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IV. COVERS AND COVER COMPANIES ~~X~~ u

In June, 1946, in view of the uncertainty of the future in so far as the Bureau's SIS program was concerned, the Director issued instructions that no more undercover personnel were to be sent out of the country by the Bureau.

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[REDACTED] This withdrawal was accomplished and at the present time we have no undercover personnel operating outside the United States. All of our Agents assigned to our Police Liaison Offices abroad are attached to the American Embassies in an open capacity. ~~X~~

Appropriate letters of appreciation were dispatched to all [REDACTED] in the United States through whose cooperation we were able to maintain undercover Agents in Latin America. ~~X~~ u

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V. SIS STATISTICS

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Table 1 - Persons Identified, Apprehended, Prosecuted, etc.

	<u>Fiscal Years</u> <u>1941 - 1946</u>	<u>Fiscal Year 1947</u>	<u>Total</u> <u>July 1, 1940</u> <u>through</u> <u>June 30, 1947</u>
<u>Espionage Agents</u>			
Identified	379	9	388
Apprehended	382	7	389
Prosecuted	106 convictions 1,340 yrs., 6 mos. sentence 1 death sentence 1 interned	-	106 convictions 1,340 yrs., 6 mos. sentence 1 death sentence 1 interned
<u>Propaganda Agents</u>			
Identified	281	-	281
Apprehended	60	-	60
Prosecuted	1 conviction 1 yr. sentence 1 interned	-	1 conviction 1 yr. sentence 1 interned
<u>Sabotage Agents</u>			
Identified	30	-	30
Apprehended	20	-	20
Prosecuted	-	-	-
<u>Smugglers of Strategic War Material</u>			
Identified	222	-	222
Apprehended	75	-	75
Prosecuted	11 convictions 2 yrs. sentence 1 indefinite sentence 2 interned \$10,404 fines	-	11 convictions 2 yrs. sentence 1 indefinite sentence 2 interned \$10,404 fines
<u>Other Foreign Agents</u>			
Identified	93	4	97
Apprehended	23	-	23
Prosecuted	1 conviction 2 yrs. sentence	-	1 conviction 2 yrs. sentence

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**Apprehensions, Con-
victions, Sentences,
of Other Persons**

**Under Laws of Local
Country**

91 apprehensions
35 convictions
30 yrs., 1 mo.
sentence
1 interned
\$700 fine

91 apprehensions
35 convictions
30 yrs., 1 mo.
sentence
1 interned
\$700 fine

**Aliens Moved from
Strategic Areas ..7,064**

-

7,064

**Aliens Interned
or Relegated**

Locally 2,172

-

2,172

**Aliens Deported
or Expelled 5,811**

82

5,893

**Natives Interned
or Relegated**

Locally 80

-

80

United States

Fugitives

Located 157

138

295

Firms or Persons

Placed on List of

Blocked Nationals 1,545

-

1,545

Investigations

Conducted at the

Request of the

U. S. Government

Agencies 1,584

221

1,805

Investigations

Conducted for

other than U. S.

Government

Agencies 20

-

20

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July 7, 1947

SIS STATISTICS

Table 2 - Radio Stations Located and Radio Equipment Confiscated

	Fiscal Years 1941 - 1946		Fiscal Year 1947		TOTAL July 1, 1940 through June 30, 1947	
	Number	Value	Number	Value	Number	Value
Clandestine Radio Stations Located ...	24	-	-	-	24	
Clandestine Radio Transmitters and Related Equipment..	30 transmitters	\$7,155 ⁽¹⁾	-	-	30 transmitters	\$7,155 ⁽¹⁾
	12 radio tubes	\$200	-	-	12 radio tubes	\$200
Clandestine Radio Receiving Sets Confiscated .	18	\$2,818	-	-	18	\$2,818

(1) Does not include value of one transmitter recovered during the 1945 fiscal year.

