



FEDERAL BUREAU OF INVESTIGATION

JOSEPH McCARTHY

PART 16 OF 28

BUFILE NUMBER: 121-23278

SUBJECT Joseph McCarthy
FILE NUMBER 121-23278
SECTION NUMBER 6

Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI

FROM : SAC, WASHINGTON FIELD

DATE: April 29, 1950

SUBJECT: SUBCOMMITTEE OF SENATE FOREIGN RELATIONS COMMITTEE
ALLEGATIONS OF SENATOR JOSEPH MC CARTHY
LOYALTY OF GOVERNMENT EMPLOYEES

Mr. Tolson _____
Mr. Ladd _____
Mr. Clegg _____
Mr. Glavin _____
Mr. Nichols _____
Mr. Rosen _____
Mr. Tracy _____
Mr. Harbo _____
Mr. Belmont _____
Mr. Mohr _____
Tele. Room _____
Mr. Nease _____
Miss Gandy _____

Mr. BUDENZ, in his testimony at 3:25pm, stated that he was appointed Editor of the Chicago "Daily Record" in 1937. He described this as an organ of the Communist Party in the midwest. He stated that this paper "folded up" after the STALIN - HITLER Pact. He stated further that BROWDER warned him at that time that he, BUDENZ, was to be made Editor of the "Daily Worker" in New York. He said that BROWDER mentioned that "you have no technical difficulties." In explaining this, he mentioned that BROWDER informed him that he was the only member whose record was clear and who did not have some question concerning his immigration status. u

In response to a question from Senator HICKENLOOPER, Mr. BUDENZ then mentioned that he met WILLIAM Z. FOSTER just prior to the time FOSTER left for Moscow to become a CP member. In response to another question as to when he met other big Communist functionaries, he replied that he had met BRIDGES in 1936, FIELD in 1937; that he had met STACHEL immediately after he joined the Party in 1935. u

Senator HICKENLOOPER then asked if during his associations with the CP he had ever observed any of the functionaries telling untruths or lies. Mr. BUDENZ said that he had never observed any functionary ever lying to another functionary. u

Senator GREEN then asked Mr. BUDENZ if he had made his information available to the FBI. Mr. BUDENZ stated that he had and then remarked the FBI is one of the finest agencies in the US Government, I tell them everything, I am proud to have worked with them, and I give them as much time as I can. He then remarked that there were certain limitations to his time, that he had a teaching position at Fordham University, and that he had other private work which necessitated him spending considerable amount of his time and that accordingly, he had been unable to make available to the FBI the entire information which he had at his disposal. u

Senator HICKENLOOPER then asked if Mr. BUDENZ could evaluate the worth of Mr. LATTIMORE to the CP, and Mr. BUDENZ stated that he would leave such an evaluation in the hands of the Senators and remarked - I have told my story to you. He was then asked if LATTIMORE was considered a valuable adjunct to the Communist cause in Asia. Mr. BUDENZ replied that LATTIMORE was so considered and that STACHEL and BROWDER had so indicated to him. u

Mr. BUDENZ was next asked the significance of the letter I and M, which he had previously referred to in his testimony, and he explained that

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these initials were customary, that they were used by the Party in designating the identity of the person concerned if that particular person was in public life and his identity was not desired to be disclosed. Mr. BUDENZ was next asked if he knew of any occasions when LATTIMORE might have been used as a conduit for information from Asia to the CP, and he replied that he knew of no occasions, other than those that he had mentioned, namely, the times that he was informed by STACHEL and FIELD.

Mr. BUDENZ was asked if China was considered the vital spot as far as the CP was concerned, and he replied that it was and added that in the CP it was considered that American acquiescence of a Red China and a Red Poland must be obtained.

Senator HICKENLOOPER then asked if Mr. BUDENZ would say that the efforts in China on the part of the Communists were of the highest priority and he answered that that was true, and he remarked STALIN has said that wars aren't declared, they are made, and Mr. BUDENZ then stated that World War III was begun in 1945. Senator HICKENLOOPER then asked if, in Mr. BUDENZ' opinion, did the Communists assign their most important men to the Chinese problem. Mr. BUDENZ stated that that was true, that GERHART EISLER had had that assignment before he went to Germany, where he today is attacking the US. Senator HICKENLOOPER then asked if the US was a target for Communism, and Mr. BUDENZ answered that it was and that it had been since 1945 and then he added, in fact, since 1934, when the Communists formulated their policy - the plan then to drive the US out of the Philippines and out of the Pacific. Senator HICKENLOOPER then asked if Mr. BUDENZ knew that LATTIMORE was assigned to handle Communist activities on the West Coast. Mr. BUDENZ answered "that was where he worked" and then he said he was also Editor of "Pacific Affairs" during that time.

Mr. BUDENZ was asked if the Communist apparatus was divided into two classes and he said that he could best answer that question by comparing the Communist apparatus to a tree, for example, he said the roots could be compared to the underground and to such members as EISLER and PETERS, who sent WHITTAKER CHAMBERS to Washington to steal State Department documents. Mr. BUDENZ said the open Party could be compared to the trunk of the tree, and he mentioned that names like BROWDER and his own, who were open Party members, could be so classified in this regard. He stated that the men and women members of the CP could be compared to the branches, that through the branches their information was obtained and instructions issued from the roots.

Mr. BUDENZ was then asked if he knew of any instances where members of the CP had gone underground. He mentioned Dr. NORMAN BETHUNE (ph) from

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Canada, who he stated died in China during the Chinese civil wars. He said that after BETHUNE's death that BROWDER, in a meeting, stood up and announced that Dr. BETHUNE asked that upon his death he be counted as one in the Army of STALIN although during his whole lifetime his Communist affiliation had been purposely hidden. BUDENZ then named BELIA DODD as another example of an underground Communist worker, as well as FIELD.

Senator HICKENLOOPER then asked Mr. BUDENZ to explain who, in his opinion, was the most effective in the CP, the open member or the secret member. Mr. BUDENZ answered that both categories work for the great conspiracy, that both are equally effective, that they need the open membership to give semblance of a Party and that the underground is effective in espionage operations. He was then asked if it was a fair assertion to say that the American people had little knowledge of Communism, and he replied that that was true and then remarked, BROWDER always said that we are a small Party, nevertheless we exercise great influence.

BUDENZ was asked what his capacity was and he said he was an Assistant Professor at Fordham. He was then asked if he had told Fordham officials of his background and he replied that, although he had not told them in great detail of his background, he knew that the Fordham officials knew who he was and knew his background. Senator HICKENLOOPER then said that if BUDENZ were associated with Fordham, it gave a certain weight to his testimony but BUDENZ quickly replied that he would not connect Fordham with his testimony here and did not wish that Fordham University should be involved in this matter in any way. He said that he desired to stand on his own testimony. Senator HICKENLOOPER then said that BUDENZ has been a Government witness on a number of occasions and he presumed that the Federal authorities had vouched for BUDENZ. BUDENZ replied that perhaps this was true but that again he did not wish to stand upon this reputation but wanted his testimony on this day to be judged on its own merits. He was then asked if he could return Monday (presumably April 24th), but he replied it would be better if he could come back Tuesday, as an Executive Session was scheduled for 10:00 on Tuesday, presumably April 25th. At 4:10 pm, BUDENZ was excused and thanked by Senator TYDINGS for his testimony.

TESTIMONY OF BRIGADIER GENERAL ELLIOTT R. THORPE, US ARMY - RETIRED

At this point, over the vigorous objections of Senator LODGE, FORTAS, Counsel for LATTIMORE, was able to have Brigadier General THORPE sworn as a witness. Senator LODGE advised that he was told that if THORPE were sworn, Senator McCARTHY had a witness whom he wished to offer but this aspect was

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not developed. FORTAS brought out that THORPE had to be heard today inasmuch as he had to leave town tonight. The testimony of THORPE was contained in the form of a press release given by THORPE.

THORPE advised that he had been in the US Army for some 32 years; about one half of this time was spent in military intelligence and that he had served in military intelligence in the Pacific Ocean Area, the Philippine Islands, Netherlands East Indies and from 1942 until 1946 had been Chief of Counter-Intelligence Corps under General of the Army, DOUGLAS A. MacARTHUR in MacARTHUR's Pacific Command. A copy of this press release has been furnished to the Bureau.

Briefly, the release sets out that THORPE on three occasions caused an investigation to be made into LATTIMORE's loyalty and that he, THORPE, as a result of these investigations believed LATTIMORE to be a thoroughly loyal US citizen. THORPE, after the war, was Military Attache at Bangkok, Siam and served for a time at the Army Language School, probably in Monterey, California.

After THORPE finished his statement, he was interrogated chiefly by Senator HICKENLOOPER. THORPE said that he thought the investigations made under his direction were sufficiently thorough to clear LATTIMORE and he allowed LATTIMORE to see confidential documents in LATTIMORE's capacity as Adviser to General THORPE. In response to a question, THORPE said that LATTIMORE did not show partisanship for any country, other than the US. (At 4:25pm, Senator TYDINGS left, mentioning a previous engagement and gave his proxy to Senator GREEN.)

THORPE was then asked if he had found any personnel of the IPR to be subversive. In answer to this question, THORPE said not so much subversive in the sense that subversive means undermining the US but that there were a lot of people with IPR "making a living." The rest of his answers to this question trailed off and was unintelligible.

Senator HICKENLOOPER then asked when LATTIMORE came out to the Orient, and General THORPE said in 1944 and in 1946, and that on these occasions, LATTIMORE was included in the general investigation made by General THORPE's section of the IPR and that he was also investigated as a general security matter.

THORPE was asked by Senator HICKENLOOPER if he, THORPE, had access to FBI files, and he said that he did not, nor did he turn over the results of his investigation to the FBI. General THORPE then said that he had a representative of his CIC Section with "HOOVER" and that the FBI had representatives with the General's CIC Section.

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General THORPE was then asked by Senator HICKENLOOPER if the General had access, while investigating LATTIMORE, to the files of other US Government agencies. General THORPE was unable to give a complete answer to this question but said that he was not sure whether or not he did have access to other Government agency files but believed that he did not have access to such files.

Senator HICKENLOOPER then asked what sort of confidential documents LATTIMORE saw. General THORPE was unable to answer specifically but said that, in general, documents were classified all the way from "top secret" to "restricted." Senator HICKENLOOPER persisted and said that he presumed that LATTIMORE must have had confidential documents when he was advising the General and the General admitted that this was probably true that LATTIMORE did see confidential documents.

General THORPE said then that he did not favor recognition of Communist China and said that he considered Communism a great threat and that he had volunteered to appear at this hearing because he was concerned that innocent people were being labelled as Communists. General THORPE was then asked if he recalled a report that had been prepared by one E. HERBERT NORMAN (ph), which report was presumably sent to General WILLOUGHBY (General WILLOUGHBY was an AC of S, G-2, to General MacARTHUR). It was brought out that E. HERBERT NORMAN was a Canadian representative. General THORPE was unable to recall such a report and said that, to his knowledge, NORMAN did not file that report with him and further that he was not within the scope of WILLOUGHBY's command but reported to the Chief of Staff of General MacARTHUR. (It is noted that MacARTHUR's Chief of Staff was General RICHARD SUTHERLAND, and that General WILLOUGHBY, as G-2, was concerned with combat intelligence).

