.S.S.R. is utilizing foreign groups and associations in various countries as a substitute for the dismantled Comintern. The "Committee of Slavs" in Moscow is an example. What might be termed the Argentine branch of this group is known as "Union Eslava." X u

In Latin America it is estimated that there are more than 400,000 persons who are immigrants, or first generation descendants of immigrants of the Slavic nations. In Argentina there are approximately 150 different Slavic associations of cultural, benevolent or social character. The immense majority of these people, it is said, favor the ideology of the Committee of Slavs, with the exception of a few roles and Yugoslavia. X u

The Union Eslava is in effect a "super-organization." It is not composed of individual members but by the various societies and organizations which have accepted the purposes and aims of the Union Eslava. It endeavors to take a definite and direct political leadership among these affiliates.. X u

Activities of organizations of all types are presently curtailed in Argentina by the current government. Nevertheless, the Union Eslava has legal existence and because it does not attempt to hold public meetings, reunions, or festivals it is tolerated by the police. An office is maintained at Calle Victoria 723. X u

As a link uniting the members of the various societies which compose the Union there is published twice monthly an official bulletin called "Union Eslava." This bulletin is in the Spanish language and is said to contain exclusive articles from the Committee of Slavs in Moscow via the Union of Slavs in Montevideo, Uruguay. It is said that the Moscow Committee has its own Press and Information Department, and "Supress" is not utilized; that the articles are simply sent by cable as night letters in the Spanish language. X u

A confidential source in Argentina has advised that local Communists and members of the new Soviet Legation in Montevideo are counting on Union Eslava to assist in the Soviet's program for Latin America. It X u

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BOLIVIA *8u*

General

Through the efforts of the Legal Attache in La Paz, Bolivia, the Bureau has been successful in obtaining all the pertinent facts relative to the various developments which have occurred in that country during the fiscal year of 1943 - 1944. *8u*

Through contact with political sources, the Legal Attache accurately predicted the revolution of December 20, 1943, and identified the individuals connected therewith. In connection with the revolution, it is noteworthy that the Legal Attache was able to render a unique service in that he maintained communications with the United States at a time when all other types of communication had been suspended by the Revolutionary Government. In this regard, the Legal Attache, with the use of radio, acted as a conduit through which passed information not only to the Bureau but to other interested governmental agencies. *8u*

In the wake of the revolution there followed various conciliatory measures adopted by the revolutionary powers to appease the American authorities into a frame of mind which would permit recognition. In this regard, the Legal Attache, through close contact with informed political personalities, was able to anticipate and report situations prior to the time of their actual development. In addition, the Legal Attache in La Paz, Bolivia succeeded in keeping informed in current matters relating to possible espionage, sabotage, smuggling activities, deportation of Axis nationals and related events which occurred during this fiscal year. *8u*

Commercial

It is important to point out that a great many of the Germans and Japanese nationals living in Bolivia are long-time residents and had established the leading commercial houses in Bolivia. Through the American Government's policy of economic sanctions and the establishment of an expropriation program by the Bolivian Government, these firms have to a large extent ceased serving the Bolivian people. *8u*

Information received by the Legal Attache from routine investigations and from post office and police contacts have proven of inestimable value to the Office of the Commercial Attache in the execution of this program. This economic squeeze of Axis nationals has had a direct bearing on their ability to carry on espionage and propaganda activity. Actually they are so busy trying to save their businesses and trying to eke out existences for themselves that they have had little time for other activity. One known Axis propagandist practically admitted his activity to Mr. Norman Stines of the Commercial Attache's Office, but stated that since his business had been ruined by economic strangulation, he was so occupied in literally keeping himself alive that he had no time or money to carry on propaganda activities. *8u*

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was stated that various sections of the Union Esclava have been assigned the tasks of preparing reports of current events and have also received instructions to seek among the diplomatic representatives of the Slavic nations persons who, at the proper moment, will advance openly against their governments and join the side of the Soviet. It was further stated that the Union claims some progress has already been made in this direction. <sup>u</sup>

J. Wolkonsky is president of the Union, Luis Kogel is treasurer, and the real directors of activity of the organization are said to be Dr. Tomas Davidov and Estanislao Kowalski. Dr. Davidov is presently in Moscow. A Congress of the Argentine and Uruguay Slava is reported to have been held in Montevideo on May 30, 1944, at which Sergi Orlov, the new Russian Minister there, spoke. <sup>u</sup>

The Legal Attaches in Buenos Aires, Argentina, and Montevideo, Uruguay, and also in the other Latin American countries are following the Slavic movements closely. <sup>u</sup>

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La Paz. Officials of the Rubber Development Corporation in Bolivia were inclined to minimize the effect of their losses in 1943 but are becoming extremely worried over the disproportionate increase in smuggling during 1944. They blamed this increase first, on the development of many new areas of rubber production in parts of eastern Bolivia which are more easily accessible to Argentina and second, to the risks the smugglers are willing to take to obtain abnormal prices from rubber-hungry Argentina. *Xu*

It is somewhat difficult to estimate rubber losses due to smuggling from Bolivia, for rubber is not only smuggled to Argentina but to Brazil and Peru as well. The latter cases are of known importance to the Rubber Development Corporation since these transactions are carried out to evade Bolivian internal taxes, and the rubber eventually ends up in the hands of the Allied Nations. However, an increasing number of complaints regarding smuggling to Argentina are being handled by SIS representatives. One of the most important cases developed to date has been the German Justiniano case. In this investigation twelve men were arrested by the Bolivian National Police and about 10,000 Pounds of rubber valued at approximately \$4500 was recovered. *Xu*

Unfortunately no prosecutions were obtained in this case since the Bolivian National Police, inept in conducting criminal investigations, failed to obtain any incriminating evidence and were unable to prove a case against any one of the subjects. However, the officials of the Rubber Development Corporation stated that the arrests which received wide publicity have had a remarkable effect on rubber producers. The principal subject, German Justiniano, was apprehended, badly frightened and has now contracted for the delivery of his production to the Rubber Development Corporation. Other rubber producers have since come forth to offer their rubber to the Rubber Development Corporation. *Xu*

Through cooperation with the Bolivian National Police and the officials of the Rubber Development Corporation, efforts are being made at the present time by the Legal Attache to establish some method of control to stop the smuggling of rubber from Bolivia to Argentina. *Xu*

#### Police Contact *Xu*

Since the time of the Bolivian revolution of December 20, 1943, SIS representatives have worked very closely with Bolivian police officials, particularly with the Director General of Bolivian National Police, Major Jorge Aguino. *Xu*

In May of 1944 a police school was initiated by the Bolivian Government. This school is known as the Departamento Nacional de Investigaciones and its method of instruction is modeled as closely as possible after that used by the Bureau. In connection with the opening up and functioning of this school, SIS representative [ ] has been very active. Through arrangement with Major Aguino and Colonel Pacheco, *Xu*

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the Minister of Government, he has helped the head of the Department in selecting office space and office and school equipment. In addition, he has personally interviewed applicants for admission to this school who, after they have received their course of instruction, will be known as Special Agents of the Department. *AU*

When these men have received their instruction, which will include schooling on the penal code and various methods of investigation, they should prove of great value to the Bolivian Police system. It will be noted that the Bolivian National Police is composed almost entirely of Army personnel who know very little concerning methods of obtaining legal and admissible evidence. It is believed that graduates of this school will work in close cooperation with and be of great value to the Legal Attache's Office. *Ru*

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Foreign Travel Control X U

The Legal Attache's office in Rio de Janeiro through the cooperation of the Brazilian police authorities in Natal, Brazil, has been able to establish a travel control program at Natal, Brazil, similar to the program existing in the United States. Natal, which is strategically located on the hump of Brazil, is an important center of operations for air line travel and all passengers en route to Europe are processed by the authorities prior to their departure from Brazil for the continent. Similarly all passengers en route from the European continent to Brazil and other Latin American countries are processed at Natal prior to proceeding to their ultimate destinations. In this manner it has been possible to thoroughly interrogate and search any individual entering Brazil who is looked upon with suspicion. X U