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July 7, 1947

SIS STATISTICS~~SECRET~~Table 3 - Other Material Recovered or Confiscated

	Fiscal Years 1941 - 1946		Fiscal Year 1947		TOTAL July 1, 1940 through June 30, 1947	
	Quantity	Value	Quantity	Value	Quantity	Value
Currency	-	\$280,154	-	\$ 3,000	-	\$286,154
Precious Stones	(1)	4,588	-	-	(1)	4,588
Diamonds	18	32,600	-	-	18	32,600
Platinum and Industrial Diamonds..	(1)	84,466	-	-	(1)	84,466
Platinum	119.8 lbs.	206,031	-	-	119.8 lbs.	206,031
Silver	220 lbs.	2,300	-	-	220 lbs.	2,300
Mercury	(1)	347,000	-	-	(1)	347,000
Metal Drills	92.4 lbs	5,000	-	-	92.4 lbs.	5,000
Copper Transmission Wire	1	100	-	-	1	100
Welding Rod Wire	1	20	-	-	1	20
Radio Tubes	258	230	-	-	258	230
Pistol	2	150	-	-	2	150
Gas Gun	1	25	-	-	1	25
Auto Wheels, Tires and Accessories	4	200	-	-	4	200
Tires	53	3,767	10	750	63	4,517
Inner Tubes	4	30	3	40	7	70
Sparkplugs	-	-	1,000	810	1,000	810
Rubber Raft with Oars, Life Jacket and Trench Shovel	1	(1)	-	-	1	(1)
Rubber	51,959 lbs.	27,888	193 lbs.	71	52,147 lbs.	27,959
Tarpaulins	5	1,000	-	-	5	1,000
Sacks	887	448	-	-	887	448
Diplomatic Codes	1	(1)	-	-	1	(1)
Code Books	3	(1)	-	-	3	(1)
Pages of Code	241	(1)	-	-	241	(1)
Cotton Balls for Secret Ink	6	(1)	-	-	6	(1)
Paper Clips for Secret Ink	8	(1)	-	-	8	(1)
Microfilms of Code, Instructions, Blue- prints, etc.	9	(1)	-	-	9	(1)
Miscellaneous Microphotos	30	(1)	-	-	30	(1)
Films and Film Negatives	3,177	(1)	50	120	3,227	120 ⁽⁵⁾
Cameras and Photo- graphic equipment ...	46	10,200	-	-	46	10,200
Propaganda Books and Magazines	87	50	-	-	87	50

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Books	45	80	-	-	45	80
Pharmaceutical Goods ..	(1)	100,000	-	-	(1)	100,000
Uretropina (a drug) ..	110 lbs.	150	-	-	110 lbs.	150
Insulin	2.2 lbs.	1,800	-	-	2.2 lbs.	1,800
Aspirin	246.4 lbs.	215	-	-	246.4 lbs.	215
Sulfathiazole	249.7 lbs.	1,800	-	-	249.7 lbs.	1,800
Sodium Salicylate	121 lbs.	140	-	-	121 lbs.	140
Nicotinic Acid	98.6 lbs.	1,800	-	-	98.6 lbs.	1,800
Methane	-	-	18 boxes	474	18 boxes	474
Acetylene	-	-	136.7 lbs.	140	136.7 lbs.	140
Shellac	25,000 lbs.	12,500	-	-	25,000 lbs.	12,500
Tagua Buttons	6 sacks ⁽²⁾	3,092	-	-	6 sacks	3,092
Bonds	-	3,000	-	-	-	3,000
Passport	-	-	1	(1)	1	(1)
Phoenix Safe	1	100	-	-	1	100
Automobiles	-	-	15	34,500	15	34,500
Motorcycle	1	575	-	-	1	575
Typewriter	4	280	-	-	4	280
Gas Pumps	2	45	-	-	2	45
Land	(1)	500	-	-	(1)	500
Building	1	1,153	-	-	1	1,153
Concealed Miscellaneous						
Property of Black-						
listed Firms	(1)	12,000	-	-	(1)	12,000
Clothing	-	295	-	-	-	295
Miscellaneous property	-	339,824	-	4,000	-	343,824
TOTAL.....		\$1,483,236		\$46,005		\$1,511,241

- (1) Not given.
 (2) Does not include quantity of tagua buttons recovered for the 1941 - 1944 fiscal years.
 (3) Does not include value of films and film negatives recovered during the 1944 fiscal year.