General THORPE then advised that he had begun military intelligence work shortly after World War I. In response to a question, General THORPE said that LATTIMORE was an adviser of his during World War II and in part of the CIC Section. LATTIMORE's role as adviser to General THORPE was never entirely clarified. The General then said that he did not know very much about China and his interests were chiefly in Japan and Russia. The General said he would need a release from the Secretary of War before going into greater detail and Senator HICKENLOOPER then said that he wanted the whole relationship between LATTIMORE and CIC brought out.

It is noted that General THORPE lives in Minnesota but has a house in Rhode Island about which he is now concerned, and that he had flown in to Washington, D. C. yesterday to appear today. He said that he felt it his public duty to appear.

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FORTAS then said that he had assurance that after BUDENZ had finished, he would be able to present General THORPE and Senator LODGE asked him who had given him this assurance. FORTAS was unable to state with any clarity where this assurance came from but said he knew of no reason in law why he could not present his witness. Senator LODGE then said that he was no lawyer, that this was not a legal proceeding and that FORTAS was not in a court room. FORTAS finally admitted, after several questions, that on Wednesday, April 19th, he had spoken with Senator TYDINGS and FORTAS implied that Senator TYDINGS had told him that his witness, General THORPE, would be allowed to appear today. FORTAS then said that he wanted to subpoena FREDERICK V. FIELD, because a few days ago a commentator, unnamed, had said that BUDENZ in his testimony would link FIELD and LATTIMORE (FORTAS' statements were difficult to follow because he had no microphone).

FORTAS then tried to get into evidence an affidavit which he said was made by BELLA DODD, whom he described as a CP member and a member of the CP National Committee from 1944 until 1948. He also said that BELLA DODD was expelled from the CP in June, 1949. When asked why DODD did not appear, FORTAS said that he could not subpoena her. The affidavit was not allowed in evidence and FORTAS was not permitted to read it. The hearing adjourned at about 5:05 pm.

MR. D. M. LADD

June 20, 1950

MR. A. H. BELMONT

STATE DEPARTMENT REPORT ENTITLED
"SURVEY OF DEPARTMENTAL PERSONNEL
SECURITY INVESTIGATIONS" BY S. KLAUS
AUGUST 3, 1946

PURPOSE:

To summarize the above-captioned report pursuant to your request.

BACKGROUND:

On June 6, 1950, Senator Joseph R. McCarthy on the Senate floor stated in substance that three or four years ago the FBI supplied the State Department with charts and diagrams purportedly showing pro-Soviet individuals in the State Department. It was determined that the material used by Senator McCarthy emanated from the State Department in a report prepared by Mr. Samuel Klaus dated August 3, 1946, for Joseph Panuch, former Deputy to the Assistant Secretary for Administration. A copy of this report has been obtained by the Bureau. The alleged charts prepared by the FBI appear on page 29 of the report wherein it is stated in part, "FBI has prepared a chart, now in the possession of Mr. Bannerman, which purports to show a number of 'agents', 'Communists', 'sympathizers', and 'suspects' in the State Department as of May 15, 1947." There followed a tabulation in each category.

On page 30 of the report there is set forth the verbatim text of material critical to the Bureau which appeared in the press subsequently. It has also been determined that the chart in question was in fact prepared in the Reproduction Branch of the State Department and bears the title "Top Secret, U. S. Department of State, Preliminary Survey of the Communist Infiltration, prepared May 15, 1946." The following is a summary of the report prepared by Mr. Klaus set out in sections as the report actually appears.

PERSONNEL SECURITY REPORT PREPARED BY S. KLAUS:

Introduction

The first part of this report is the authority on which the survey was made and its limitations. Conclusions set forth in the introduction were:

- (1) The organization was effective in applicant screening according to relatively crude and normal standards of ordinary employment.
- (2) The organization did not secure the Department from penetration by professional foreign agents.
- (3) The implied and sometimes explicit standards of ideology and opinion which were applied to security raised questions of Government policy and of their effect on the character and personality of personnel to be admitted to the Department.
- (4) The standards of proof were dubious.

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INITIALS ON ORIGINAL

I

Findings

The personnel investigations were divided into two groups. The first consisted of applications for original employment or transfer to Departmental rolls. The second comprised investigations of employees already on the rolls. The initiation of these investigations was described. Special cases of investigations conducted by the FBI were mentioned, however, these were not surveyed. The Division of Investigations (CSA) was then described as to functions, organization and scope of the investigation. The functions of CSA were to investigate applicants for security reasons, make investigations in connection with passports and visas and greeting newly arrived diplomats and distinguished foreign visitors. As to the organization of CSA, it was stated that the miscellaneous character of the Special Agents' work probably explains their lack of special training and the methods of CSA procedure. It was noted that the methods and traditions of the Post Office Inspectors' Service seemed to predominate inasmuch as the officers of CSA were formerly affiliated with that Service.

In connection with the scope of the investigation, it was stated that there is no manual of instructions or any standards of proof to guide the investigations. In the usual case the function of CSA is to verify statements made by applicants on the application form. Further, the "derogatory" information reported is usually obtained by consulting routine sources, police records, House Committee files, etc.

It was also noted in the report that no investigation of a financial character is conducted and no attempt is made to check income tax records. A criticism was made of the type of review set up in CSA and also of the CSA personnel. It was stated that the field agents probably have sufficient training to conduct ordinary investigations efficiently, however, few of the agents had prior training in personnel policies in the Department, in ideologies, in court decisions and legislation with respect to the Civil Service employment. It was stated that a doubt existed whether the average agent knows the differences among various schools of so-called liberal and radical thought.

The Office of Security Officer—CON

This organization functioned almost entirely as a liaison office between other investigative agencies, particularly the FBI and CSA. Ostensibly, the set-up to review CSA investigations and request additional investigations is not adequate. Furthermore, this office had access on a "personal" basis to current FBI investigations and information flowing into this office which was not given to CSA. According to the report, the FBI sent to CON security reports which in

the judgement of the FBI were of interest to the State Department. It was alleged that the information was made available only on a basis of personal trust to certain members of CON. It was also stated that this office lacked a proper filing system and relied on personal recollections of the staff. The scope of CON was presumably to protect the personnel security of the Department by collating CSA reports with information from other sources and coordinate personnel security with other security aspects. Where there are elements of doubt with respect to security, the cases are referred to CON to the Security Committee for disposition. However, if the case is one of an applicant for Foreign Service, the case is then referred by CON to the FBI for further investigation. In such cases the FBI received the benefit of all CSA and other information. It was noted that CON was not restricted to review alone but operates as a fact-finding body in respect to CSA and it was doubted that this was sanctioned by Departmental authority. It was further indicated that additional information asked of CSA by CON was routine in character, usually on the basis of some confidential information from the FBI, personal knowledge of the staff concerning the applicant or a gap in employment information.

Security Committee

The Committee is concerned primarily with passing on cases presented by CON and other offices. This Committee meets irregularly, depending on the number of cases for consideration. The secretary at the meetings orally presented the facts in each case to the Committee after reading the CSA reports and digesting derogatory information. No minutes were kept during the meetings. The files were not seen or read by the Committee. It was indicated that the Committee was essentially a part of CON and decisions in individual cases were largely predetermined by the views of officers of CON. The Committee has no directive or standards from any superior authority and acts in accordance with the views of individual members as to security considerations. The conclusion was that the Committee was not judicial but in effect an administrative screening Committee. The Committee tended to proceed on the principle that an adverse recommendation be made in every case where a "doubt" was entertained even though further investigation might dispel or explain the doubt. It was also indicated that an officer of CON stated that the Department should not employ anyone where an element of doubt was indicated because there were other persons eligible for positions regarding whom no doubt existed. The doubt was derived from such factors as membership list or purchasers at the Washington Book Shop, petition signers of various kinds or membership in organizations which the Dies Committee designated as Communist dominated.

It was concluded that there was a question as to the validity of the premise that such doubts of loyalty to the United States were "reasonable". Moreover, the Committee made no distinction between professional and clerical applicants in the application of their standards. The Committee based its decisions of disapproval on the "existence of derogatory inference from what are really ambiguous facts". It was conceded that the Committee requested supplementary investigation in some cases such as neighborhood and Civil Service Commission checks but beyond such routine additional investigation the Committee was content to base recommendations on inferences. Furthermore, the Committee disregarded eligibility ratings by the Civil Service Commission and considered that security questions were raised by such items as "credit risk, sexual aberrations of character or conduct, and truthfulness in replies to questionnaires." This was considered an impingement on personnel policy.

Role of the FBI

The FBI furnishes the Department information in the form of routine checks for CSA, or for CON, or in the form of unsolicited reports of interest to the Department. Mention was made that at the request of officers of CON the FBI conducted investigations of foreign career personnel applicants where an element of doubt had been produced. It was noted that the Department relied upon the FBI and the checks were made as a matter of accommodation, not of duty, and no control was exercised by the Department over the investigation. Furthermore, the Department was dependent on the FBI for information which emanated from "surveillance, wide coverage, and the use of unusual methods of interrogation and investigation."

The FBI prepared a chart which purported to show a number of agents, Communists, sympathizers and suspects in the State Department as of May 15, 1947. It was learned several months later that the number had been considerably reduced.

"It turned out that FBI had produced no convincing proof that any person was an actual agent. In other words, FBI had made no case to show espionage or a violation of the Foreign Agents' Registration Act, or similar legislation, in any case. The word 'agent' was, therefore, being used - by FBI or by CON - to mean simply a suspect in espionage investigation, etc.

"No proof of actual Communist Party membership had been produced by FBI. The word Communist, therefore, was used merely to describe cases of such close affiliation as to lend credence to a hypothesis that the person in question was a member---a fact still to be proved."

It was concluded that these cases comprised the total of questionable employees of every security category in the Department, that is, "questionable in the opinion of the FBI". It was observed that when CSA applied to FBI for checks, it received information based on "index searchers"; however, CON received additional information not afforded to CSA. It was explained that this information was of a current nature and not indexed or so confidential that CSA would not receive it. The conclusion was that it was embarrassing and involved duplication and inefficiency of operation since CSA was not informed by the FBI in cases where confidential information was available and that information was furnished to CON and withheld from CSA. It was presumed that there were standing orders in the FBI to the distribution personnel regarding the types of reports sent to the State Department. It was conceded that information was not being deliberately withheld with knowledge that it would be valuable to the Department. However the opinion was expressed "that the only organization which does conduct surveillance and active investigation in the security field and whose product we are entirely dependent upon is one which we do not control and which does not act in accordance with our needs or requirements."

It was pointed out that CON appeared to be influenced by the FBI in other ways. Mr. Flinn, former FBI employee, was active in the Security Committee as an additional liaison with FBI officers and the FBI gave valuable information on a personal basis to the Department under admonitions of secrecy.

According to information in the report, FBI Congressional appropriations provided that the FBI should act for the Attorney General and the Secretary of State. It was doubted that the Department could exercise more control over the detail of FBI service and concluded that "in practice it would certainly be improbable

II

Section II of the report dealt with the conclusions which were allegedly justified by the survey.