Smuggling

SIS representatives in Brazil are at the present time conducting an extensive survey into the smuggling activities of various individuals in Brazil. The Bureau previously received a request from the Foreign Economic Administration to explore the adequacy of existing laws for the prosecution of smugglers in Brazil and this project is currently receiving attention. X U

Considerable information has been developed indicating that numerous instances have occurred where considerable rubber has been smuggled from Brazil into Argentina. For the most part tires and raw rubber are the only two items smuggled. Of particular interest is the fact that rubber diverted from the Brazil market, which evidently goes into Argentina, results in the loss of rubber being exported by that country to the United States. X U

Censorship

Through arrangements effected by the Legal Attache's office SIS representatives in Rio de Janeiro have been able to secure intercepts of all suspected correspondence within Brazil. This censorship pertains only to mail within the country of Brazil and is purely local in character. Through this source the Bureau has developed considerable information pertaining to subversive activities within the country itself. X U

Brazilian Monitoring System X U

Brazilian authorities operate a monitoring system similar in character to the Federal Communications Commission in the United States. Through arrangements effected by the Legal Attache's office in Rio, the Bureau Laboratory has been able to receive intercepts pertaining to clandestine radio stations and it has been found that considerable information of importance has been developed through this source. X U

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COSTA RICA X U

SIS coverage in Costa Rica presently consists of a Legal Attache and one undercover special employee headquartered at the capital, San Jose. It is expected that an Assistant Legal Attache will also be provided in the immediate future to complete the coverage. X U

The present Attache and the undercover representative have obtained and developed sources of information, contacts, and general confidential informants with the result that an efficient and comprehensive coverage has been established. X U

Important information furnished by these SIS representatives has been the basis of the deportation of Axis Nationals during the past two years and the operation of the United States Proclaimed List of Certain Blocked Nationals. As a result of the furnishing of such information, the greater majority of real Axis espionage activity has been curtailed in Costa Rica. However, present matters of investigation and interest include work of the SIS personnel in investigating the present propaganda methods being employed by the Axis. As a result of such efforts the German Club and the German school in San Jose, which were the headquarters of such activity, were closed by the Costa Rican government and approximately 390 individuals were deported for internment in the United States. X U

General information secured by our representatives concerning the activities in Costa Rica of Axis Nationals has been so thorough and so convincing as to be instrumental in having the Costa Rican government continue the suspension of constitutional guarantees for such residents. X U

In similar lines of endeavor, Bureau agents have provided information which definitely proves that Falangist propaganda in support of Axis activity was being sent from Spain to Costa Rica by the Spanish Diplomatic pouch. Such information furnished by Bureau personnel has been of considerable value in functioning equally of the so-called "Black List" and the functioning of censorship facilities in an effort to control these activities. X U

Through information furnished by Bureau personnel, the Military Intelligence Division in Panama and the Costa Rican police have been able to confiscate \$60,000 worth of Panamanian revenue stamps which were being manufactured in Costa Rica. Information furnished by our representatives also effected the apprehension of the persons involved. X U

Other Bureau coverage provides for investigations in general French and Falange activities in the Republic as well as to develop informants in the very important political coverage which is so necessary in such a country as Costa Rica where political control changes so frequently. Such coverage has been developed to an extent where complete reports are received on the status of matters taking place in the office of the president of the Republic itself which is deemed of extreme importance to X U

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the State Department engaging in political and financial conditions in the Republic. An example of such coverage is the information which the Bureau has furnished to the State Department, on the necessity for the loan of \$2,000,000 by the United States Government to Costa Rica. Similarly, the State Department was furnished with information relative to the policy of the Costa Rican government's desire to be informed of the attitude of the United States with respect to the confiscation and expropriation of the property of aliens. As a result of this information, the viewpoint of the United States was able to be brought to the attention of the president informally in this matter. X u

The Communist Movement in Costa Rica X u

Under the leadership of Manuel Mora, the Communist Party of Costa Rica has enjoyed increasing power and influence and is maintaining close relations with Communist Party organizations in other Latin American countries. X u

Apparently in keeping with the current policy of Latin American Communist organizations, looking toward a popularization of the Party program in Costa Rica, it has recently been announced that its official name is "Vanguardia Popular". X u

The Party in Costa Rica took active part in the presidential campaign which resulted in the election of Teodoro Picado in February, 1944. The Party in Costa Rica entered a signed pact with the Picado supporters pledging support of the Party in the presidential campaign. It is reported that the activities and influence of the Communist Party contributed considerably to the successful campaign of the Picado group. X u

The Communist Party of Costa Rica has in the past drawn its membership from laboring groups and has participated in the organization of labor sympathizers. The National Committee of the Confederation of Workers of Costa Rica is comprised exclusively of members of the Communist Party who also serve on a labor committee within the Communist Party organization. X u

On May 8, 1944, it was announced that as a result of an exchange of notes between Russian and Costa Rican Government officials, diplomatic relations were established between the two countries. It is expected that Constantin Gumenyky, Russian Ambassador to Mexico, will present his credentials to the Costa Rican government in his capacity as Russian Minister to the latter country. X u

Investigation is continuing concerning various individuals prominently connected with the Communist movement in Costa Rica. These individuals include Spanish Communists who are known to be in contact with the Spanish Communist leaders in Mexico. Also under investigation is Cesar Ortiz, a Mexican citizen who is a staff representative of the Associated Press and a correspondent for the Communist "Daily Worker" of New York who arrived in Costa Rica from Mexico during May, 1944. It was reported that Ortiz actually visited Costa Rica as an "Advanced Agent" on behalf of Gumenyky, Soviet Ambassador to Mexico, and Ortiz is known to have maintained close contact with Communist Party headquarters in Costa Rica since his arrival there. X u

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CUBA *§u*

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Curriculum for Cuban Police *§u*

Comandante Mariano Faget de Dias, Director of the S.I.A.S. (that section of the Cuban Police devoted to national defense and subversive activities), requested our Police Liaison Officer to assist him in drawing up a curriculum for a retraining school for S.I.A.S. Agents. The following course was suggested by the Bureau: *§u*

- 1/2 hour - Making notes in class
  - 1 1/2 hours - Jurisdiction of Cuban Police
  - 1 1/2 hours - Searches of persons
  - 1 1/2 hours - Searches of places
  - 3 hours - Report writing
  - 3 hours - Communications and law enforcement
  - 1 1/2 hours - Development of confidential informants
  - 1 1/2 hours - Classification of fingerprints
  - 6 hours - Latent fingerprints
  - 3 hours - Techniques and mechanics of arrest
  - 3 hours - Interviews, confessions and pretexts
  - 6 hours - Descriptions of persons and portrait parle
  - 1 1/2 hours - Testimony and courtroom behavior
  - 1 1/2 hours - Crime prevention
  - 1 1/2 hours - Espionage investigations
  - 1 1/2 hours - Sabotage investigations
- §u*

Comandante Faget has requested the Police Liaison Officer to conduct one and one-half hour classes daily on these subjects for one month. Material on which this agent may base his lectures is being prepared for forwarding to him. *§u*

Operations with Cuban Police *§u*

SIS operations in Cuba during the past year have been maintained on a very excellent level with the Cuban Government and the Cuban Police. This has been in a large measure due to the continuing efforts of SIS personnel in Cuba that this good will might be maintained. It is, of course, apparent that SIS operations in foreign countries are greatly facilitated when good relations exist between SIS personnel and the individuals employed by that foreign government with whom they have to deal. *§u*