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VI. ACCOMPLISHMENTS BY COUNTRIES X U

Our coverage in Latin America during the past fiscal year was by no means complete. This was due to several factors. Prior to the beginning of the fiscal year, in view of the uncertainty as to the continuance of the Bureau's SIS Program the number of personnel assigned to most of our offices had been reduced. b1

[REDACTED] We immediately recalled all of our legal attaches with the exception of those in Buenos Aires, Argentina and Mexico City, Mexico. This meant the withdrawal of the majority of our experienced men. In addition, a program of gradual reduction of personnel was immediately put into effect. X

In view of this fact, it was decided, and our offices were given instructions, to concentrate on the coverage of Communist activities since those activities were the ones in which the Bureau was primarily interested. Until our offices closed we were able to maintain very good coverage in this particular field. X U

ARGENTINA X U

The Bureau closed its SIS office in Buenos Aires, Argentina on February 10, 1947. All personnel assigned to the office immediately returned to the Domestic Field. X U

The accomplishments of the Legal Attache in Argentina were impeded during the period under discussion by the bad relations existing between the United States and the Argentina Republic. The program of the repatriation of German agents from Argentina ended for all practical purposes prior to the beginning of this period. Although numerous efforts were made to secure repatriations on the basis of innumerable memoranda concerning the activities of individuals whose repatriation was sought, no success was enjoyed. The Legal Attache was able to keep the Ambassador informed in detail concerning the real attitude of the Argentina Government toward the German agents, which was quite different from that exhibited to United States authorities. Inability to secure repatriations was placed on the grounds that the Germans were entitled to legal process. At the time of this writing, most of the really dangerous agents are still in Argentina, although negotiations for their repatriation are still being carried on. X U

The Legal Attache continued to keep the Ambassador advised of ramifications in the political life in Argentina, developments and perfection of the so-called Peron five-year plan, and the de-Nazification of German schools and organizations. Some investigation was conducted of allegations that German technicians and munitions specialists were arriving in Argentina. Investigation failed to substantiate any allegations. X U

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Personnel of the office of the Legal Attache and his informants covered the activities of exiles from Paraguay and Bolivia, who took refuge in Argentina. X U

The Legal Attache also furnished information to the Ambassador on Argentine efforts to conclude commercial treaties with Chile, Bolivia, and Peru, treaties which had for their purpose the gradual establishment of Argentine hegemony in the most southerly Latin American countries. X U

Communism

Finding that they could not defeat Juan Peron, Argentine Communists have generally ceased attacking him and have attempted to curry favor with his administration. As a result there have been few restrictions placed upon them and they have made significant strides in recent months. In June and July, 1946, Argentine Nationalists attacked and bombed Communist Party headquarters and the Communist daily newspaper but failed to deter the Communists appreciably. X U

From August 14 to 18, 1946, the Communist Party of Argentina held its 11th National Congress in Buenos Aires, attended by fraternal delegates from Communist Parties throughout Latin America. Our coverage indicates that the proceedings were dominated by the important Cuban Communist, Juan Marinello, and that Communist policy for the entire continent was promulgated there. X U

The Communist Party strengthened its control of European refugee groups during 1946 and virtually dictated the policies of the powerful Slav Union which had some 70,000 members. The Bureau's highly efficient Polish informant was of considerable assistance in coverage of these matters. By January, 1947, when the Party celebrated its 28th anniversary, it could draw crowds in Buenos Aires of 60,000 people and 40,000 persons in the Interior. X U

One of the first moves of the new Peron Administration was to recognize the Soviet Union on June 6, 1946. On August 31, 1946, the staff of the new Soviet Embassy arrived and shortly thereafter Bureau coverage revealed the Soviet Union was intensely interested in developing influence in Argentina, which it considered one of the most important posts in the Western Hemisphere for counteracting United States power. It was also found that the Embassy was closely associated with foreign Communist activities and offered full assistance to the Slav Union in Argentina. On December 6, 1946, Ambassador Gergaev proceeded to New York to confer with Foreign Minister Molotov regarding Soviet policy in Latin America. The Soviet Trade Mission, which had been in Argentina since April, 1946, remained until the spring of 1947, attempting to arrange commercial exchange between the Soviet Union, Argentina and Uruguay. Although some purchases were made, no trade agreement was consummated and the Trade Delegation returned to Moscow in March, 1947. X U

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The increase in Communist and Soviet activities likewise brought a sharp upturn in allegations of espionage charges to be investigated by our Attache. Redoubled efforts were necessary to keep properly advised concerning Yuri Lashkevich, a Tass News Agency representative, who had been reported by various reliable informants as an intelligence agent. Anatole Gromov, who had performed espionage functions for the Soviet Embassy in Washington in connection with the Gregory Guse, was assigned to Argentina briefly as Counselor of the Embassy but left hurriedly in November, 1946, after only about two months. *Su*

who was also involved in the Gregory Case, remained in Argentina during 1946 and 1947 under Bureau observation. During that time he precipitated a severe disagreement with American Ambassador Messersmith when allegations were printed that Messersmith believed war between Russia and the United States to be inevitable. He was accused of having released this information to damage the position of Messersmith and the United States in Latin America. *Su*