Objectives of Personnel Security Control

It was disclosed in the report that there were dangers to security which do not derive from foreign agents. These were the dangers of infiltration in the Department by representatives of business corporations and special interests should the "well-placed" employee favorably influence policy or obtain influence over his fellow employees.

It was indicated that foreign governments may attempt to obtain information which was not the policy and interest of the United States to disclose and the effect of the activities of the foreign government was to frustrate that policy and interest.

Also included in security were attempts to destroy the disciplinary control of officials of the State Department over information of interest to other governments. It was indicated that the press at times jeopardized policy by disclosure of information prematurely. The conclusion was that personnel security controls were much broader in scope and significance than the type of investigation and review previously discussed could handle.

Standards of Personnel Investigation

It was stated that there was an absence of expressed standards of investigation and the CSA investigations were not governed by statute or by any departmental policy. The investigators have no written instructions nor clear idea of the Department's employment standards.

The Security Committee showed a tendency to assert security risks in matters which have only relatively remote security implications. Included were homosexuality, psychopathological and financial difficulties. These matters according to the report were primarily in the province of the personnel authorities and were of security interest only when given rise to an opportunity for pressure or blackmail. In regard to pressure and blackmail, certain countervailing characteristics should be considered, such as character, length of service, etc. These matters are the responsibility of the Personnel Department. The Security Committee and CON should be concerned with elements of security closer to the aspects of penetration by foreign governments. Furthermore, of importance in the survey was a confusion in the distinction between standards of purpose or policy and standards of proof. For example, it was assumed that a person who was associated with "leftists" or "Communists" should be debarred from employment. A standard of policy or purpose could be promulgated by the Department that no employee associate with "suspects". This policy was not formulated. It indicated, however, that if an applicant did associate with suspects it becomes a matter of proof and must be based on standards of logic and fact.

Standards of Purpose or Policy

There were set out in the report special legislative standards, such as the Hatch Act, which were laid down by Congress.

It was stated that "loyalty" was commonly used for a standard of eligibility for employment and the meaning of the word is assumed. However, it was noted that in the CSA reports such words as "liberal", "Socialist" and "Communist" were assumed to be interchangeable terms and all were inconsistent with "loyalty".

Vague language, it was indicated, may be desirable in certain instances but it should not be permitted to result in the dismissal of employees where the findings were drawn from opinions and beliefs which could not be held up by the courts.

Evidence that a person uttered certain views may suggest further investigation but there should be no confusion between those views and ultimate disloyalty. It was stated that a reflection of American history should demonstrate that persons who seek to change the existing form of our government may still be intensely loyal, on accepted subjective standards, to the government and traditions of the United States and they are not necessarily disloyal when they hold unpopular views.

Furthermore, this consideration was important, according to the survey, since even Communists frequently argue that they seek, out of their loyalty to the United States, a form of government which they consider superior. "That these protestations may be sincere is indicated by the not infrequent cases of Communists who have left the Party and abjured the faith because of disillusionment." It was concluded that any standard which does not consider the liberty of the American citizen to hold and discuss unpopular views and by peaceful and lawful means to convince others cannot be applied as an acid test for loyalty to the United States.

Guilt by Association---Overt Acts

According to the report, it was commonly contended that persons should be disapproved for employment because of their associates, which standard was referred to as "guilt by association". The Security Committee used association as a ground for a finding of guilt. It was stated that such standards of guilt, completely unauthorized by law or by policy of government, may be imposed with consequences that appear to be arbitrary, if not tyrannical.

The standard of "overt acts" was dismissed with the statement that it should be applied with objectivity, reanalyzed and restated.

Overthrow of the Government by Violence

This, a Hatch Act Standard, was usually applied to Anarchists and Communists. The Schneiderman case was discussed and it was stated that the Supreme Court indicated that members of the Communist Party who were seeking to accomplish their aims by Constitutional means cannot perhaps be deemed to be seeking to overthrow the government by violence. It was further stated that the Marxists and Communists would probably overthrow the government by violence if they thought there was a possibility of success. However, in view of the Supreme Court's decision the standard is too vague for the usual case. The Communist Party in most states is a legal political party. The Civil Service Commission ruled that the provisions of the Hatch Act, which do not name any party, were to be interpreted to apply to the Communist, Nazi and Fascist parties. The courts have not ruled on this interpretation and a doubt existed whether the interpretations would be sustained.

Danger of Penetration by Foreign Governments

A clearer standard of purpose, according to the survey, should be that the Department not employ any person acting directly or indirectly for a foreign government. It was also considered improper to employ a person who was overpoweringly sympathetic to a foreign government and who would consider his loyalty to the Department and the United States less than his sympathy for the other government.

The Communist Party is an instrument of Soviet policy, makes fanatic devotees and appeals to the more intelligent classes from whom the government is likely to recruit its personnel. Members or sympathizers of the Communist Party may provide a source of agents or propagandists within the Department.

Agents acting under instructions and presumably reporting to their principals can be detected if sufficient manpower and ingenuity are available. The conclusion drawn was, "It must therefore be only the inadequacy of the Department's security personnel and of the FBI or legal obstacles to surveillance that account for our failure to discover such agents, to dismiss them, to bring them to trial and to convict them, where crimes have been committed." If this was not done, the failure must be ascribed in part to lack of adequate information.

However, where actual agents were not dealt with but only persons likely to be used as such, the standard should be one of "reasonable danger, for we are dealing here with the opinion and belief of a citizen."

Standards of Proof

It was pointed out that what is sufficient proof is determined by many factors and that frequently the failure to comply with rules of sufficiency of evidence is caused by administrative necessity. It was conceded that the ideological convictions of a person may be difficult to prove especially when there is a desire to conceal them. Furthermore, the CSA investigators do not interview the applicant and report only such routine items as background information, etc. The reviewers, like the investigators, base their determination on the strength of the inference concerning approval or disapproval for employment.

CON and the Security Committee have attempted to assume in cases an inference of Communist Party membership, or its equivalent, from facts which are clearly subject in experience to an equal or stronger inference of innocence. True foreign agents would naturally avoid opinion and not associate with organizations under fire and consequently penetrate the Department as a result of diversion created by the application of this test.

If the hypothesis suggested by the ambiguous evidence is one of actual agency on behalf of a foreign government, the hypothesis should be capable of proof if sufficient investigative effort was applied. The detection problem is difficult but not insoluble.

The standard of proof must be higher where the individual is an employee than where he is merely an applicant. There may be additional considerations of personnel policy which call for a greater investigative effort and competence in certain types of applicants than others.

Administration Concentration of Effort

The same standard of proof was applied to high and low salaried individuals where items of ideology and affiliations with "front" organizations were involved. In many cases the problem seemed to be one of personnel policy rather than departmental security. The lack of sufficient personnel, etc., call a practical distinction between types of cases and, therefore, between standards of proof. It may be desired, in order to achieve a maximum concentration of effort on important cases, to reject "out of hand" applicants in certain categories where the record contained unsolved issues bearing on security. This type of case would consist of new applicants for employment in positions that could easily be filled by other applicants of equal ability without raising questions of public policy, such as messengers, clerical help, etc.

It was further indicated that Foreign Service officers and professional experts should be subjected to the most thorough investigation and to higher standards of proof. The Department could not be permitted, from a policy standpoint, to reduce to the employment of insipid, colorless individuals without intellectual curiosity or idealism, merely because it was administratively difficult to make the investigation necessary to prove or disprove ambiguous evidence, such as membership in the Washington Book Shop.

Guilt by Association—Standard of Proof

Association with persons under suspicion must not be casual friendship but must be close and intimate. It must be concluded that the two are engaged in the same conspiracy or share the same loyalty. This was true of membership in "front" organizations which are designed to attract innocents. Innocents are not unintelligent people but merely of good faith and good will, manipulated in subtle ways by professional persons. To say that the Department should not employ such persons raised the question of personnel policy.

Future Importance of Standards of Proof

It was indicated that continued attempts to penetrate the Department would be made by persons who did not belong to "front" organizations and whose records as far as routine checks were clear. The standards of proof in special investigations must be different. The security officers of the Department must bear in mind the distinction between foreign agents and mere "joiners" and formulate a planned program of investigation to deal with this problem. The current standards of investigation are calculated to deal only with routine requirements and the investigative service of the Department is not adequate.

Relations to FBI and Other Agencies

The investigating unit of the Department was not able to cope with attempts to penetrate the Department by planting agents of foreign intelligence organizations in the Department. The CSA investigation cannot discover such agents of foreign intelligence organizations and the investigation was limited to information from other agencies that did not have the Department's security needs as their purpose. It is indicated to cope with this problem the Department must utilize other agencies or expand their own facilities. The problem was to know the intelligence organizations and personnel of other governments operating in this country, so that the employees who would be used by such governments could be recognized.

The situation at that time, according to the report, was ludicrous and the Department organized precautionary security measures without knowledge of the matters, which could only be partially effective. The limited investigative facilities must be concentrated to avoid unproductive investment of personnel and time, and conserve the appropriations.

It was concluded that the intelligence system of foreign powers and their agents must be exposed by sound evidence. The investigative facilities used by the Department, primarily the FBI, has not produced such evidence. Moreover, each employee dismissed as an agent or probable agent must become the subject of an intensive security investigation to justify the dismissal.

Nature of FBI's Cooperation

The FBI acts for the Department by way of accommodation and it cannot afford to be meticulous in its work in view of the demands by other agencies, etc. Furthermore, the FBI established its own priority on investigations and transmitted only such information as in the opinion of the FBI officials, would be properly known to the Department.

The information obtained from the FBI was not subjected by the FBI to the standards of proof, such as those applied to information collected for use of the Attorney General and courts. That which was requested of the FBI was not the pable of proof. Whether a man was a member of the Communist Party was not unprovable since the FBI has penetrated or can penetrate the Party. Therefore, the FBI failed to provide proof that would stand up in court, which is simply evidence of the FBI's administrative limitation with respect to the work it does without statutory duty.

When FBI investigations served the needs of the Department, the fact still remained that the investigators were not subject to Departmental direction and control. Consequently, there was no means of evaluating the source. The alternative was to strengthen their own investigative services and utilize the services of other agencies such as Treasury and the Post Office Department. It was deemed imperative that there must be a thorough coordination of the government's intelligence and counter-intelligence investigations in order to provide information necessary for guidance of the Department's foreign and personnel policies. It is required, therefore that an understanding must be made with the FBI, Department of Justice and CIG.

It was indicated that the FBI Appropriations Act carried a provision that investigations should be made on behalf of the Secretary of State as well as the Attorney General. It was conceded that there were difficulties in effecting closer direction by the Department over the work of the FBI. The accommodation character of the FBI's service to the Department was not tolerable. The FBI must perform as a direct service of obligation to the Department or the Department could not fulfill its obligations.

Reorganization of the Present Departmental Facilities

The investigative personnel of the Department must be adequately trained in their work and also in such special fields as ideology. The staff of CON should be reorganized and trained in personnel policies, standards of security and in background information from sources in addition to the FBI.