One example of the benefits to be derived from such a policy is the position in which the Bureau now stands in Cuba with the Cuban Police despite the recent ouster of General Benitez, with whom excellent relations have been maintained, as Chief of Police. *§u*

Coverage of Political Trends and Activities

The Havana, Cuba, office of SIS maintains well-placed informants *§u*

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for the purpose of maintaining constantly armed and advised of political activities and trends in Cuba. The presidential election in Cuba was held on June 1, 1944, and for several months prior thereto, political activity in Cuba was intensive. Supposedly qualified observers continued to report that Saladrigan, the candidate of President Batista's party, would be elected, primarily because of the fact that Batista's party would control the voting and counting of the votes to guarantee that their party candidate would win the election. Qualified observers prior to the election reported that Ramon Grau San Martin, the Opposition candidate, would win the election, if a fair election were held, because he appeared to be the people's choice. *Xu*

As it actually happened, it appears that President Batista allowed Cuba to have an honest election and Grau San Martin was elected the next president by a large majority of votes. He normally will take office on October 10, 1944. *Xu*

A few days after the election, i. e., June 9, 1944, General Benitez (General in the Cuban Army and Chief of the Cuban National Police) was ousted from his official position both in the Cuban Army and the National Police, although, for publication, Benitez continues to insist that he still holds his position and will return to Cuba after a short rest in the United States. *Xu*

Actually General Benitez refused to resign as requested to do so by General Batista, but was forced to leave Cuba and it is not expected that he will return until Grau San Martin takes office in October of 1944. His ultimate return will depend upon the reception which he may receive from the Grau San Martin Government. *Xu*

The activities concerning General Benitez were of extreme interest to the Bureau, inasmuch as Benitez has always given great cooperation to SIS activities in Cuba directed against espionage and subversive activities. It is interesting to note that prior to his departure from Cuba for the United States, General Benitez requested a visit from the Legal Attache and one of the Assistant Legal Attaches. He was visited by these individuals upon permission being given by the Acting Chief of Police. During this interview General Benitez conveyed his continuing high regard for the Director of the Federal Bureau of Investigation, advised he would maintain in strict confidence any information which he might have concerning SIS activities in Cuba, stated that the Bureau will continue to receive his warm friendship, and that he will not embarrass the Bureau or its Director in any way. *Xu*

The latest reports indicate the Cuban Army and the Cuban Police are strongly supporting the newly constituted Cuban Government and will continue to do so. It is of primary importance to the Bureau to know that SIS operations in Cuba evidently will suffer no setback either through the departure of General Benitez or the election of Ramon Grau San Martin. This is believed, in a large measure, due to close and extensive relations maintained by SIS personnel in Cuba. *Xu*

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Expulsion and Internment of Axis Nationals

On May 18, 1944, by agreement between the Bolivian Provisional Government and the United States Government, twenty-nine Japanese and fifty-two German nationals were deported from Bolivia and brought to the United States for internment. The Sufficient List of the Department of Justice Alien Enemy Control was used as the basis for selection of the deportees, this list having been compiled from information in the files of the Legal Attache's Office in La Paz. *Xu*

At the request of United States Ambassador Avra Farron, the details concerning the selection and arrest of these individuals were handled by Legal Attache [redacted] In connection with this, the Legal Attache worked very closely with the Minister of Government, Colonel Alfredo Pacheco and the Director General of Bolivian National Police, Jorge Aguino. *Xu* b7C

Included among the Deportees were Hans Tusseng, operator of a hotel in La Paz which was considered the principal Nazi meeting place in Bolivia, and Walter Flossbach, a long-time resident of La Paz who is considered to have been one of the first German residents of Bolivia to have become a full-blown Nazi. The one woman deportee was Sra. Rosita Fink de Allworden, the daughter of an official of the German Embassy in Buenos Aires who was an employee of the German Embassy in La Paz until it was closed. She then became an employee of the Spanish Legation there handling German affairs. *Xu*

Political

Until the time the instruction to cease political reporting was issued in October of 1943, the Legal Attache's Office was following very closely political developments in Bolivia and in the light of the revolution of December 20, 1943, the information compiled was shown to have been exceedingly accurate and well-developed. *Xu*

For several days after the revolution all ordinary means of communication with the outside world were out off. The Legal Attache lent essential service to the Ambassador and the Military Attache in furnishing radio facilities for communication with their respective departments of the United States Government. *Xu*

Since the revolution the Legal Attache has kept currently posted on political developments through contacts with cabinet and high police officials of the Bolivian Provisional Government headed by Major Gualberto Villarroel. *Xu*

Economic

Rubber smuggling between Bolivia and Argentina is becoming a type of investigation of prime importance to the Legal Attache's Office in *Xu*

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BRAZIL *u*

Statistics

A recent statistical study made during the year by the Legal Attache's office in Rio de Janeiro has disclosed that a total of 1193 persons who had been the subject of investigations by SIS representatives or in whom the Bureau has had an interest, have been arrested in Brazil. Of this number 288 were arrested on espionage charges, 835 persons were arrested for internal security reasons, 24 were arrested on sabotage charges, and 46 arrests were made for varied security reasons. Of the total number arrested, it is to be noted that: 80 persons have been convicted on espionage charges, and 6 on other charges, resulting in the imposition of a total of 1298 years of prison sentences; 209 persons have been interned; 79 persons are awaiting trial; and 796 persons have been released. Of the number released, it is reported that many of these individuals are required to report their activities regularly to the Brazil police authorities. *u*

Espionage Activities

Climaxing an investigation instituted by SIS representatives in Brazil, Fernando Mamel de Almeida e Motta Marques was arrested by the Brazilian authorities after information concerning his activities had been placed in their hands through appropriate diplomatic channels. Marques admitted that he had been recruited by the Germans in Portugal and that he had been instructed in the use of radio short wave equipment, as well as in the use of secret ink communications. Marques was to communicate with his father, Carlos, in Portugal, who is reportedly an active Axis agent, and subsequent information developed indicated that his father was arrested in Portugal as a member of an organization smuggling platinum and diamonds to Portugal which were later delivered to the Axis. Marques on December 13, 1943, was sentenced to eight years in prison by the Brazilian Supreme Court. *u*

Ernest Walter Luck, who was known as the "Unofficial German Consul" in Natal, Brazil, was sentenced by the Brazilian Supreme Court to a term of 14 years in prison on espionage charges. Luck was thoroughly investigated by SIS representatives and it was disclosed that he was not only actively engaged in securing espionage information, but was distributing German propaganda which was transmitted to him from Recife, Brazil. *X u*

Edmond di Robilant, a former Italian espionage agent in Rio de Janeiro, was, in December, 1943, sentenced to serve a 14-year prison term for violation of the Brazil Espionage Act. Di Robilant's activities which were thoroughly investigated by SIS representatives disclosed that he had been recruited by Enzo de Vicino, a captain in the Italian Navy. Di Robilant, an employee in the Italian Airlines in Brazil, endeavored to set up a short wave reporting service in Rio de Janeiro for the purpose of transmitting his information to Rome. In order to cloak his activities he purchased a *X u*

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country. On August 9, 1943, Wilhelm Heinrich Kopff, a German National, and William Marcus Baarn, a Dutch West Indian Negro, landed on the shore of Sao Jono da Barra, Brasil, from a 63-foot German fishing vessel named the "Santa Barbara", which was captained by Heinrich Carbers, an internationally famous German sportsman who in July, 1938, sailed a 30-foot sloop from Hamburg to New York in 57 days. Both Kopff and Baarn were immediately apprehended by the Brazilian authorities and SIS agents have thoroughly questioned the two German agents. Kopff and Baarn furnished considerable information of value concerning the methods employed by the German government in training, transporting and equipping its espionage agents for work in the Western Hemisphere. X u