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The Russian picture in Argentina was further complicated by the appearance of Police and Bulgarian Commercial Missions in late 1946 and early 1947, and by attempts to set up Yugoslav and other Soviet dominated European missions in Buenos Aires. Added information concerning these activities was secured when in September, 1946, President Peron proposed to Ambassador Messersmith that Communist and Soviet information be exchanged between his country and our Embassy. A member of our office was designated to receive data from Argentine police sources. When SIS operations closed in Buenos Aires February 10, 1947, our Communist and Soviet coverage was at a high point of completeness and reliability. *Su*

BOLIVIA *Su*

The Bureau closed its SIS office in La Paz, Bolivia on March 3, 1947. Our Agent assigned there left that city on that date and returned to the United States. *Su*

The Legal Attache in La Paz, Bolivia, was able to keep the United States Ambassador informed of revolutionary developments in that country. Perhaps the most useful work performed by the Legal Attache there was during the very bloody Bolivian revolution of July 20-21, 1946. During the course of the revolution the only means of communication with the United States was the radio station of the Legal Attache. He transmitted messages for the State Department as well as the War and Navy Departments in addition to keeping up an accurate and useful reporting of developments as they occurred. *Su*

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Information made available to the State Department by the Bureau and to the Bolivian Government by the Legal Attache through the Ambassador was instrumental in preventing Elias Belandier, prominent Bolivian citizen and a German agent during the war, from returning to the Western Hemisphere in January, 1947. He has since returned to Spain. X u

Communism

While the destitute condition of the miners and Indians in Bolivia presents a fertile field for leftist doctrines, no recognizable Communist group has yet arisen there. Hence SIS coverage continued to be directed toward these "leftists" who would be Communists if the government would permit. X u

The pseudo-Communist Party of Bolivia, organized in January, 1946, by Luciano Duran Beyer, was correctly labelled by our Legal Attache as a fabrication of the Villarroel administration intended to inject dissension in leftist ranks opposing it. The aptness of this conclusion was strikingly demonstrated when the spurious Party died with the fall of the Villarroel regime in July, 1946. X u

The death of Villarroel likewise brought a relaxation of repressive measures directed against the Leftist Revolutionary Party (PIR), a "Marxian Socialist" group which, although not Communist, does follow closely Communist organization and policies. Its increased activity was fully covered by the Bureau, as were the activities of its two principal leaders, Jose Antonio Arce and Ricardo Araya Arce, who were exiles in Chile until their return to Bolivia July 27, 1946. We found that in Chile both were very close to Communist officials and that previously in the United States, Arce had been almost exclusively concerned with Communist doctrines. X u

Foreign Communist refugee operations in Bolivia diminished during late 1946 with the return to Europe of the principal leaders, but a new "Soviet Union of Bolivia" arose under the refugee Communist, Julius Deutsch, and received propaganda from the Soviet Legation in Uruguay. Arce of the PIR was guest of honor at the opening of its new quarters in October, 1946. X u

Bolivia recognized Russia on April 18, 1946, but has made no move to exchange diplomats, mainly for lack of funds to maintain a mission and because of fear that a Soviet Mission in La Paz would further complicate the tense political situation. X u

BRAZIL X u

The Bureau closed its SIS office in Rio de Janeiro, Brazil on January 20, 1947. This was the first SIS office to be closed. [redacted] [redacted]

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However we have retained an Agent in Brazil in the capacity of a Police Liaison Officer. This Agent has continued to function as Legal Attache in the American Embassy there. His contacts, in so far as anyone outside the Bureau is concerned are solely in Police Departments of Brazil and ostensibly have to do only with criminal matters. However through his police contacts and through voluntary efforts of former confidential informants he has managed to continue a thorough coverage of Communist activities. The United States Ambassador there still relies to a great extent upon our Police Liaison Agent to keep him informed on Communist activities in spite of the fact that this task has become the responsibility of the CIG representatives there. X u