The Security Committee methods were not those of a judicial body and was essentially a Committee of CON. Some of the members were lawyers, but not practicing lawyers and they did not act as judges. Most of them acted as investigators and prosecutors in the same cases which they judged. The Committee did not request additional information in cases where an element of doubt existed.

III.

This portion of the report is concerned with case studies. The period selected was from June to July, 1946, during which 136 cases were closed by GSA. There were several examples cited in this section concerning applicants, for example, in one case a former editor of Amerasia was approved on the basis of general character study without any investigation of the applicant's knowledge of the internal policies and management of Amerasia.

Another applicant on transfer was reported as a risk because a former university instructor seemed reserved with respect to the applicant's loyalty,

In another case which involved a transferee of CIAA, the FBI at first reported that the applicant was a member of a group known as the Sacco-Vanzetti Club, but then reported that he merely received an invitation to attend a meeting and there was no evidence that he responded. Apparently, no further investigation was made in this case.

Applicants were disapproved for such reasons as overdressing, heavy drinking, indiscretion, and homo-sexuality.

The applicant investigation of [redacted] was discussed in the survey and the sources of information in the investigation were criticized and no effort was made by the investigators to check the authenticity of allegations against [redacted]. For example, there appeared in the [redacted] report a statement that [redacted] "apparently is a member of the Communist Party. She is a signer of the 1940 Communist nominating petition in Philadelphia, Pennsylvania." No source was given for that allegation.

Another case discussed was that of [redacted] whose case was based on the fact that the GSA digest of the Civil Service records disclosed that ten references given by [redacted] "were listed in the subversive files of a government agency and a number of these have been prominently identified with Communist front activities". There is also criticism of the characterization of some of the references as Communist. It was indicated that there had been considerable dispute as to the accuracy of the characterization. This applied also to organizations.

The next case discussed was that of [redacted] who had written a memorandum which gave the history of the investigation of her character by the Civil Service Commission in 1942, also her membership in the Cooperative Bookshop in Washington and her association with "an alleged Communist", which were in her investigative file. It is stated in the report that the conclusion that she was a member of a Communist front organization appeared to relate entirely to her membership in the Bookshop. It was noted that the disapproval was appealed by [redacted]

The next case was that of [REDACTED] an applicant for the foreign service. It was noted that no FBI report had been received concerning him and when requested for the report, the FBI reported by telephone that in 1941, the PM unit of the New York Newspaper Guild had distributed a circular which defended a strike of the North American Aviation Company in California and that the name of [REDACTED] appeared on the circular. It was noted by the FBI that this strike prompted the President to furnish troops to protect the workers. Further request was made of the FBI for investigation, however, the report was not in the file at the time of the survey. Criticism was made of the vague language in the report concerning [REDACTED] who was rejected as a security risk. Furthermore, no investigation was made of the situation in PM or among his recent associates.

The [REDACTED] Case was also discussed and persons interviewed during the investigation of [REDACTED] stated he was a "conscientious objector type", that while [REDACTED] was in the Navy he once had a trunk which contained Communist and radical literature. It appeared that an official of CON had concluded the man was a Communist. It was not demonstrated that [REDACTED] was an agent or a Communist Party member and the investigation did not establish either proposition on any standard of proof. This case, according to the report, raised the question whether an employee of the State Department should be permitted to remain if it was discovered that he showed an intellectual interest on problems of Socialism or Communism where it was not proved that he was affiliated or adhered to the programs of any groups.

General Comments

It was indicated in this portion of the survey that the foregoing cases were believed fair examples of the method and scope of investigation, review and decision of the standards of proof and of purpose applied in CSA, CON and the Security Committee.

Mr. Klaus stated that he concurred in the disapproval in the [REDACTED] case, not on the adequacy of the proof, but on the basis of administrative convenience to the Department.

IV.

This section contained the recommendations as a result of the survey. The recommendations were as follows:

A. The quality and scope of the investigation should be improved. Investigators and review officials should be schooled and reindoctrinated in the Department's standards of employment, foreign intelligence, Civil Service regulations, etc. The investigators should undertake imaginative, critical and more difficult investigation rather than compel the Department to rely upon other agencies such as the FBI. More discriminate use should be made of investigations conducted by other agencies such as the FBI and the possibility should be explored of using additional agencies such as Treasury and CIG.

B. Intelligence coordination should be enlarged and improved. The evaluators in CON should be trained in evidence and the application of standards to fact. Report writing in personnel cases should be improved in respect to the presentation of facts and conclusions.

C. Standards of employment and security should be frequently reformulated for the guidance of personnel and security officers.

D. The Security Committee should be abolished. The functions of adjudication should be divided between Personnel and CON. A new quasi-judicial body should be formed with established procedures.

E. The place of the Department in the entire counter intelligence field should be reexamined. Every case of rejection on evidence of foreign agencies should be a cause for counter intelligence consideration and report to the Department. Careful reexamination should be made of the FBI as an intelligence agency serving the Department and proper use of the facilities of CIG and other governmental agencies for the same purpose.

REPLY TO THE SURVEY OF KLAUS BY STATE DEPARTMENT OFFICER:

In April, 1947, the Bureau received a copy of a memorandum, entitled "The Story of Samy", which was prepared by [redacted] of the State Department, which repudiated the report prepared by Klaus. In this document the report of Klaus is analyzed in sections and the report of Klaus is described as "an amazing document of half-truths, ineunoc, fussy thinking and downright mis-statement". For example, in the Klaus report there was a statement as to the investigation of financial connections. [redacted] indicated in his reply that it was the first time he had ever seen "financial disability" as a qualifying factor in the field of security.

As to the criticism in Klaus' survey regarding the availability of reports on a national basis, it is stated that these reports were

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furnished on a liaison basis for limited distribution because they pertained to current cases under investigation by the FBI. Bias toward the F.B.I. was apparent in the report and the author regretted the dependence on the F.B.I. by the Department and that no control was exercised over the F.B.I. investigations. It was pointed out that the special inquiries made by the FBI were a matter of accommodation and not a duty and no control was exercised by the Department.

[redacted] stated that the Attorney General, War and other departments, depended heavily upon the FBI in the security intelligence field and access to reports. It was indicated that Klaus desired to embarrass the Department's relation with the FBI and compromise their sources. Klaus referred to a chart prepared by the FBI ostensibly showing Soviet agents, Party members, etc., in the Department, which [redacted] stated was actually prepared by the Department on the basis of information available from all sources.

The document compiled by [redacted] refuted the Klaus report practically in its entirety.

ANALYSIS BY THE BUREAU:

In a memorandum to you from Mr. E. G. Fitch dated April 2, 1947, concerning the Klaus report it was stated that many portions of the report dealt in misstatements and half truths concerning the Bureau, specifically when it dealt with the Bureau not being in position to back up the information supplied to the State Department.

An analysis was made of the Klaus report by memorandum to you from Mr. Fitch, dated April 14, 1947, from information contained in the reply by [redacted]. The original report compiled by Klaus was not available at that time. The charges made by Klaus concerning the Bureau were set forth and comments were made of the true facts concerning the charges. 162-39749-847

MR. C. W. LADD

June 22, 1950

A. H. HELYONT

STATE DEPARTMENT REPORT ENTITLED "HURVEY
OF DEPARTMENTAL PERSONNEL SECURITY
INVESTIGATIONS" BY S. KLAUS, AUGUST 3, 1946

PURPOSE:

Communists in the State Department

To synopsize the attached summary of the above-captioned document.

PERTINENT ALLEGATIONS IN THE REPORT:

In commenting on the interpretation of the Security Committee functions, it was stated that the Security Committee considered that security questions were raised by such items as credit risks, sexual aberrations of character or conduct, and truthfulness in replies to questionnaires. This was considered an impingement on the personnel policy. It was noted that the Department was practically exclusively dependent on the FBI for the type of information emanating from surveillances, wide coverage, and use of unusual methods of interrogation and investigation. The Department did not have the facilities for that type of work; consequently, the FBI was the sole repository of such information as the identity of Communist Party members, foreign agents, etc.

It was indicated that checks made by the FBI were a matter of accommodation and not of duty, and no control was exercised by the Department over the investigation. It was also stated that the FBI had prepared a chart which purported to show a number of "agents", "Communists", "sympathizers", and "suspects" in the State Department as of May 15, 1947. These were tabulated in the report. It was stated that the FBI had produced no proof that any person was an actual agent nor made a case to show espionage or violation of Federal legislation. It was concluded that the cases comprised the total of questionable employees in every security category in the Department; that is, "questionable, in the opinion of the FBI." It was pointed out, in connection with information received by the Department, that "The only organization which does conduct surveillances and active investigation in the security field, and whose production we are entirely dependent upon, is one which we do not control and which does not act in accordance with our needs or requirements."

The Security Committee had a tendency to assert security risks in matters which have only relatively remote security implications. Such aspects included homosexuality, psychopathological and past financial difficulties. These items, according to the report, were of security interest only in the sense that numerous other factors may, in a crisis, give rise to an opportunity for pressure or blackmail.

Attachment

1 ENCLOSURE

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In commenting on "loyalty", it was stated that, if a person uttered certain views, this evidence may suggest further investigation as to his loyalty. However, there should be no confusion between the fact of those views and the ultimate fact of disloyalty. Consideration of American history should demonstrate that persons who seek to change the existing form of our Government may still be intensely loyal to the Government and traditions of the United States on accepted subjective standards, and they are not necessarily disloyal when they hold unpopular views. It was remarked in connection with violent overthrow of the Government that in the Schreiderman Case the Supreme Court indicated that members of the Communist Party who seek to accomplish their aims by Constitutional means cannot, perhaps, be deemed to be seeking to overthrow the Government by violence, and, furthermore, the Communist Party is, in most States, a legal Party. It was stated that the Civil Service Commission ruled that the provisions of the Hatch Act, which did not mention any Party by name, were to be interpreted as applying to the Communist, Nazi, and Fascist Parties. The courts had not passed on the validity of the interpretation and it was doubted whether the interpretation would be sustained.

Foreign agents were considered as persons acting under instructions and presumably reporting to their principals. Consequently, they could be detected if sufficient manpower and ingenuity were available. The conclusion was drawn that "It must, therefore, be only the inadequacy of the Department's Security Personnel and of the FBI or legal obstacles to surveillances that account for our failure to discover such agents, to dismiss them, to bring them to trial, and to convict them, where crimes have been committed." The failure of trial and conviction was ascribed in part to lack of adequate information.

"However, where actual agents were not dealt with, but only persons likely to be used as such, the standards should be known as of 'reasonable danger', for we are dealing here with the opinion and belief of a citizen."

In regard to the Department's ability to handle the investigative problem, it was concluded that the acid test of the investigative facilities used by the Department, which meant means used primarily by the FBI, must be the discovery of actual penetration by foreign agents as demonstrated by sound evidence which would expose the intelligence system of a foreign power in this country. Such evidence the FBI had not yet produced. Moreover, each employee classified as an agent or probable agent must become the subject of an intensive security investigation to justify the dismissal.