Ferdinand Baron Bianchi, an Austrian by birth who later became a German naturalized citizen in order to assist the Fatherland, was arrested by the Brazilian authorities on December 16, 1943. At the same time a number of Bianchi's associates were arrested and it was believed by the police authorities that another espionage ring had been broken up. Bianchi's residence was searched by the police subsequent to his arrest, at which time the police located a tin can in his house which contained aerial maps of the city of Porto Alegre, the power plant at Sao Paulo, the city and airport of Rio de Janeiro. Also found in Bianchi's home were ear-phones, a radio receiver and a letter tending to establish his pro-Nazi sympathies. At the present time Bianchi and 14 of his associates remain in prison in Rio de Janeiro. Investigation concerning their activities is continuing. X u

#### Internal Security

According to information obtained by SIS representatives, the Chain of Death organization is said to be composed of 1746 committees secretly formed in Europe and America, and it is alleged that the members intend to adopt forcible and destructive measures against the Allies. It is alleged that the organization is terroristic and is possibly being used by sabotage and espionage agents. The organization is said to have been formed at Campi Salentini, Italy, and is believed to be composed of southern Italians from Calabria, Sicily and Puglia. SIS representatives are endeavoring to determine further information regarding the activities of the afore-mentioned group. X u

Dr. Fritz Robert Franz Fenthol was originally arrested by the Brazilian authorities for over-staying his permission to remain in that country. As a result of investigation conducted by SIS representatives it was determined that Fenthol had many influential contacts that he had traveled extensively and had large sums of money for which no satisfactory explanation could be given. It was rumored that Fenthol was a pilot in the German Air Force, a ranking officer in the German Army and a Sicherheitsdienst agent, as well as a ranking Nazi Army official. As a result of the investigation conducted by Bureau representatives and the interrogation of Fenthol, much important information concerning Germany was obtained. The Brazilian authorities have indicated that they intend to hold Fenthol in custody for the duration of the war. X u

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rabbit farm where he installed radio transmitters. These transmitters were seized before any actual messages could be sent to Rome. *Xu*

Werner Christoph Waltemath, a German who had resided in Brazil since 1930, returned to Germany in 1939 and was almost immediately drafted for army service. He entered the Signal Corps of the German Army, and in 1941, having become proficient in radio telegraphy, he was allowed to return to Brazil on the condition that he would construct a radio transmitter and furnish espionage information regarding the United States. Waltemath also received instructions in the use of secret inks and microfilm containing code instructions for the operation of the radio transmitter. Waltemath arrived at Natal, Brazil, via Latu Air Lines, and subsequent investigation conducted by Bureau representatives lead to his arrest on June 1, 1943, at Sao Paulo, Brazil. When the Sao Paulo political police raided his residence in that city they found a radio transmitter and a radio receiving set cleverly concealed in a false cellar under the living room floor. On December 28, 1943, Waltemath was sentenced by the Brazilian Supreme Court to 27 years and six months on espionage charges. Paulo Griesse, his brother-in-law and accomplice, received a 25-year sentence. *Xu*

From a highly confidential and reliable source it has been learned that Flinio Salgado, a former leader of the Integralist Party in Brazil, is cooperating with the German agents in Lisbon. The Integralist Party is patterned along the lines of national socialism and has been characterized as being nationalistic, anti-Communist, anti-Semitic, and pro-Catholic. Salgado, who has been living in exile in Lisbon since the unsuccessful Integralist revolution in 1938, is known to be in close contact with the German Sicherheitsdienst agents in Lisbon. It is believed that the Sicherheitsdienst agents are through Salgado utilizing the services of the former members of the Integralist Party in Brazil in an effort to secure information regarding the United States and the Allied nations. An extensive investigation regarding this matter is presently being conducted by SIS representatives. *Xu*

Urquiza Santana was arrested by the Brazilian authorities in 1942 in connection with the round-up of the German espionage agents or radio station "C.I.T.". Santana at the time of his arrest was employed as traffic manager at the Port of Rio de Janeiro, and subsequent investigation determined that he had been working for Hermann Bohny, Military Attache of the German Embassy in Rio de Janeiro. Santana, subsequent to his acquittal by the Tribunal Seguranca Nacional, on July 21, 1943, obtained the position as Dock Superintendent by the Belem, Brazil, Port Administration. In this position he has access to Allied shipping movements and other confidential information. SIS representatives at the present time are continuing an intensive investigation to determine whether Santana is presently cooperating with Axis agents. *Xu*

Since the round-up of the Axis agents in Brazil in 1944, Germany has found it exceedingly difficult to establish espionage agents in that *Xu*

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At the request of the Department of State, Bureau representatives in Brazil and the United States conducted extensive investigation in an effort to determine whether a group which included Brazilian political exiles was engaged in fomenting plans to overthrow the government of President Getulio Vargas. These activities in the United States were allegedly being carried on under the direction of Octavio Mangabeira, a former Foreign Minister of Brazil; Rafael Correa de Oliveira, a member of the Brazilian Treasury Delegation in New York; Ildefonso Falcao, Brazilian Consul in Boston; and Ilda Boavista Ferreira, a delegate of the Brazilian Red Cross dispatched to the United States to study our war effort. Investigation reflected that Octavio Mangabeira and Armando de Salles Oliveira, a Brazilian political exile presently residing in Buenos Aires, Argentina, were the two foremost advocates of a revolutionary coup. The investigation revealed that Mangabeira was actively engaged in the distribution of manifestos designed to undermine confidence in the present Brazilian Government, and papers found in his possession reflected that he considers that government as being modeled along Axis lines and firmly believes that it must be overthrown in order to liberate the Brazilian people from tyranny. X u

Police Liaison X u

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Through the efforts of the Legal Attache's office in Rio de Janeiro the Bureau has been able to establish police liaison offices in Rio de Janeiro, Porto Alegre, and Sao Paulo, Brazil. Special Agent [ ] police liaison officer at Rio de Janeiro, has recently fortified his position as being a consultant for the Rio police officials with regard to police instruction in schools by delivering a series of lectures on various matters in Portuguese before an assembly of chiefs of the various sections of the Police Department. X u

Special Agent [ ] at Porto Alegre consults daily with Dr. Plinio Brasil Milano, former chief of the Political Police at Porto Alegre, but who is now a higher official of that city. So well known is Special Agent [ ] in his capacity as a liaison officer that he has been approached by newspaper and police reporters to provide material for articles concerning the Bureau's work for country-wide publication. X u

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Special Agent [ ] stationed at Sao Paulo has been so favorably regarded in his assignment with the police of that city that complete cooperation of all matters desired by the Legal Attache is taken as a matter of course. X u

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In conjunction with the liaison work which the SIS Section of the Bureau is conducting, a system of training of Latin American police officials by the FBI at the Seat of Government has been developed. From time to time prominent police officials who have been cooperating with the various offices of the Legal Attaches in Latin America have been given a course of training by the Bureau. Among those who have received this training are Dr. Plinio Brasil Milano, former chief of the Political Police at Porto Alegre, and Major Joaquin Luis Amaro da Silveira, the present delegate for the Political Security and head of the Counterespionage Section of the Rio de Janeiro Police Department. X u

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CHILE ~~SECRET~~

The attitude of the Chilean Government toward the control of Axis nationals and their activities has been extremely lax although the Government has severed diplomatic relations with the Axis. Security measures were enacted, but not effectively enforced, as for example, the enforcement of the relocation program which involved individuals believed dangerous to the country. Such persons were removed to remote areas but regulations regarding travel and communications were not rigidly supervised. This condition has necessitated wide coverage in all fields of German, Japanese and Italian activities. ~~SECRET~~