The Legal Attache in Rio de Janeiro, Brazil, has always been extremely well informed. He was able to keep the Ambassador intimately informed of Argentine-Brazilian relations as a result of a most useful informant in the Argentine Embassy in Rio de Janeiro. He also had very close contact with prominent Brazilian politicians, including Octavio Mangabeira and through his contacts was able to report the complicated Brazilian political scene with dispatch and accuracy. In addition extensive work was done on the so-called Integralist Party and a comprehensive report on the activities of this formerly totalitarian group was prepared and distributed. X u

Information about developments in the field of radioactive materials in Brazil was secured as a result of the development of Boris Davidovitch as an informant. Davidovitch owns most of the Brazilian monasite (the principal radioactive substance known to exist in Brazil) X u

Through the Legal Attache it was possible to secure the expulsion of Irving Goodspeed, a fugitive, who was wanted by the Texas Police on charges of murder. The Legal Attache was particularly helpful in securing the return of Goodspeed to the United States in custody of Texas authorities for trial. X u

Communism

Because of the rapid increase in power and prestige, the activities of the Communist Party in the important country of Brazil have been of considerable interest to the United States Government. In line with this importance Bureau coverage of Communist matters in Brazil has been very complete, covering all phases of the Communist movement. This coverage has, in fact, been probably the most effective of any of the Bureau's operations in the Latin American Communist field. u

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Developments during the past year have been rapid with the Party making great strides politically and the Dutra Government exercising every effort to restrict its growth short of actually declaring it illegal. In August, 1946, some violence resulted in Brazil from demonstrations against unsettled economic conditions. Police used this occasion to arrest a large number of Communist leaders, seize Communist files, and close certain Party offices and newspaper. Although these restrictive measures were later lifted and the Communists released, the considerable information which came into the hands of the police through these "raids" became available to the Bureau through police sources. *Su*

The National Conference of the Communist Party of Brazil in July, 1946, which was attended by numerous important Communists from throughout Latin America was covered completely since it was a means for establishing Communist policy throughout Latin America in preparation for the equally important Congress to be held the next month in Argentina. *Su*

During the fall of 1946 our Communist coverage was primarily concerned with the efforts of the Party in Brazil to prepare for the January, 1947, State elections in Brazil. Although they were not successful in polling the one million votes they anticipated, the Communists did procure numerous important State positions when the other Parties under-estimated the Communists and failed to unite against them. This success further emphasized the necessity of keeping abreast of Communism in Brazil since some observers feared it might be the opening wedge for the institution of a Soviet State in Latin America. Information obtained by the Bureau revealed that such an occurrence is most unlikely as long as the present anti-Communist attitude of the Brazilian Government continues. *Su*

Aside from Communist Party activities, Bureau coverage was equally necessary in the labor field which is primarily Communist controlled, among the European groups, especially the Slavs, who are under Communist direction, and among the diplomatic missions of Soviet-dominated European countries which have recently been installed. The Soviet Embassy in Rio de Janeiro itself was installed in May, 1946, increased its activities during the year, and became especially interested in commercial negotiations which would divert from the United States many of the Brazilian products now purchased almost entirely by this country. *Su*

As in Argentina there were increased indications of intelligence activity especially in the Polish and Yugoslav Missions as well as the Communist Party of Brazil. Some 400 Communists were removed from various Brazilian Police Departments during the year and from the Armed Forces. One civilian employee of the War office was sentenced to six months in jail for releasing confidential files to Communist leaders. *Su*