The FBI acts for the Department by way of accommodation, and it cannot afford to be meticulous in its work in view of the wholesale demands made upon it by other Government agencies. Furthermore, the FBI established priorities of investigation and transmitted to the Department only such information as, in the opinion of FBI officials, may be properly known to the Department. The information obtained from the FBI was not necessarily evaluated or subjected to the same standards of proof as those applied to information collected for the use of the

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Attorney General and courts. The request made by the Department of the FBI was not incapable of proof, and whether a man is a member of the Communist Party is not improvable since the FBI has or can penetrate the Party. Therefore, the failure of the FBI to provide proof which would stand up was simply the evidence of the FBI's own administrative limitations with respect to the work it does without the statutory duty. It was pointed out that the FBI investigators were not subject to direction and control of the Department and their sources could not be evaluated. The alternative was to strengthen the Department's investigative service or utilizing more extensively the services of other agencies.

It was considered desirable that there be a thorough coordination of the Government's intelligence and counter-intelligence investigations in order to provide the information needed for the direction of the Department's foreign and personnel policies. This would require an understanding with Mr. Hoover, the Attorney General, and the Director of CIG. It was indicated that the FBI Appropriations Act carried a provision that investigations should be conducted on behalf of the Attorney General and Secretary of State. It was conceded that there may be practical difficulties in effecting closer direction by the Department over the investigative work of the FBI. The accommodation character of the FBI's service to the Department was intolerable and the FBI must perform as a direct service of obligation to the Department or the Department could not fulfill its obligations. The Department should explore the possibilities of a closer arrangement with CIG. Various cases were included in the survey and it was noted that certain individuals were disapproved as security risks for such reasons as alcoholism, homosexuality, and indiscretion.

At the conclusion of the report, recommendations were made, among which was one that more discriminate use should be made of the investigations conducted by such agencies as the FBI and the possibility be explored of using additional agencies such as the Treasury Department and CIG. Every case of a rejection or termination on evidence of foreign agency should be a cause for counter-intelligence consideration and report to the Department. For this reason, careful reexamination should be made of the role of the FBI as an intelligence agency serving the Department and proper use of the facilities of CIG and other agencies for the same purpose.

It is noted that a copy of the Klaus report was recently obtained by the Bureau from the State Department through liaison. However, on April 2, 1947, there were obtained through liaison with the State Department photostatic copies of a memorandum prepared by [redacted] with the State Department entitled "The Story of [redacted]", which was prepared to refute the Klaus report. In a memorandum to you from Mr. E. G. Fitch on April 14, 1947, a summary was made of the charges made by Klaus concerning the Bureau, followed by comments of the true facts in each instance. At that time the Klaus report was not available but the memorandum by [redacted] quoted pertinent portions of the Klaus report.

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A check is being made to determine whether any of the individuals named in the "Case Studies" Section of the Klaus report are presently employed in the Federal Government. If it is determined that they are still employed, appropriate action will be taken under Executive Order Number 9835.

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JOHN CLAN, ARK., CHAIRMAN
 JAMES O. EASTLAND, M.
 CLYDE R. HOEY, N. C.
 GLEN H. TAYLOR, IDAHO
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 KARL E. MUNDT, S.
 MARGARET CHASE SMITH, MAINE
 ANDREW F. SCHOEFFEL, KANS.
 ARTHUR H. VANDENBERG, MICH.
 WALTER L. REYNOLDS, CHIEF CLERK

United States Senate

COMMITTEE ON
 EXPENDITURES IN THE EXECUTIVE
 DEPARTMENTS

June 27, 1950

Mr. Tolson	✓
Mr. Ladd	✓
Mr. Clegg	
Mr. Glavin	
Mr. Nichols	✓
Mr. Rosen	
Mr. Tracy	
Mr. Harbo	
Mr. Belmont	✓
Mr. Mohr	
Tele. Room	
Mr. Nease	
Miss Gandy	

Mr. J. Edgar Hoover
 Director, Federal Bureau of Investigation
 Washington, D. C.

Dear Mr. Hoover:

Some time ago it was publicly announced via a letter from Mr. Peyton Ford, Assistant U. S. Attorney General, that: (1) The F. B. I. had examined the State Department loyalty files which the members of the Tydings Committee have been scrutinizing; and (2) that this examination by the F. B. I. disclosed that the files were complete and that nothing had been removed therefrom.

Last night Fulton Lewis, Jr., in a radio program, stated that this was not true; that the F. B. I. had not made an examination of the files in question.

I would, therefore, greatly appreciate knowing whether or not the F. B. I. actually has conducted any type of examination of the files in question and if so, whether your Department has actually found the files to be complete with nothing having been removed therefrom.

I very much dislike doing anything which may even remotely involve the F. B. I. in what has been developing into a rather unpleasant situation insofar as the present loyalty investigation is concerned. However, I very strongly feel there has been too much of an attempt on the part of some to hide behind the very excellent and well earned reputation of the F. B. I. For that reason, I believe the request for this information is a reasonable one.

Sincerely yours,

JOE McCARTHY

Joseph H. McCarthy

RECORDED - 51

INDEXED - 51

121-23278-190

JUL 14 1950

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53 JUL 24 1950

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Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Louis Nichols, Assistant Director
Federal Bureau of Investigation

FROM : The Attorney General

DATE: June 29, 1950

SUBJECT:

I think it more accurate to answer Senator McCarthy in the manner I have indicated by amendment to your draft. *attached*

I want to call your attention to the fact that nowhere in Mr. Ford's letter did he indicate even by inference that the FBI had made an examination of these records.

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no

Consent in the State Department

2 ENCL 51

Honorable Joseph R. McCarthy
United States Senate
Washington, D. C.

My dear Senator:

I have received your letter dated June 27, 1950, inquiring whether this Bureau has examined the 81 loyalty files which the members of the Tydings Committee have been scrutinizing and whether such an examination by the FBI has disclosed that the files are complete and that nothing has been removed therefrom.

For your information, the Federal Bureau of Investigation furnished Mr. Ford, at his request, a record of all loyalty material furnished the State Department in the 81 cases referred to. For your further information, I am enclosing a copy of Mr. Ford's letter to Senator Tydings which I have secured from the Attorney General.

Sincerely yours,

121-23278-191

ENCLOSURE



**Federal Bureau of Investigation
United States Department of Justice
Washington 25, D. C.**

June 28, 1950

Honorable Joseph R. McCarthy
United States Senate
Washington, D. C.

My dear Senator:

I have received your letter dated June 27, 1950, inquiring whether this Bureau has examined the 81 loyalty files which the members of the Tydings Committee have been scrutinizing and whether such an examination by the FBI has disclosed that the files are complete and that nothing has been removed therefrom.

For your information, the Federal Bureau of Investigation has made no such examination and therefore is not in a position to make any statement concerning the completeness or incompleteness of the State Department files.

Sincerely yours,

J. E. [Signature]

June 28, 1950

Honorable Joseph R. McCarthy
United States Senate
Washington, D. C.

My dear Senator:

I have received your letter dated June 27, 1950, inquiring whether this Bureau has examined the 81 loyalty files which the members of the Tydings Committee have been scrutinizing and whether such an examination by the FBI has disclosed that the files are complete and that nothing has been removed therefrom.

For your information, the Federal Bureau of Investigation has made no such examination and therefore is not in a position to make any statement concerning the completeness or incompleteness of the State Department files.

Sincerely yours,

read by Nichols

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- Nichols _____
- Roan _____
- Tracy _____
- Harbo _____
- Mohr _____
- Tele. Room _____
- Nease _____
- Gandy _____


June 16, 1950

Honorable Millard E. Tydings
United States Senate
Washington, D. C.

My dear Senator:

This will refer to your letter of May 8, 1950, with regard to the loyalty files of the State Department relative to the so-called "81 individuals" identified through numbers by Senator McCarthy in his speech on the Senate floor on February 20, 1950, and identified by name in the "subpoena" of the Senate Sub-Committee.

Following are the names of the individuals whose State Department files are being made available to your Sub-Committee:



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ENCLOSURE

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Dr. Esther Gaukin Brunauer

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[REDACTED]

The Federal Bureau of Investigation furnished me a record of all loyalty material furnished the State Department in these cases. The State Department files have been checked, and I can assure you that all of the reports and memoranda furnished the State Department are contained in the files.

Yours sincerely,

Peyton Ford
Deputy Attorney General

CWP:ms

b7c

July 10, 1950

RECORDED - 51

121-23278-192

INDEXED - 51

Honorable Joseph R. McCarthy
United States Senate
Washington, D. C.

My dear Senator:

I have received your letter dated June 27, 1950 inquiring whether this Bureau has examined the 81 loyalty files which the members of the Tydings Committee have been scrutinizing and whether such an examination by the FBI has disclosed that the files are complete and that nothing has been removed therefrom.

The Federal Bureau of Investigation has made no such examination and therefore is not in a position to make any statement concerning the completeness or incompleteness of the State Department files.

For your information, the Federal Bureau of Investigation furnished Mr. Ford, at his request, record of all loyalty material furnished the State Department in the 81 cases referred to. For your further information, I am enclosing a copy of Mr. Ford's letter to Senator Tydings which I have secured from the Attorney General.

Sincerely yours,

Enclosure

BY SPECIAL MESSENGER

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Mr. Kilguss was left with Mr. Kilguss, on 7/10, who exhibited it to the Attorney General. Mr. Kilguss later returned it, advising that the Attorney General had said, "This is fine--just as I understood it."

DML

U.S. DEPT. OF JUSTICE

FBI

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Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. TOLSON

FROM : L. B. NICHOLS

SUBJECT:

DATE: June 29, 1950

Mr. Tolson	_____
Mr. Clegg	_____
Mr. Glavin	_____
Mr. Ladd	_____
Mr. Nichols	_____
Mr. Rosen	_____
Mr. Tracy	_____
Mr. Egan	_____
Mr. Gurnea	_____
Mr. Harbo	_____
Mr. Mohr	_____
Mr. Pennington	_____
Mr. Quinn Tamm	_____
Tele. Room	_____
Mr. Nease	_____
Miss Holmes	_____
Miss Gandy	_____

Comments In The State Department *Free* *110*

While I was out to lunch, the Attorney General called. I returned the call immediately upon returning.

He stated that [REDACTED] had told him we had a letter to Senator McCarthy and he wondered if that was something he had to personally pass upon. I told him obviously Mr. Hoover would want to do him the courtesy of letting him see such a letter in view of the public interest and the public statements of McCarthy.

He then stated: "Do I have to say it is all right to send the letter?" Then, in a joking manner, he said: "That is exactly what I am trying to avoid."

I told him if he interposed no objection to the letter, it would be satisfactory to us as our letter was a direct answer to McCarthy, it was innocuous, non-committal, and only went as far as absolutely necessary.

He then asked if it was our understanding that Ford wrote a letter to Tydings stating the FBI had examined State Department files. I told him all we knew about this was what we read in the paper.

He then referred again to the letter and asked if this was the thing we were in a controversy with Ford on. I told him the controversy with Ford had to do with John Stewart Service.

He said obviously the Bureau had to answer McCarthy and had to give a factual answer to McCarthy and wondered if he should call Ford and ask Ford for a copy of the letter Ford sent to Tydings. I told him this, of course, was a matter for him.