The German espionage system took advantage of the situation in Chile to use that country as a major base for its activities on the west coast of South America. Extensive and wide-spread investigation by SIS representatives resulted in the development and compilation of information which was presented to the Chilean Government in February, 1944, through the American Ambassador, which enabled the Chilean authorities to round up over fifty individuals who were involved in German espionage activities. More than forty other individuals have been implicated with members of this espionage organization. The investigation demonstrated the ease with which the Germans were operating in Chile, and provided evidence of activities from as early as 1941 to the present time. Our representatives were not only responsible for developing this case, but also assisted Chilean authorities by furnishing supplemental information which aided in the interrogation of individuals involved. Action in this instance has removed a vital link in the German espionage system, and it may be stated that this Fascist organization known as the clandestine radio station PQE and other associated groups would still be in operation if it were not for the excellent work of Bureau representatives in Chile. ~~SECRET~~

As an example, the important developments in the PQE Case included information which solved a pending investigation regarding the clandestine radio station GFS-NOI which operated in Chile during 1942. Guillermo Kunsemuller (Rothman) admitted being the operator of the NOI Station and established the leadership of this group with Ludwig von Bohlen of the German Embassy prior to his repatriation from Chile. ~~SECRET~~

Not only did the PQE investigation possess national ramifications within Chile, but it also involved international activity, including information which may lead to the expulsion of Aristides Parodi, Secretary of the Paraguayan Diplomatic Mission in Santiago. Evidence was obtained concerning espionage activities of certain Paraguayan nationals, including Humberto Perez and Adolfo Adorno, as well as Heinz Lange, a known dangerous espionage agent who formerly resided in Paraguay. It was revealed that Parodi had assisted these individuals in obtaining Paraguayan documents which were needed by them for continuance of their residence in Chile. He also obtained information regarding agreements of a confidential nature concerning the American Consulates in Chile which Lange was able to transmit to Germany. The Chilean authorities were contemplating action in furnishing this information to the Minister of Foreign Affairs in order that Parodi could be declared persona non grata. ~~SECRET~~

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While a great deal of publicity was given the disclosure of German espionage activities in Chile and the fact that clandestine radios had been used by the organization, recent information indicated the existence of a clandestine radio station which operated as late as February, 1944, by Edmundo Guevara (Reinero). A statement given by Regina Ilabaca, mistress of Guevara, revealed that he and several retired Chilean Army officers were involved in the operation of a clandestine radio station. The Army officers identified were Colonel Luis Varela and General Francisco Xavier Diaz. *RU*

Investigation with regard to German activities has included many varied types of operations by German agents. It has been necessary to follow communication channels for evidence of secret ink writings as in the case of Humberto Castro, alias Humberto Silva, who was involved in the transmission of secret writing communications to a drop box in Bern, Switzerland. The plain text of the communication was an innocent-seeming letter while the secret writing disclosed information of a security nature regarding the war production of the United States. The signatures on the communications, namely Humberto Silva and Humberto Castro, were found to be identical by the FBI Laboratory, and while not identified with other communications, a striking similarity between the author of the Castro letters and an individual signing his name as German T. Miller and Geoffrey, who forwarded secret ink communications to the same drop box in Europe, have given an indication that the same German agent is possibly active at the present time in South America. *RU*

During 1943, many efforts were made by the Germans to place agents in Latin America for the purpose of establishing a well-organized espionage system. In May, 1943, a young Spanish medical student, Rosendo Almozara, was arrested in Buenos Aires aboard the Cabo de Hornos when he was found to be carrying espionage information, money and instructions for delivery to an unknown German agent. This material was undoubtedly destined for use in the United States. The unknown agent was also to establish a clandestine radio in Chile. In December, 1943, Almozara was sentenced by the Argentine Courts to serve two years in prison. *RU*

Also arrested by the Argentine authorities was [redacted] who admitted he was to receive the espionage material from Almozara. [redacted] was released by the Argentine authorities shortly after his apprehension and no publicity was given to the fact that he had been involved. He was expelled to Chile [redacted] was in cable contact with German superiors in Madrid, attempting to secure further instructions and money through a ship courier to be contacted [redacted] in Buenos Aires. The activities of [redacted] were under the complete supervision of the Legal Attache in Buenos Aires, and though no communication has been received from Spain, it is known that an endeavor was made to transmit a message to [redacted] who arrived in Buenos Aires in January, 1944. [redacted] was not aware of the nature of the information which was to be transmitted and made no effort to determine the communication that was to be transmitted. *RU*

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[ ] has revealed valuable information concerning his training in Europe by the Germans as well as information concerning individuals contacted by him prior to his departure from Spain for South America. One individual described by [ ] as the chief radio operator for the German espionage system in Spain was known by the name of Carlos. This person had advised [ ] that he formerly had been employed as a radio operator by the German-owned air lines Scadta at Cali, Colombia. A request was made of the Legal Attache at Bogota for photographs of employees of the Scadta Airlines. More recent information was received regarding an individual named Karl Heinz Albrecht Grosspaetsch, alias Carlos, who was described as second in charge of the Abwehr W/T communication system in Spain. Information in the Bureau's files reflected that one Karl Grosspaetsch was formerly in charge of the Scadta Airlines Radio Station at Cali, Colombia. Investigation as to the background of this individual was requested of the Legal Attache at Santiago for possible identification by [ ]. Upon reviewing the photograph of Grosspaetsch, [ ] identified him as being the individual known as Carlos in Madrid, who is a radio technician employed by the German espionage group with headquarters in Madrid. X U

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In June, 1944, Special Agent [ ], assigned to the Office of the Legal Attache in Santiago, obtained information that one Belano, employed as janitor and messenger at the United States Consulate, Arica, Chile, had been selling waste paper trash obtained from the Consulate to Cesar Cacitua, head of the Chilean Investigaciones in that area. It was known that certain codes used by the United States Navy had been obtained by this method; however, it was not believed that the information involved material which would enable those in possession of the codes to decode naval radio traffic. Our representatives have been on the alert for information regarding possible activities by Axis elements to obtain espionage information regarding American activities in Latin America. X U

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The Republic of Chile has cooperated fully with the Allied war effort in supplying strategic metals, such as nickel, copper and nitrates. Several vessels of British registry have been involved in findings which have partially or totally destroyed the cargo of nitrates. One vessel, the S.S. Loreto, was damaged shortly after it took on the cargo of nitrates at a port in Chile. Two other British vessels proceeded to English ports before the fires occurred. On December 20, 1943, the Argentine vessel, S. S. Rio Jaramento, carrying a cargo of nitrate from Tocopilla, Chile, to Buenos Aires, was found to have been the subject of an attempt by unknown parties to sabotage the vessel and its cargo. At the time of unloading the cargo in Buenos Aires, two incendiary devices were found in the hold containing the nitrate. The devices in question consisted of two large glass milk bottles half filled with gasoline, within which were placed cork test tubes. One test tube contained sulphuric acid and the other a mixture of potassium chloride and sulphur. Apparent faulty construction of the incendiary devices resulted in the failure of this attempt to sabotage the ship. Photographs of the devices were obtained and specimens of the chemicals involved were made available to the FBI Laboratory for appropriate examination. X U

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Not only have our representatives been on the alert to obtain information regarding activities of Axis elements in their attempts to sabotage supply of strategic war materials but they have closely observed activities of other elements in smuggling such materials to Argentina where they would be made available to the Axis or to the Argentine Government. In April, 1944, information revealed an attempt by the Argentine Military authorities to obtain nickel, copper and other vital metals for the use of the Argentine Army. The Chilean authorities detained Lieutenant Marco Antonio Taboada on April 18, 1944, at which time he confessed his part in this activity. Many other individuals were involved in this plan to supply the Argentine Army with the much-needed metal; however, the plot was frustrated by the expulsion from Chile to Argentina of those Argentine nationals involved. *SM*