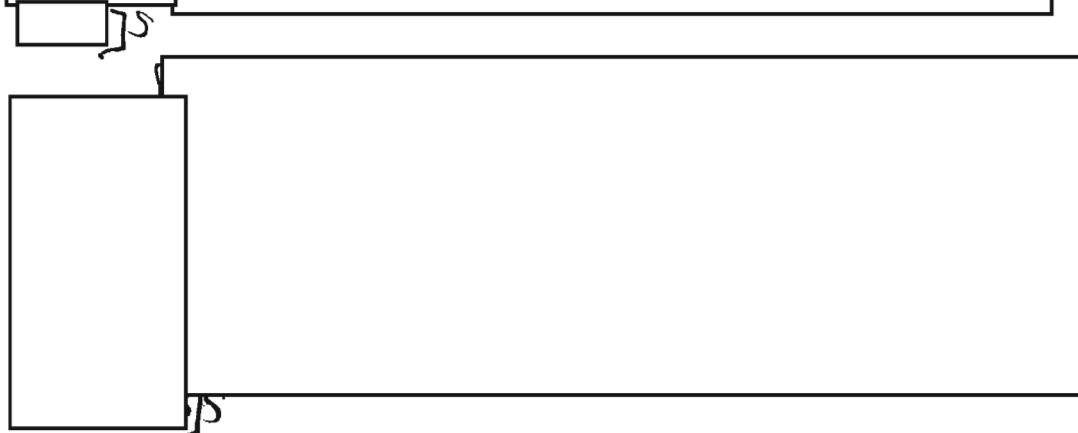
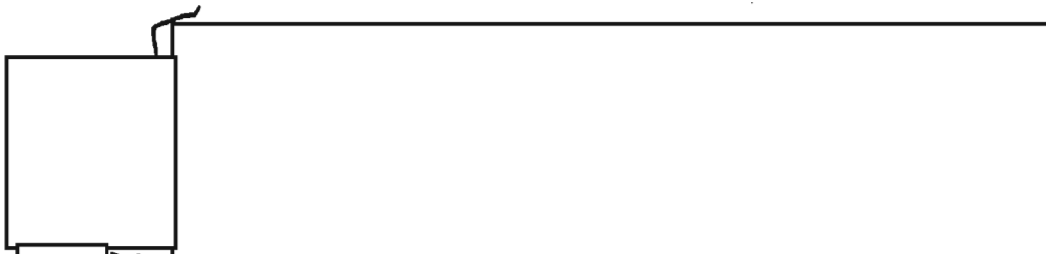
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On May 8, 1947, the Communist Party of Brazil was outlawed by the Government there. Our Legal Attache accurately predicted this event by memorandum to the American Ambassador to Rio de Janeiro two weeks prior to its occurrence. As a matter of fact, a copy of this memorandum was received in the Bureau on the same day that the Party was outlawed. The Legal Attache, thereafter, prepared a comprehensive memorandum on the events which transpired immediately after the outlawing of the Party. He detailed the steps taken by the police of Brazil to put the Government Edict into effect, and called attention to the numerous problems involved when a large Party, such as this, is declared illegal. This memorandum was of considerable interest to the Bureau since it raised questions which might be encountered should a similar step be taken by the United States Government. ~~SECRET~~ 21

CANADA S

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CHILE ~~SECRET~~ 21

The Bureau's SIE Office in Santiago, Chile closed on February 24, 1947, and all personnel assigned to that country were withdrawn as of that date. ~~SECRET~~ 21

Other than the coverage of Communism to which our office devoted the major portion of its efforts, our Agents during the last half of 1946 and until the closing of our office in February devoted its attention to reporting on the turbulent political scene. The Embassy was kept fully informed by our office of the political activities of the various political groups prior to the Presidential election of October 24, 1946, and continued to report on these activities thereafter until our office closed. ~~SECRET~~ 21

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Communism

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The Communist Party of Chile has been traditionally the most important on the South American continent and has to a great extent crystallized the policies of the other Communist Parties. The Bureau has given considerable attention to its operations, therefore, since it is an excellent example of a well-run and successful Communist organization. Through informants inside the Party, it has been possible to secure in advance accurate reports on proposed changes in policy, most of which in the last eighteen months have affected the United States and its foreign policy in some way. Attention has been afforded to the travels and contacts of Carlos Contreras Labarca and Juan Vargas Puebla, who have been the means of transmitting Communist political line and labor policy respectively from Chile to the other Communist Parties in South America. X U

The Communist Party of Chile supported Gabriel Gonzalez Videla in the November, 1946, presidential election and as a result was allocated three cabinet posts in the new government. Information developed by the Bureau shortly thereafter revealed a considerable dissension between Gonzalez Videla and the Communists and indicated that they might not be included in the Government more than six months. The truth of this information was demonstrated in the early spring of 1947 when the Communist participation in that Government terminated. X U

Chilean Communist control of the labor movement in that country suffered a setback during 1946 when the Communist and Socialist factions could not agree and the Confederation of Workers of Chile split into two groups. Through a top leader in the Socialist faction, the Bureau was kept fully informed on negotiations for reuniting the movement. X U