He stated that he personally didn't want to get in any controversy. I told him we weren't trying to involve him in any controversy and wouldn't do that, that we merely brought the letter around to him as a matter of courtesy and so he could interpose an objection if he desired.

He stated he would call for the letter Ford wrote and he would clear the letter this afternoon.

LBN:FML

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note attached
memo from [unclear]

Letter to [unclear]
McCarthy
7/1/50

JUL 24 1950

Office Memorandum • UNITED STATES GOVERNMENT

TO : THE DIRECTOR

DATE: July 14, 1950

FROM : D. M. Ladd *DL*SUBJECT: REVIEW OF STATE DEPARTMENT FILES
IN CONNECTION WITH ALLEGATIONS BY
SENATOR JOSEPH R. McCARTHY

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Rosen	<input type="checkbox"/>
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Mr. Peyton Ford called and stated that the Attorney General had directed that he write a letter to Senator Tydings based upon our memorandum reporting the results of a check we made on State Department files; that the Attorney General, of course, wanted to help Tydings as much as possible and had outlined how the letter should be prepared; namely, limiting it to that material which we had furnished to the State Department; that Clive Palmer was with him and he wanted us to look at the letter. I told him that we had our memorandum and any letter they wanted to write was up to them. He stated he had a form he wanted to show to us and accordingly, Mr. Palmer brought the letter up, which was reviewed by Messrs. Laughlin, Johnson, Ladd and Nichols.

The letter was brief, and points out that the Attorney General has requested the FBI to make an investigation to determine if the State Department files were complete; that the FBI had made such an investigation; that the files were complete except in three instances. The letter also referred to Peyton Ford's letter to the inventory of material we had furnished the Department and to Ford's report that the files were complete. The three exceptions were as follows:

(Not an FOIPA
Deletion - Related in file

The exception noted that the file was complete except that no record appeared therein of data furnished orally on January 17, 1946, and October 24, 1946.

Case 51 - [REDACTED]

The file was complete except summary data furnished May 13, 1947, was not in the file although the substance of the summary data was set forth in State Department investigative reports.

Case 16 - [REDACTED]

There was a question mark on the letter between cases 14 and 51 and Palmer advised that they had missed Case 16, which they would put in when the letter was retyped. This refers to [REDACTED]
The file was complete except that there was no record

LBN:DML:dad

6 AUG 1950

INDEXED - 177

RECORDED - 122

121-23278-193

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of information furnished orally on July 8, 1944.

Objection was made to Mr. Palmer as to the correctness of the reference "FBI Investigation".

It was pointed out that had an investigation been made, it would have been necessary to check each report in the Bureau's files against the State Department, page by page, paragraph by paragraph. This couldn't be called an investigation. He stated he would change this to "examination".

We told him that the matter of the letter was up to him and we would defer it to them.

The letter is factually accurate. It confines itself to those memoranda and reports furnished to the State Department and disregards those sent to other agencies which were not of course in the State Department's files.

The Attorney General

Director, FBI

APPROPRIATE AGENCIES
AND FIELD OFFICES
ADVISED BY ROUTING
SLIP(S) OF DECLASS
DATE 4-21-78 BY [redacted]

July 13, 1950

REVIEW OF STATE DEPARTMENT FILES
IN CONNECTION WITH ALLEGATIONS BY
SENATOR JOSEPH R. MCCARTHY

DECLASSIFIED BY

ON

4/13/78 DpJ/DLC

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In accordance with the request contained in your memorandum of July 12, 1950, representatives of this Bureau, in the presence of Mr. Clive Palmer of the Department, and Messrs. Donald L. Nicholson and Joseph Anshey of the Department of State, today at the White House reviewed State Department files on persons against whom allegations have been made by Senator Joseph R. McCarthy.

For your information, only seventy files of the eighty-one mentioned by Senator McCarthy were actually available for examination. Mr. Nicholson of the State Department explained that Senator McCarthy's Case No. 72 had never been identified by him and that ten of the remaining 80 case files were not made available by the President to the members of the Tydings Subcommittee for examination. According to Mr. Nicholson, these ten cases were not among the 103 cases originally examined by investigators of the Subcommittee of the House Appropriations Committee in connection with the State Department Appropriation Bill for 1949; and President Truman only made available to members of the Tydings Subcommittee those cases which were included in the 103 cases previously examined. Mr. Nicholson identified the above-mentioned ten cases as:

[redacted] Philip Cary, [redacted]

and

Bureau representatives used as the basis of their review of the seventy files the information contained in my memorandum dated May 15, 1950, to Mr. Peyton Ford, which reflected a summary of the material furnished by this Bureau to the State Department, Civil Service Commission, and the Loyalty Review Board. In thirteen cases material transmitted by the Bureau to the Loyalty Review Board and the Civil Service Commission in recent months was not in the files. The State Department representatives explained that their files on these individuals were impounded by the President "around February 20, 1950." For a time after that date, according to the State Department representatives, these files were in the possession of the Loyalty Review Board and while some of the material addressed to the Loyalty Review Board from the Bureau and received subsequent to February 20, 1950, has been filed, all of it has not been.

There were six instances among these seventy cases in which the Bureau conducted Loyalty investigations on the individuals involved who at one time were State Department employees but at the time of the investigation were employed in some other Governmental agency. In these cases, copies of the Bureau's Loyalty reports were not in the State Department files.

SENT FROM D. O. L.
TIME 11:22 AM
DATE 7-14-50
BY [redacted]

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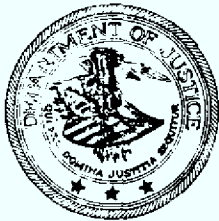
In five of the seventy cases, according to the Bureau's records, Special Inquiry type investigations were conducted by the Bureau for the Office of Coordinator of Information, predecessor organization to the Office of War Information. These employees apparently were transferred to the State Department although copies of the Bureau's reports reflecting these investigations are not in the State Department files.

Our examination of these files was limited, of course, to checking the material provided by this Bureau since we have no knowledge of what other information should be contained in these files.

Attached for your information is a case by case analysis of the seventy files examined.

With regard to your inquiry as to whether the Bureau is in possession of any information indicating that the State Department personnel files were deliberately stripped of derogatory data at any time, the only information available to this Bureau concerning this is that reflected in the statement dated July 11, 1950, furnished to Senator McCarthy by Burney Threadgill, Jr., a former clerk in the State Department and now a Special Agent of the FBI. A photostatic copy of this statement is appended for your information.

Enclosure



Office of the Attorney General
Washington, D.C.
July 12, 1950

Mr. Tolson	
Mr. Ladd	
Mr. Clegg	
Mr. Glavin	
Mr. Nichols	
Mr. Rosen	
Mr. Tracy	
Mr. Harbo	
Mr. Belmont	
Mr. Mohr	
Tele. Room	
Mr. Nease	
Miss Gandy	

MEMORANDUM FOR MR. J. EDGAR HOOVER, DIRECTOR, FEDERAL BUREAU
OF INVESTIGATION

In view of Senator McCarthy's public charge in a letter which he sent to President Truman that the State Department personnel files in the so-called 81 cases which were reviewed by the Tydings Committee were deliberately stripped of derogatory data in 1946, I request that the Bureau immediately cause an examination of these 81 files to be made and report to me whether or not it finds any material furnished by the Bureau to be missing therefrom, and whether the Department is in possession of any information indicating that State Department personnel files were deliberately stripped of derogatory data at any time.

I would appreciate being advised by Friday, July 14, 1950.

J. Howard McGrath

J. Howard McGrath
Attorney General

7/13/50
Memo to Minister
+ AG
[Redacted]
cc. to Mr. Ladd.
RECORDED - 72

121-23378-174
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July 11, 1957

I, [REDACTED] make this statement without any promises whatsoever. I make this statement in order to tell the truth.

In ^{the Fall of} November of 1946 I contacted a Mr. Holcombe who was personnel placement officer for the State Department at the Walker-Johnson Bldg. He advised me that he would hire me only as a temporary clerk on a file project of the State Department files. I started working in the State Department files at the Walker-Johnson Bldg around Nov 1, 1946. I worked for about 6 weeks on this file project. My duties were to take the file which contained the qualifications of the State Department employees, background forms, and administrative promotions, and type this information on a card for that employee. The files were brought to me and placed on my desk.

This project was being performed apparently on some sort of deadline date because George Coff who was ^{supervisor} ~~supervisor~~ who ^{was} ~~was~~ ^{supervisor} ~~supervisor~~ over the clerks on this project was often telling me and the others that we

Page 2

had to get the job done and that it had already passed the deadline and that he had arranged to extend the deadline and that if we did not meet the new deadline it would reflect on his efficiency.

I do not know or recall what the other clerks were doing with the files before I received them because I was at a desk and had the files brought to me where I typed the contents on a card as I previously stated in this statement. I do recall that the files brought to me contained the original application, administrative forms such as Lamson's promotions and transfers. I also recall that some very few contained investigative reports.

This project was very confused, hurried and very little supervision of the clerks.

I recall talking to one of the other clerks (I can't recall his name at this time) when he told me that he knew some of the employees of the State Department had come to the files and removed the derogatory material which was in the file on themselves.

Page 3.

I was located in an office where I did not see or have reason to go into the ^{or} big room where the files were. The following is a plan where I was located.



I have read this statement of three pages and it is true.

Signed

[REDACTED]

7/11/50

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EX-8765

BRUNAUER, Esther C.

INDEXED - 52

121-23278

121-23278-195

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51 JUL 31 1950-57

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for 100-1007

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ON 4/13/78 DSG/ANC

~~SECRET~~

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~~KINGSUP~~, Philip

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NAME

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NAME

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~~CONFIDENTIAL~~

Office Memorandum • UNITED STATES GOVERNMENT

TO : The Director

DATE: July 11, 1950

FROM : D. M. Ladd *DL*SUBJECT: SUBCOMMITTEE OF THE SENATE FOREIGN
RELATIONS COMMITTEE
LOYALTY OF GOVERNMENT EMPLOYEESALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE *G.I.R. 3*

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PURPOSE

To submit for your information the results of a review of the proposed report of the Subcommittee of the Senate Foreign Relations Committee concerning information appearing therein which directly relates to the FBI or FBI personnel, and to also highlight comments of the Subcommittee.

BACKGROUND

At 4:50 PM on July 10, 1950, a copy of the proposed report of the Subcommittee of the Senate Foreign Relations Committee was made available to the Bureau on a highly confidential basis, it being stipulated that no copies should be made nor any notations made thereon.

This proposed report and the attached appendices (consisting of 337 pages in all) have been reviewed for information which directly relates to the FBI or FBI personnel, special emphasis having been placed on such information as reflects adversely on the Bureau. In this connection, however, it is noted that page sixty-two of the proposed report, as submitted to the Bureau, was missing and therefore could not be reviewed.

In making this review, no attempt has been made to compare the conclusions set forth in the proposed report with the facts as contained in Bureau files, and other than those which directly concern the Bureau no attempt has been made to establish the accuracy or inaccuracy of statements appearing therein.

Generally, throughout the proposed report, references made to the FBI or FBI personnel are commendatory. The findings and conclusions of the Subcommittee are generally favorable to the individuals charged by Senator McCarthy, and no recommendations for dismissal are made.