In January, 1944, a plan was uncovered which revealed an effort on the part of Lorenzo Jose Galatto, Inspector General of the Argentine Department of Investigation, whereby he sought to establish Argentine agents in Chile which by agreement would allow Chilean agents to operate in Argentina. The plan, as sponsored by Galatto, sought to have agents from both Chile and Argentina sent to their respective countries on an exchange basis so that they could work in that country on matters of direct interest to their own departments. Information from Argentina reflected that Galatto and an associate working under him, Nicolas Moreno of the Argentine Police, have been and presumably still are in the pay of the Axis Embassies in Buenos Aires. Information obtained by our representatives concerning this matter was referred to the Chilean Minister of Foreign Affairs through the American Ambassador at Santiago, and it is believed that the plan sponsored by Galatto which may have originated with the Axis principals, was in this manner prevented. *SM*

The Republic of Chile has also been used as a base for operations by certain Japanese espionage leaders. In the investigation of the activities of Tomiyo Koseki, Secretary to the Japanese Embassy in Buenos Aires and former Japanese Ambassador to Paraguay, it was revealed that one of the principal subjects was Carlos Santa Cruz Poblete, a Chilean citizen residing in Buenos Aires. It was planned that Santa Cruz would make a trip to Bolivia, Peru and Ecuador under the direction of the Japanese Embassy. He intended to travel under the cover of a delegate of the Socialist Party of Chile, while in reality, the purpose of this trip was to observe and report espionage information in the various countries visited. Couriers for this organization were known to be traveling between Argentina and Chile and coded communications were also being exchanged. SIS representatives, through the use of an informant, obtained copies of coded messages which had been sent from Buenos Aires to Santiago by members of this organization. The messages intercepted at Santiago have been decoded by the Cryptanalysis Section of the Bureau's Laboratory, and it was found that the communications contained a request for espionage information. *SM*

Santa Cruz, in August, 1943, received from Chile a package containing 108 sheets of official United States Embassy document paper destined for *SM*

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Javier, the cover name for Shozo Murai, Civil Attache at the Japanese Embassy in Buenos Aires. Examination of the paper by the FBI Laboratory found it to be genuine Embassy document paper. *XU*

With the repatriation of Japanese Embassy officials from Chile, it is believed that the leaders of Japanese espionage departed from the country; however, activity in Chile along this line has not been discontinued as the Japanese, like the Germans, have been operating from Argentina. This fact was evidenced by information obtained as a result of investigation of Ricardo Lyon (Hubner). Lyon, a Chilean of German descent, was formerly an active member of the Japanese firm, Compania Chilena Oriental. This firm was frequently identified with espionage activities in Chile through the work of Goro Miyasaki who was deported from Chile in September, 1942, when the Chilean Government refused to renew his passport. The files of the company contained certain addresses in Buenos Aires which were known drop boxes. Lyon was a frequent contact of Japanese elements and in January, 1944, information was received by our representatives that he was to be contacted by an unknown individual who requested information as to the whereabouts of Luis Kawaguchi. The unknown individual was reported to be carrying an important message for Kawaguchi from Buenos Aires. Both Lyon and Kawaguchi were apprehended by the authorities; however, no information was obtained as to the identity of the unknown courier or the message carried by him. These facts indicate an endeavor by Japanese elements to continue espionage activities in the Republic of Chile. *XU*

Political groups in Chile have been a matter of importance due to the close association between Chile and Argentina and because of a strongly organized Communist Party, as well as Nazi elements who have been active in the political field. The Legal Attache has been kept currently posted on developments through contacts with high governmental officials. *XU*

The Communist Party in Chile is a legal political entity and appears to be greatly increasing its strength and influence. It produces 35,000 votes and at the present time is striving vigorously to organize all left wing parties of Chile's "Popular Front" system into Partido Unico. The drive for this was begun in January, 1944, and the Communists are very optimistic concerning it, believing that through it they will be able to gain control of the Government. It is reported that they practically have the Socialist Workers Party in line and are using these 15,000 votes as a wedge to get the vote of the Socialist Party. *XU*

Another popular weapon of the Communists in Chile is their newspaper organ "El Chileno", which they are presently attempting to increase to a circulation of 100,000. *XU*

The second major aim of the party in Chile at present is to cause the present Government to recognize Russia and thereby cause an Embassy to be established in Chile. So far, no overtures in this direction are known to have taken place. *XU*

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COLOMBIA X u

Despite an unfavorable political atmosphere in Colombia due to the indecisive policies of the present Government and the strain of an attempted revolution, the Legal Attache's Office, under a Legal Attache and eleven Special Agents, has maintained a high standard of investigative activity and has accomplished some very notable results in combatting espionage and subversive activities. The past year has seen a widening of informant coverage and increased liaison with the national and local police organizations. X u

As a result of the state of belligerency with Germany, declared in November, 1943, the Colombian Government has taken some vigorous action against subversive elements as a result of information developed by the Legal Attache's Office and furnished the Colombian Government by the United States Ambassador. An internment program followed Colombia's declaration of belligerency, and several individuals have been expelled, including two known espionage agents, as a direct result of information developed by Bureau representatives. X u

Platinum smuggling investigations have continued to be of primary importance in Colombia, and during April, 1944, the United States Ambassador requested that the Bureau send additional Agents to Colombia to concentrate on this matter. As a result, five Agents were dispatched to Colombia and have already obtained some very satisfactory results in uncovering extensive platinum smuggling operations. X u

Extensive coverage has been developed in Colombia concerning the political situation and over numerous revolutionary groups, composed of dissident Army officers, anti-Allied groups, Conservative Party members and other dissatisfied elements in Colombia. Within the past year the Legal Attache's Office has penetrated with informants most of these organizations and has effected excellent coverage of revolutionary groups in Colombia. There have been numerous indications of a revolution and on several occasions minor attempts at promoting a revolution have occurred. All of these have failed because the groups did not become cooperative, either financially or otherwise. In anticipation of probable overthrow of the present Government when the recent attempted revolution occurred, during which President Lopez was kidnapped, the Legal Attache's Office and the Bureau were able to furnish to the State Department and other appropriate agencies much pertinent information relative to the forces which endeavored to overthrow the Lopez regime. X u

The following is an example of one of the noteworthy achievements of the Legal Attache's Office: X u

Important Abwehr Official in Spain Identified Through Contacts in Colombia and Chile X u

It was noted that a reference was made in the German Intelligence X u

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It has been reported that Spanish Communists use the diplomatic pouch of the Chilean Embassy for sending their communications abroad. This has not been substantiated; however, investigation is going forward to determine whether or not this is being done. X U

There have also been reports, not substantiated, that Pablo Neruda, the Chilean poet who has had a consular post in Mexico, and Narciso Bassols, ex-Mexican diplomat and first Mexican Ambassador to the Soviet Union, have carried messages and instructions to the Communist Party in Chile and in other countries in Latin America from the Soviet Ambassador in Mexico. These individuals are receiving investigative attention. It has also been alleged that the Chilean Communists receive messages from Moscow either via radio or courier, and that they have been instructed to immediately start a campaign of anti-Yankee, anti-Imperialism propaganda as soon as the Russo-German War ceases. The Bureau has an undercover agent [redacted] working in Chile in connection with Communist matters. This agent is able to furnish valuable data as to Communist Party policy inasmuch as he is very friendly with several officers in the Party who discuss such matters with him. X U

One interesting development which occurred in Chile during the past year and which was covered and reported upon by SIS representatives was several secret meetings held by Enrique Pizzi de Porras, Cuban Ambassador to Chile, with prominent Chilean and Cuban Communists regarding the possibility of Pizzi de Porras being appointed an Ambassador for Cuba in a neutral country where his object would be to handle certain confidential matters for the Russian Government, even though he was ostensibly representing Cuba there. The present status in this matter appears to be that Pizzi de Porras is willing to accept such an appointment but the Cuban Government has not yet seen fit to assign him to the said neutral country. X U b7C