The commercial and political activities of the new Soviet Embassy were of interest but were not found to be as impressive as the importance of the country might indicate. Allegations were received that the Embassy was attempting to sell chemicals, camera equipment, farm machinery and arms from the Soviet occupied zone of Germany through former black-list firms in Chile. Similar indications were found in Argentina. In spite of the strength of Communism in Chile, the Embassy was not received with complete friendliness and the Chilean Embassy in Moscow during early 1947 complained that its relations with the Kremlin were not at all satisfactory. X U

COLOMBIA X U

The Bureau's SIS office in Bogota, Colombia was closed on March 17, 1947, and all our personnel were withdrawn from the country as of that date. X U

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Except for reporting on activities in the political field with first emphasis on Communist maneuvers, the efforts of our remaining personnel in Colombia were devoted to reporting on the complicated and difficult labor situation in the petroleum industry in Colombia. Through good informants we were able to keep the Embassy and the State Department well-informed on the latter. *u*

Communism

With an active Communist Party and an extremely aggressive Soviet Legation, the coverage of Communist and related matters in Colombia has been given a high priority by the American Ambassador who delegated all such matters to our Legal Attache, forbidding other agencies of the Embassy from entering such investigations. The handling of this task was performed with such completeness that Ambassador Wiley on several occasions complimented the Bureau on the thoroughness and accuracy of its coverage. Through a combination of circumstances, it was possible to secure more good informants within the Communist Party organization than in any other Latin American country. Some of these Spanish Communists have furnished some of the most significant information in the possession of the Bureau concerning the background and operations of the Communist Party in Spain. *u*

It was learned during the National Congress of the Colombian Communist Party in June, 1946, that considerable dissension existed among the leaders of the Party who felt that it was not properly organized and that its poor financial condition could be attributed to the disinterest of certain key officials. During the same Congress plans were made to determine what members of the Party had military experience or connections in order that a plan could be set up for giving the rudiments of military training to all Party militants. Possibly in the same connection but somewhat later in 1946, evidence was discovered that the Communist Party of Colombia had prepared a plan of sabotage to be followed in the event of hostilities between the Soviet and the United States. These acts were apparently directed primarily at United States petroleum and business interests in Colombia. *u*

Since May, 1946, the Communist Party has had substantial control over the Confederation of Workers of Colombia, including the highly important Petroleum Workers Union. Through informants close to the labor movement, Bureau coverage of this field has been excellent. Of particular interest was information disclosed during the extended petroleum strike of October and November, 1946, showing its Communist direction. Considerable evidence has also been disclosed showing participation of the Soviet Legation in Colombian labor affairs, particularly among petroleum workers. Evidently it has likewise been a source of Communist policy directives for the small countries adjoining Colombia. *u*

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Operating under a conservative government, the Party has been observed closely by Colombian police, who, in December, 1946, began inquiries intending to prove collaboration between the Soviet Legation and Communists in that country. The Government requested the assistance of the American Ambassador who had been kept informed by the Bureau of all evidence of such collaboration. Circumstances of the Party became such in late 1946, that it was necessary to direct a letter to the Communist Party of Brazil, requesting financial aid. X U

At the time the SIS office in Bogota closed March 17, 1947, there was considerable resentment among the Colombian people against the Communists and the Soviet Legation because of alleged shabby treatment received by the Colombian Minister in Moscow and because of reputed efforts of Soviet officials to bribe members of the Colombian Government. X U

COSTA RICA X U

The office of the Legal Attache was closed in Costa Rica on August 15, 1948. No developments of note occurred prior to the closing of the office. X U

Communist

Bureau coverage of the Vanguardia Popular (Communist) Party of Costa Rica during the summer of 1946 revealed that it was working with Nicaraguan President Somoza. In return, it expected a free hand in organizing Nicaraguan labor according to the ideas of Communist leader, Manuel Mora of Costa Rica, and Vicente Lombardo Toledano of Mexico. Mora had conferred with Nicaraguan revolutionaries in Mexico in March, 1946, and maintained local liaison in Costa Rica through Ernesto Ludovico Carlos Rehnitzner, offering arms and men to assist an uprising. X U

Beginning in May, 1946, Costa Rican Communists began collecting small arms and ammunition, aided by Party funds and even assistance from Colonel Victor Carrillo, a Communist sympathizer on the staff of President Teodoro Picado. Picado, who feared his own government might be overthrown, counted on Communist help to repel it and was in turn almost completely dominated by them. X U