ACTION

The attached memorandum is submitted for your information.

Attachment

ADDENDUM

- July 11, 1950

Your attention is particularly called to page 6 of the

52 AUG 17 1950

RECORDED - 103

RECORDED - 103
INDEXED - 103

105-23278-196

I think
Morgan
should

be
straightened
out on
this

Done
11:15 am

7-11

This is
the way
we
wanted
it.

attached memorandum wherein ~~it~~ is set forth a statement with reference to McCarthy's charge about the stripping of the State Department's files indicating that "the files were reviewed by Agents of the FBI and the Department of Justice". This, of course, is incorrect.

On page 16 of the attached memorandum, it is pointed out that the Department of Justice has advised the Department of State that Mr. Hoover never made the widely publicized statement that it was a one hundred per cent airtight case against the Amerasia defendants. This of course is an incorrect statement and while the Department has been advised of the inaccuracy of this, the Committee has not.

On page 26 of this memorandum, it is noted that the letter from the Director to the State Department with reference to the chart prepared by Sam Klaus was set forth in full.

With reference to the Amerasia Case on page 30 of the attached memorandum, it is set forth that representatives of the Criminal Division conferred with FBI officials on the morning of September 28, 1945, and it was generally agreed that the case was in serious jeopardy. A number of suggestions were made and discarded. This leaves the erroneous impression that the Bureau might have concurred in the Department's handling of the prosecution.

It is pointed out that the full testimony of the Bureau's representatives is not set forth in the report. Excerpts from the testimony are mentioned in the footnotes.

It is noted that the question, which was 7B in the testimony, was changed. This question is quoted and reads "Was evidence sought and obtained by entering the apartment and premises of the accused without legal process and without the knowledge of the accused." Mr. Nichols' answer was then quoted.

The next question is worded "Were these entries of the premises before arrests made by the Agents without legal process and without the knowledge of the subjects." The words "surreptitiously" and "stealthily" are not used.

July 11, 1950

STATE DEPARTMENT EMPLOYEE LOYALTY
INVESTIGATION

REPORT
of a
SUBCOMMITTEE OF THE
COMMITTEE ON FOREIGN RELATIONS

Pursuant to

S. Res. 231

A RESOLUTION TO INVESTIGATE WHETHER THERE
ARE EMPLOYEES IN THE STATE DEPARTMENT
DISLOYAL TO THE UNITED STATES

151-23278-196

XXXXXX
XXXXXX
XXXXXXFEDERAL BUREAU OF INVESTIGATION
FOIPA DELETED PAGE INFORMATION SHEET

Page(s) withheld entirely at this location in the file. One or more of the following statements, where indicated, explain this deletion.

- ☐ Deleted under exemption(s) _____ with no segregable material available for release to you.
- ☐ Information pertained only to a third party with no reference to you or the subject of your request.
- ☐ Information pertained only to a third party. Your name is listed in the title only.
- ☐ Document(s) originating with the following government agency(ies) _____, was/were forwarded to them for direct response to you.

Page(s) referred for consultation to the following government agency(ies); _____ as the information originated with them. You will be advised of availability upon return of the material to the FBI.

42 Page(s) withheld for the following reason(s):

Congressional material

☒ For your information: This is Congressional material which is not subject to release under the provisions of the Freedom of Information Act.

☒ The following number is to be used for reference regarding these pages:

121-23278-196 enclosure

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XXXXXXFEDERAL BUREAU OF INVESTIGATION
FOIPA DELETED PAGE INFORMATION SHEET

Page(s) withheld entirely at this location in the file. One or more of the following statements, where indicated, explain this deletion.

- ☐ Deleted under exemption(s) _____ with no segregable material available for release to you.
- ☐ Information pertained only to a third party with no reference to you or the subject of your request.
- ☐ Information pertained only to a third party. Your name is listed in the title only.
- ☐ Document(s) originating with the following government agency(ies) _____, was/were forwarded to them for direct response to you.

Page(s) referred for consultation to the following government agency(ies); _____ as the information originated with them. You will be advised of availability upon return of the material to the FBI.

318

Page(s) withheld for the following reason(s):

This is Congressional Material in book form

☒ For your information *This is Congressional Material which is not subject to release under the provisions of the Freedom of Information Act.*

☒ The following number is to be used for reference regarding these pages:

121-23278-196 Enclosure behind file

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Gustavo Duran	10,11
Haldore Hanson	12
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Owen Lattimore	14-21
Frederick L. Schuman	22
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225a
TICKLER

SAC, New York City

April 13, 1950

Director, FBI

State Department

ff
COMMUNISTS IN THE UNITED STATES GOVERNMENT
LOYALTY OF GOVERNMENT EMPLOYEES

Attached for your information is a copy of a letter received by Senator Joseph R. McCarthy from [redacted], New York City, dated March 22, 1950. While it is noted that [redacted] letter does not contain any information pertaining to any one person, you are instructed to immediately interview [redacted]. Your interview should, of course, attempt to develop any information relating to loyalty in [redacted] possession concerning Government employees. Handle immediately and sutel Bureau summary of results.

Attachment

RECORDED - 34

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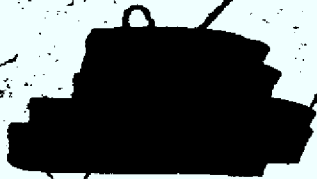
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file 38
JUL 25 1950



Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Belmont

DATE: May 31, 1950

FROM : Mr. Hennrich

SUBJECT: SUBCOMMITTEE OF SENATE FOREIGN RELATIONS COMMITTEE
ALLEGATIONS OF SENATOR JOSEPH McCARTHY
LOYALTY OF GOVERNMENT EMPLOYEESALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISETolson _____
Ladd _____
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Nease _____PURPOSE

To advise you generally of the contents of transcripts of testimony presented before the Subcommittee of the Senate Foreign Relations Committee and to recommend that this information be brought to the attention of the Internal Security and Loyalty Sections for their information.

BACKGROUND

On Monday, 5-29-50, there were made available to the Bureau 20 volumes of the transcript of testimony presented before the Subcommittee of the Foreign Relations Committee. These volumes have been scanned and their contents noted generally as follows:

Volume 1 dated 3-8-50

This volume sets forth the purpose and jurisdiction of the Subcommittee and includes also a portion of the testimony of Senator Joseph McCarthy concerning alleged Communists in the United States Government.

Case #14 - pages 5 - 10

Case #57 - pages 10- 43

Judge Dorothy Kenyon, pages 43 - 83.

Volume 2 dated 3-9-50

This volume contains a continuation of the testimony of Senator Joseph McCarthy.

Case #14 (a high official in the State Department charged with doctoring Loyalty Committee records) pages 84 - 124.

Judge Dorothy Kenyon - pages 124 - 177.

Volume 3 dated 3-13-50.

This volume contains a continuation of the testimony of Senator Joseph McCarthy.

Haldore Hanson, pages 179 - 204

Esther C. Brunauer, pages 204 - 224

Owen Lattimore, pages 224 - 263.

Volume 4 dated 3-14-50.

This volume contains a continuation of the testimony of Senator Joseph McCarthy.

Gustavo Duran, pages 274-1613

Harlow Shapley, pages 313 - 318

Alleged homosexual (unnamed) formerly employed by the State Department and now by CIA, pages 318 - 323.

62-91923-1000

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John Service and the Amerasia Case, pages 324 - 353
Professor Frederick L. Schuman, pages 353 - 359.
This volume also contains the testimony of Miss Dorothy
Kenyon, pages 370 - 467.

Volume 5 dated 3-20-50.

This volume contains the testimony of the Honorable Philip C.
Jessup .

Volume 6 dated 3-21-50. (EXECUTIVE SESSION)

This volume contains a continuation of the testimony of Senator
Joseph McCarthy.

page 4

Reference is also made in this volume to the removal of
serials from the FBI files in the Kansas City case
(page 10) and to Senator McCarthy's indirect access to
information in FBI files.

Volume 7 dated 3-27-50.

This volume contains the testimony of the following individuals:

- > Mrs. Esther Brunauer, pages 559 - 613
- Honorable J. Howard McGrath, pages 613 - 656
- Director J. Edgar Hoover, pages 656 - 685.

Volume 8 dated 3-28-50.

This volume contains the testimony of Haldore Hanson,
pages 686 - 757.

Volume 9 dated 4-5-50.

This volume contains the testimony of the following individuals:

- Mr. Donald L. Nicholson, pages 759 - 801
- General Conrad E. Snow, pages 801 - 835
- Mr. Seth W. Richardson, pages 835 - 861.

Volume 10 dated 4-6-50.

This volume contains the testimony of Owen Lattimore,
pages 863 - 1030,.

Volume 11 dated 4-20-50.

This volume contains the testimony of the following individuals:

Louis Budenz, pages 1032 - 1214

Brigadier General Elliott R. Thorpe, pages 1214 - 1243.

Volume 12 dated 4-25-50. (Executive Session)

This volume contains the testimony of the following individuals:

pages 1245 - 1316

pages 1316 - 1334.

Volume 13 dated 4-25-50 (A. M.)

This volume contains a discussion of the procedure to be followed before the Committee and also contains the testimony of Louis Budenz concerning Owen Lattimore, pages 112 - 145.

Volume 14 dated 4-25-50 (P. M.)

This volume contains a continuation of the testimony of Louis Budenz concerning Owen Lattimore. In his testimony Budenz also mentions such people as Ella Winter, Joseph Barnes, Victor Yakhonteff, Harriet L. Moore, Gunther Stein, Haldore Hanson, Philip C. Jessup and others.

Volume 15 dated 4-27-50.

This volume contains the testimony of Earl Russell Browder, pages 1335 - 1430. All of this testimony principally concerns Owen Lattimore. A number of other individuals of interest to the Bureau are also mentioned.

Volume 16 dated 4-28-50.

This volume contains the testimony of Frederick Vanderbilt Field, pages 1431 - 1495.

Volume 17 dated 5-1-50.

This volume contains the testimony of the following individuals concerning Owen Lattimore:

Freda Utley, pages 1497 - 1646

Demaree Bess, pages 1647 - 1651.

Volume 18 dated 5-2-50.

This volume contains the testimony of Dr. Owen Lattimore, pages 1652 - 1837.

Volume 19 dated 5-3-50.

This volume contains a continuation of the testimony of Owen Lattimore, pages 1839 - 1948.

Volume 20 dated 5-4-50 (A.M.)

This volume contains the testimony of [REDACTED] concerning the Amerasia case, pages 257 - 317.

EXECUTIVE Session

OBSERVATIONS

The above table of contents is set forth as the result of a quick scanning of the transcripts presently in the possession of the Bureau. In keeping with the Director's instructions that, "As soon as copy (of the transcript) is obtained, we should go over it carefully for leads and information.", these volumes are currently being reviewed thoroughly for any information or leads that may be developed in connection with the case entitled [REDACTED]

[REDACTED] Incidental to that review, photostatic copies of pertinent portions concerning [REDACTED] will be prepared for transmittal to the Baltimore Office.