Intercepted correspondence had revealed that an individual known as the "Russian Delegate to the Argentine" was also present at two of these meetings, and it is believed that he is presently receiving mail under the name of Jose Coos, Pasco 302, Buenos Aires, Argentina. Vigorous investigation is presently under way to establish the identity and present activities of this person. X U

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Service Directory, furnished by the British, to say Karl Heinz Albrecht Grosspaetsch as being second in charge of the Albrecht W/T Communications System in Spain and as having had some previous connections in Colombia. ~~X~~

Inquiry by SI in Colombia revealed that Grosspaetsch was formerly in charge of the Seadta Airlines radio station at Cali, Colombia, and had departed Colombia at Puerto Colombia, October 28, 1940, aboard the German ship "Helgoland", without proper clearance from the Colombian authorities. A photograph of Grosspaetsch was obtained and furnished to SIS in Chile who had requested identifying data concerning former employees of the Seadta Airlines Company. A double agent in Chile, [redacted] had advised that one of his contacts by the name of "Carlos" in Madrid had been a former employee of the Seadta Airlines in Colombia. "Carlos" posed as a Norwegian. [redacted] identified the photograph of Grosspaetsch as "Carlos". This information and Grosspaetsch's photograph have been furnished to appropriate sources in London and Madrid. ~~X~~ ~~U~~

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Another interesting aspect of Grosspaetsch's case is the fact that he had a cousin, [redacted] United States Navy Dental Corps, with whom he has been in correspondence. The information concerning Grosspaetsch has been furnished to the Office of Naval Intelligence for appropriate action. ~~X~~ ~~U~~

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#### Communism in Colombia ~~X~~ ~~U~~

The Communist Party of Colombia is legalized in that country and its increasing strength during recent years has been reflected in the increasing number of Communist votes cast in national elections. The infiltration of labor, organization tactics, political activity, the organization of Communist Front Groups, propaganda measures, and other activities of the Communist Party of Colombia are under investigation by our representatives. The activities of various individuals known to be prominent in the Party and responsible for the formulation of political matters and "Party line" tactics are being closely covered. It has been reported that during December, 1943, an undercover Russian agent, Jose Polonski, visited various key figures in the Party for the purpose of assisting in distribution of propaganda matter and assisting in the organization of Communist Cells in Colombian labor unions. ~~X~~ ~~U~~

Communist representatives from Colombia and other Latin American countries were successful in electing the President and the Secretary of the Bucaramanga National Labor Congress which was in session during December, 1943 and was attended by Vicente Lombardo Toledano, leader of the powerful labor organization, The Confederation of Latin American Workers. It was learned that the activities of the National Labor Congress included plans to consolidate all Communist-controlled labor organizations in Latin America to provide an operating base for the Communist International for which there were elected a Directive Committee thirty-one members for the Confederation of Workers of Colombia, of whom eleven are members of the Communist Party. A confidential informant who is close to party leaders in Colombia ascertained that during a visit to the National Labor Congress, Lombardo Toledano exhibited a letter signed by officials of the Russian Comintern. This letter stated that the ~~X~~ ~~U~~

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Third International had been dissolved to avoid entanglements with the Allied Governments and instructed the Communist Party of Colombia to receive orders from Teledano. Teledano is reported to have advised Colombian Party leaders that he had similar written instructions addressed to other Communist leaders in South America. ~~SECRET~~

It has been ascertained that Gustavo Machado, a Venezuelan Communist residing in Bogota, Colombia, is one of the Central distributors of Russian propaganda which is disseminated through a bookstore operated by Machado. ~~SECRET~~

During November, 1943, Russian diplomatic personnel arrived in Bogota, Colombia under assignment to duty in the Russian Legation. The activities of these Russian representatives, particularly in so far as they relate to Communist activities in Colombia, are under discreet and thorough investigation. Investigations are also continuing to determine the effect which the dissolution of the Communist International will have on Party activities in Colombia, and information is being developed as to the methods used by the Party to further its program of labor infiltration. Particular emphasis is being given to investigative coverage of Party activities indicating the extent and nature of collaboration with Communist Parties in other countries of Latin America and elsewhere. ~~SECRET~~

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### Travel Control Program in Cuba X u

SIS personnel in Cuba continue an extensive travel control program whereby all individuals departing from Cuba for the United States are made the subject of letters transmitted directly from Havana to the Miami Field Division of the Bureau. By this method of operation the Miami Field Division has the benefit of up-to-date information concerning the arrival of individuals from Cuba and has that information at the time it is of most importance. X u

In addition, all individuals arriving from Europe aboard various neutral vessels are processed upon their arrival at Cuba. This processing is carried on in an effort to uncover individuals coming to the Western Hemisphere who maintain strong pro-Axis sympathies and individuals who may be operating for Axis authorities in espionage and subversive activities. Any information developed through this processing is forwarded to the Bureau and to the interested SIS Offices through Latin America. X u

In January, 1944, the Legal Attache in Havana, Cuba, made arrangements with the Cuban Department of Immigration to obtain the fingerprints and accompanying photograph of all nationals of European countries arriving in Cuba. These are now averaging 190 to 200 individuals per month and these cards are being forwarded to the Bureau for comparison against the fingerprinted cards already maintained by the Bureau and for filing for future reference. Any information which is developed as a result of the search of the fingerprints against those in the Bureau's files is transmitted to the Legal Attache and by him made available to the Identification Division of the Cuban National Police. X u

As a result of the excellent cooperation existing between the Bureau's Havana Office and Cuban officials, SIS personnel in Cuba are able to effect searches, seizures, interrogations and detentions of passengers and crew members of the Spanish ships which call at Cuban ports. X u

### Relationship with Other United States Governmental Representatives

For the past several months, excellent cooperation has been enjoyed by the Office of the Legal Attache with American Embassy personnel, Consulate personnel, the Military Attache, the Naval Attache and representatives of other United States Government agencies in Cuba. Copies of reports emanating from the Office of the Legal Attache are still directed to a Central Intelligence file which is available to the Embassy, to the Military Attache, the Naval Attache and other United States officials who have a legitimate interest in the file. Cases involving strictly subversive and espionage activities are referred to the Legal Attache for investigation and in turn the Legal Attache gives all assistance possible to the Military and Naval Attaches in any cases over which they might have primary jurisdiction but which may have angles where the Legal Attache may be of assistance. An example of this during the past few months was the torpedoing of two vessels in Caribbean waters. The X u

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Legal Attache, upon the request of the Naval Attache, entered into a collaborating investigation in an attempt to determine whether or not espionage had played a part in permitting those ships to be torpedoed. *Xu*

#### Confidential Informants, Source of Information and Contacts

SIS personnel in any foreign country must operate through and rely upon confidential informants, sources of information and contacts in a much greater degree than is necessary in the United States. In Cuba, the Legal Attache had been very successful in developing and maintaining such sources of information which permit access to the records of organizations in all types of public and private businesses and to the activities of private individuals in all endeavors. *Xu*

During the past year considerable headway has been made in the development of the Basque organization in Cuba for information relative to Spanish Falangists and Communists and the activities carried on by those groups. Of course, considerable work remains to be done along these lines. *Xu*