RECOMMENDATION:

It is suggested that copies of this preliminary memorandum be forwarded to the Internal Security and Loyalty Sections for their information and that a copy also be forwarded to Special Agent F. L. Jones who is charged with the supervision of the Amerasia case. Temporarily, these documents will be retained in a filing cabinet labeled as is this memorandum (key number Z-600 in Room 7614), the office of Special Agent E. M. Gregg, where they will be immediately available to Bureau personnel having an interest in their content.

The transcript is to be reviewed not only re [REDACTED] case but for info & leads on other cases mentioned therein.

Copies Routed

Testimony analyzed & being handled re Internal Security matters referred to in this memo 7-5-50

Loyalty analyzing cases Re Loyalty [REDACTED]

67C

Assistant Attorney General
James M. McInerney, Criminal Division

June 20, 1950

Director, FBI

~~CONFIDENTIAL~~

^① SUBCOMMITTEE OF SENATE
^① FOREIGN RELATIONS COMMITTEE
LOYALTY OF GOVERNMENT EMPLOYEES

Reference is made to our memoranda of April 24, 1950, and May 12, 1950, as well as to your memorandum of May 23, 1950.

It would be appreciated if you would advise us as to whether you have yet been successful in obtaining a copy of the official transcript of testimony presented before the Subcommittee of the Senate Foreign Relations Committee.

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EX-124

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APPROPRIATE AGENCIES
AND FIELD OFFICES
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COMM-FBI

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Belmont _____
Mohr _____
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Gandy _____

3831
56 JUN 29 1950

OFFICE MEMORANDUM - UNITED STATES GOVERNMENT

TO : Mr. A. H. Belmont

DATE: June 30, 1950

FROM: C. H. Stanley

SUBJECT: LOYALTY OF GOVERNMENT EMPLOYEES

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE

PURPOSE

To comment on a document entitled "Photostats of Excerpts From Chief Investigator's Report of State Department Loyalty Files" found by the New York Office in going through the files of [REDACTED]

BACKGROUND

[REDACTED] recently made available to the Bureau certain files maintained by him for examination for information of possible pertinence to the loyalty investigations of Philip Jessup, John Stewart Service, [REDACTED] and Haldore Hanson and the [REDACTED]. In connection with this examination the Agents came across a photostatic document entitled "Photostats of Excerpts From Chief Investigator's Report of State Department Loyalty Files." They asked [REDACTED] where he had obtained it and, although he gave a rather evasive answer, he very readily offered to give the Agents a photostatic copy of the document. Furthermore, he did not seem concerned that this document was in his files nor did he make any effort to conceal its presence there.

An examination of the document in question reveals that it is obviously incomplete. It is labelled "Observations and Findings" and contains paragraphs numbered 8, 9, 10 and 17. From the nature of the document it apparently is the observations and findings of someone who conducted a survey of the security files of the State Department. Generally, the observations and findings indicate that the Security Division of the State Department has no records to clearly show who have or who have not been investigated and who is and who is not presently employed. A comment is made that instances were noted where the Division had pending investigations on applicants although neither D.P. (Domestic Personnel) nor F.P. (Foreign Personnel) had a record indicating they were considering these applicants. The document makes a further comment concerning the distribution of the caseload of Agents conducting investigations for the State Department in the Washington and New York areas and in this connection it is mentioned that a number of alleged Communist Party petition signers had never been checked out and cites as examples cases Nos. 28, 29, 30, 31 and 32. The document in question also refers to the inadequacy of the State Department system of charging out files and the over-all laxness in the handling of documents, citing as examples file jackets for which there were no cases in the files and jackets being out of file without charge-out, papers missing from files obviously belonging there and no charge-out slips to indicate whereabouts of missing papers. 121-25272

In furnishing a copy of this document to the Bureau by letter dated June 8, 1950, the New York Office pointed out that the cases referred to by number in the document possibly might be identical with the numbers used by Senator McCarthy in

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55 AUG 21 1950

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INITIALS ON ORIGINAL

connection with his recent allegations concerning the State Department. New York pointed out that the document, although not marked confidential, appeared to contain information which probably was not of the type to be disseminated outside the State Department and the Bureau might desire to confidentially advise the State Department that there are copies outside of that Department.

There is no way, of course, by which we can positively identify this document. However, it is my belief that it is a portion of the report made by former SA Robert E. Lee in connection with the hearings before the Subcommittee of the House Committee on Appropriations on the State Department appropriation bill for 1949. This belief is particularly borne out by the reference to cases Nos. 23, 29, 30, 31 and 32, which are case numbers used in Lee's report. Furthermore, the document in question refers to investigations to be conducted, presumably by State Department investigators, concerning employees who have signed Communist Party petitions and obviously this investigative jurisdiction now lies with the Bureau under Executive Order 9835. This factor further leads to the belief that this is a portion of the Lee report which was, of course, prepared at just about the time the Loyalty Program was getting under way. We, of course, have a copy of the Lee report in so far as it pertains to individuals but we do not have this complete report and it is believed that the document submitted by the New York Office probably is a portion of the summary of his observations and findings concerning the general condition of the State Department files at the time he made a survey of them for the Subcommittee of the Committee on Appropriations, House of Representatives. How this material came into the possession of [REDACTED] of course, is unknown.

RECOMMENDATION

Since the document is believed to be a portion of the Lee report, there would appear to be no reason for advising the State Department of the fact that copies are in the possession of individuals outside the Department of State. From the recent allegations of Senator McCarthy, it is quite obvious that other copies of this material are in the possession of individuals outside the Executive Branch of the Government. It is, accordingly, recommended that no further action be taken with respect to this particular matter.

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FEDERAL BUREAU OF INVESTIGATION

Room 5744 7-11, 1950

TO: ☒ Director
☐ Mr. Ladd
☐ Mr. Clegg
☐ Mr. Glavin
☐ Mr. Harbo
☐ Mr. Nichols
☐ Mr. Rosen
☐ Mr. Tracy
☐ Mr. Belmont
☐ Mr. Mohr
☐ Mr. Carlson
☐ Mr. Callahan
☐ Mr. Nease
☐ Miss Gandy
☐ Personnel Files
☐ Records Section
☐ Mrs. Skillman

Mr. Tolson ☒
Mr. Ladd ☒
Mr. Clegg ☒
Mr. Glavin ☒
Mr. Harbo ☒
Mr. Nichols ☒
Mr. Rosen ☒
Mr. Tracy ☒
Mr. Belmont ☒
Mr. Mohr ☒
Mr. Carlson ☒
Mr. Callahan ☒
Tele. Room ☒
Mr. Nease ☒
Miss Gandy ☒
Personnel Files ☒
Records Section ☒
Mrs. Skillman ☒

See Me For Approval

Send File Not

Note

Page 5

*Page 5 handled
7/19*

b7c

Clyde Tolson

Office Memorandum • UNITED STATES GOVERNMENT

TO : The Director

DATE: July 11, 1950

FROM : D. M. Ladd

SUBJECT: SUBCOMMITTEE OF THE SENATE FOREIGN
RELATIONS COMMITTEE
LOYALTY OF GOVERNMENT EMPLOYEESALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE

Tolson	_____
Ladd	_____
Clegg	_____
Glavin	_____
Nichols	_____
Rosen	_____
Tracy	_____
Harbo	_____
Belmont	_____
Mohr	_____
Tele. Room	_____
Nease	_____
Gandy	_____

PURPOSE

To submit for your information the results of a review of the proposed "Findings and Conclusions" of the Subcommittee of the Senate Foreign Relations Committee concerning information appearing therein which directly relates to the FBI or FBI personnel, and to also highlight pertinent comments of the Subcommittee.

BACKGROUND

At 4:50 PM on July 10, 1950, a copy of the proposed "Findings and Conclusions" of the Subcommittee of the Senate Foreign Relations Committee was made available to the Bureau on a highly confidential basis, it being stipulated that no copies should be made nor any notations made thereon.

These proposed findings and conclusions have been reviewed for information which directly relates to the FBI or FBI personnel, special emphasis being placed on such information as reflects adversely on the Bureau. No attempt has been made to compare the conclusions set forth with the facts as contained in Bureau files and other than those which directly concern the Bureau, no attempt has been made to establish the accuracy or inaccuracy of statements appearing therein.

Generally, throughout the report of the findings and conclusions of the Subcommittee, references made to the FBI or FBI personnel are commendatory. The findings and conclusions of the Subcommittee are generally favorable to the individuals charged by Senator McCarthy, and no recommendations for dismissal are made.

ACTION

The attached memorandum is submitted for your information.

Attachment

RECORDED - 53
INDEXED - 53121-23278-198
JUL 12 1950

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XXXXXX
XXXXXX
XXXXXXFEDERAL BUREAU OF INVESTIGATION
FOIPA DELETED PAGE INFORMATION SHEET

_____ Page(s) withheld entirely at this location in the file. One or more of the following statements, where indicated, explain this deletion.

- ☐ Deleted under exemption(s) _____ with no segregable material available for release to you.
- ☐ Information pertained only to a third party with no reference to you or the subject of your request.
- ☐ Information pertained only to a third party. Your name is listed in the title only.
- ☐ Document(s) originating with the following government agency(ies) _____, was/were forwarded to them for direct response to you.

_____ Page(s) referred for consultation to the following government agency(ies); _____ as the information originated with them. You will be advised of availability upon return of the material to the FBI.

7 Page(s) withheld for the following reason(s):
Congressional Material

☒ For your information: This is Congressional Material which is not subject to release under the provisions of the Freedom of Information Act.

☒ The following number is to be used for reference regarding these pages:

121-23278-198 enclosure

XXXXXX
XXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXX
X DELETED PAGE(S) X
X NO DUPLICATION FEE X
X FOR THIS PAGE X
XXXXXXXXXXXXXXXXXXXXX

SUBJECT Joseph McCarthy
FILE NUMBER 121-23278
SECTION NUMBER 7

transmitted 7/13/50 by D.S. isolation, State Department.
Representative final list of 81 cases furnished by Senator
McCarran to Tydings Subcommittee of Senate
Foreign Relations Committee

1.

[REDACTED]

I understand that this man was given loyalty clearance by the State Department's Loyalty Board, but that his case was referred back by the Civil Service Commission's Loyalty Board, expressing dissatisfaction in his loyalty clearance by the State Department's Loyalty Board.

2.

[REDACTED]

3.

[REDACTED]

4.

[REDACTED]

5.

[REDACTED]

6.

[REDACTED]

7.

[REDACTED]

8.

[REDACTED]

9.

[REDACTED]

10.

[REDACTED]

11.

[REDACTED]

12.

[REDACTED]

13.

[REDACTED]

14.

[REDACTED]

NOT AN FOIPA deletion
deleted in file.

15. Philip Jessup

There was no case #15 cited in the Record. Jessup's case should be inserted at this point. Jessup's file should be studied with the file of Owen Lattimore. Lattimore's files are, in my opinion, the most explosive and the most valuable which the committee can examine and will, in my opinion, be found extremely important in connection with the Jessup case.

16.

[REDACTED]

Allowed to resign in 1946. Apparently still keeping close contacts with present State Department personnel.

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JUL 27 1950

RECORDED
INDEXED - 10

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