#### Assistance to Bureau Operations within the United States *Xu*

The presence of SIS personnel in Cuba and their ability to accomplish almost anything along the lines of investigation which might be requested of them has been of considerable value in allowing the Bureau to complete its investigations within the United States on many occasions. An example of this is SIS activity on Selective Service matters. The Bureau has found that many Cubans were in the United States at the time registration for the Selective Service Act was required. In several cases the Cuban nationality of these individuals was not indicated and, of course, the cases could not be closed until the location and citizenship of the individuals concerned were definitely determined. In some cases, SIS personnel ascertained that the subject in question was actually a United States citizen and was able to effect his return to the United States to subject himself to the provisions of the Selective Service law. In those instances where a return to the United States could not be effected, sufficient information has been secured to permit the Bureau to place the necessary stops with the Immigration and Naturalization Service and with Customs, whereby the individuals in question will be apprehended upon their return to the United States. *Xu*

The Bureau was recently requested by the Office of Strategic Services to conduct a certain investigation in the United States (Case of Richard Fishler, with aliases). It was ascertained that the investigation strictly within the United States would not give a full and complete picture of the situation and it remained for SIS personnel to conduct investigation in Cuba before the Bureau could comply with the request of OSS. This was accomplished with considerable dispatch. *Xu*

#### Falange Activities *Xu*

Of course, the Falange has been operating underground in Cuba. *Xu*

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since it was declared illegal by a decree of the Cuban Government in February of 1942. Falange activity during the past year has been at a minimum, but SIS personnel in Cuba have continued to develop and maintain informants who have been able to keep the Bureau continually advised of any activity whatsoever along these lines. X u

#### Sabotage and Espionage Investigations

Although no evidences of sabotage have been developed in Cuba during the recent months and although espionage activity has evidently been comparatively lighter during the past year than in 1942 and 1943, SIS personnel in Cuba continue to spend a large amount of time and effort to making absolutely sure that sabotage and espionage is uncovered. For example, during the month of May, 1944, the Office in Cuba closed its one pending sabotage case after determining that no sabotage was present. In that same period twelve espionage cases were closed after determining that no espionage was present and twenty-three espionage cases are still pending. X u

As against the above figures, there were 157 "subversive activities" cases at the end of May, 1944, even though 49 cases of that type had been closed during the month.

#### Local Attache Recommendations Followed by Cuban Naval Officials

 X u

Departure documents required of seamen in Latin America for stopping on board vessels bound for Europe from Latin America are known to have been falsified and reissued as a means of returning German technicians to Europe. X u

When the above information was called to the attention of officials of the Cuban Navy in Havana, the latter admitted that identification papers previously issued to Cuban seamen applying for a "Carnet de Mar" were inadequate, and could easily be falsified, were not uniform throughout the Republic of Cuba, and the photograph which was placed on the identification paper was stamped with a rubber seal of the Cuban Navy and could therefore be replaced with the photograph of another inasmuch as it was stamped before being attached to the carnet. X u

After consideration of this matter, it was secured by an official of the Cuban Navy a revised form of identification papers to be required of Cuban seamen which, together with spaces for passport information, is now contained in one booklet which bears the photograph of the applicant seamen along with the imprint of the seal of the Cuban Navy. The book also requested such additional data as fingerprints and the signatures of the seamen and the issuing officer, personal history data and description, as well as providing for the entry of dates on which the particular seamen signed on and off various vessels. This new "Carnet de Mar" was completed and replaced other forms effective November 1, 1943. X u

The identification booklet is to be used in all of the courts of the Republic of Cuba to be cancelling the procedure previously followed X u

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whereby other forms of identification were issued by officials in the various ports throughout the island. It is to be noted that the new procedure constitutes an added security measure with regard to Cuban seamen in so far as identification matters are concerned. *Su*

Alonso *Su*

Alejandro Ursula Guzman is known to have been a German agent. He left Spain in September of 1943 and spent approximately six weeks each in Cuba and Mexico and approximately a month in the United States before attempting to return to Spain. When his ship transited Trinidad on the return trip to Spain, he was removed from the ship by the British authorities and is now in the United Kingdom under detention. This subject is known to have received considerable money from the Germans while in Spain and to have transferred by devious means the sum of \$24,000 from Spain to Cuba. He is known to have also transferred at least \$18,000 from Cuba to Mexico. He was believed to be a pay-off man for the Germans, but though intensive coverage was maintained in Cuba, Mexico and the United States, no overt act on his part indicating espionage or subversive activities for the Axis was ever uncovered. *Su*

It is now believed that the subject became aware of the surveillance being maintained over him while in Cuba and he immediately discontinued an intent of complying with the instructions issued to him by the German espionage authorities. Assuming that this belief is correct (and the subject has not yet admitted that such is the case), the only problem remaining to him would have been the disposal of the large sum of money in his possession under circumstances which could readily be explained to Allied authorities. The method of disposal he actually adopted was very feasible, inasmuch as he spent almost the entire sum in his possession on articles of value and scarcity in Spain. It was his explanation that he had brought such a large sum of money to this hemisphere from Spain with the purpose and intent of purchasing such rare articles to be resold in Spain at a considerable profit and thereby defray the cost of his trip. Since the subject's removal from the Spanish ship at Trinidad, SIS personnel in Cuba and Mexico have been expending considerable effort on attempts to identify the individuals whom the subject had intended to contact. *Su*

George Yukichi Osawa, with aliases *Su*

The subject of this case has been in Cuba since 1935. He is a self-admitted Japanese espionage agent and according to his own statements has engaged in espionage for the Japanese in both the United States (prior to his departure in 1935) and in Cuba. At the present time the subject is interned at the Cuban Immigration Center at Fiscornia, Cuba. *Su*

The subject was first arrested in Cuba in 1937. The charge of espionage was dropped, but he served a year in prison on the charge of practicing medicine without a license. He was released for a time, but in January, 1941, he again went to a Cuban prison on charges of assault. Although he was absolved of these charges he was retained in prison pending repatriation. *Su*

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During the past few months the subject has given SIS personnel in Cuba a great deal of information concerning Japanese espionage in the Western Hemisphere, but attempts to verify the allegations have proved negative from an espionage standpoint, and in many cases information has proved definitely incorrect. X u

#### Internment Program

Comments relative to Cuba's internment program for enemy aliens are included under the section of this report devoted to that general subject. X u

#### Communist Party

The Communist Party of Cuba, despite the inimical attitude of a newly-elected Cuban administration, continues as a highly organized and effective organization which is under close investigation by Bureau representatives. In January, 1944, the Party, pursuing a policy of attempting to increase its popularity and appeal among greater numbers of Cubans, announced that henceforth it would bear the name "Socialist Popular Party". X u

The Party has also adopted a new insignia, abandoning use of the Soviet hammer and sickle design which has been replaced by what is considered to be a more innocuous insignia. Party leaders have established these changes in an attempt to attract more Party members from groups of people who were heretofore reluctant to identify themselves with an organization which, by its name, indicated close alliance with the Communist Party of Russia. Active steps are also being taken to increase the Party's power by obtaining more members and to this end the Party structure has been extended to the development of numerous and active "cells" situated within various industries, professions, and among labor groups throughout Cuba. Ward committees are now in charge of leaders who act as direct supervisors over committee members to insure complete distribution of Party propaganda and to bring about complete organization of various associations and societies including women's groups, youth groups, as well as negro and farmer groups. X u

The Party in Cuba continues to disseminate quantities of Communist propaganda. The Communist daily newspaper "Rey" continues to lay stress on Party news and Russian war news, and enjoys a wide circulation throughout the country. The Party owns and operates a powerful radio station which broadcasts news items, plays and speeches, all designed to further the Communist Party program in Cuba. Blas Roca, negro Communist leader, has published a book called "The Fundamentals of Socialism in Cuba", which has been heralded by Party functionaries as an outstanding document, serving as a guide for the study and qualification of Party militants, 55,000 copies of this book having been distributed to Communist Committees to date. "Editorial Paginas" is a publishing house in Havana, carrying a complete line of Communist literature which is supplied to Party members and organizations throughout Latin America. These various propaganda mediums are under investigation by Bureau representatives. X u

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