When the Bureau operations in Costa Rica ceased August 15, 1948, Manuel Mora and the Communists had a free hand in controlling the labor movement in that country. Their success in this field became apparent in December, 1946, when Vicente Lombardo Toledano held the important Conference of the Central Committee of the Confederation of Latin American Workers in San Jose. X U

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CUBA X U

The Bureau's SI office in Havana, Cuba, was closed on April 14, 1947. [REDACTED]

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[REDACTED] have retained one agent in Havana, however, in the capacity of Police Liaison Officer although he is continuing to function under the title of Legal Attache. In addition to his Police Liaison duties involving leads on criminal cases in which the Bureau is interested, he is reporting on the extremely important Communist Party of Cuba. This latter work is done on a strictly confidential basis and for the information of the Bureau only. X

The office of the Legal Attache in Havana, Cuba, has always been extremely well-informed. As a result of this, the Legal Attache was able to keep the Embassy informed of political developments in the turbulent Cuban scene, especially those connected with the appointment of Abelardo Gomez-Gomez as Chief of Police and his subsequent dismissal and the activities of General Benitez and his satellites. Interest has been shown in the discovery of arms in the United States, probably destined for Cuba, under the custody of the Marshall Construction Company. X U

In addition to considerable useful work on Selective Service and deserter cases, the Legal Attache has performed work in such cases as the Reactivation of the Capone Gang, the Interstate Machinery Corporation Case, (The Carson-Ray Prosecution), and the activities and subsequent deportation of Lucy Luciano from Cuba. X U

Communism

The Communist Party in Cuba is undoubtedly the strongest and most influential Communist group in Latin America. It is financially secure, has powerful propaganda media in its newspapers, radio stations, and publishing houses, and has well-grounded Marxist leaders, who hold Communist policy in all the surrounding countries. It is in close touch with the Communist Party in the United States. X U

Bureau coverage of these activities has been most successful in spite of the fact that since December, 1945, the Communist group in Cuba has consistently and violently attacked the Bureau as a reactionary organization interfering in Latin American politics. The charges have had no basis in fact and revealed that apparently the Communist organization has been able to secure little information concerning the Bureau's SIS operations. Through excellent police and informant cooperation, the Bureau has received detailed information concerning all Party activities and meetings. Since the Communist Party of Cuba is perfectly legal, the Bureau has also secured access to registration forms showing exactly who are members of the party. X U

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Detailed coverage has been given to the travels of Juan Marinello, Blas Roca, Nicholas Guillen, and other Cuban Communist leaders, who have traveled throughout Latin America, assisting the other Communist Parties in organization, policy, and financial matters. X U

Considerable attention has been afforded the Confederation of Workers of Cuba, which continues to be dominated by the Communist Party and which, through strike threats, has extorted large amounts of money from fearful Cuban industrialists. X U

The operations of the Soviet Legation in Havana have proved of considerable interest both to the Bureau and other agencies. In December, 1946, a new Charge d'Affaires arrived in Havana from Montevideo and apparently inaugurated a checkup among Legation personnel. Since then almost the entire staff has been changed, although no appreciable changes in policy could be determined when SIS official operations closed April 14, 1947. It is of interest to note that in connection with difficulties experienced during a Soviet cultural exhibit in Havana, a Bureau informant reported that anti-Communist and anti-Soviet elements would use violence against the exhibit. Two days later a dynamite bomb exploded prematurely in the possession of a known anti-Communist leader in one of the rooms of the Cuban capitol building near the Soviet exhibit. The man confessed to police that he had been paid to place the bomb under a motion picture projector used in the exposition. X U

DOMINICAN REPUBLIC X U

The Bureau's SIS office in Ciudad Trujillo, Dominican Republic was closed on August 15, 1946, and our representative withdrawn from that country on that date. Between July 1, 1946, and August 15, 1946, the efforts of our representative there were devoted almost exclusively to coverage of Communist activities. X U

Communism

Although a Communist Party of questionable authenticity in the Dominican Republic failed in January, 1946, SIS operations showed that a group of Dominican students exiled in Colombia were receiving assistance from the Colombian Communist Party and even had a newspaper entitled "For Dominican Liberation," which followed Communist lines closely. X U

By the summer of 1946 Dominican President Trujillo, influenced by Communist and labor pressure against his restriction of political and worker activity, had concluded negotiations to have the Confederation of Workers of Cuba send representatives to organize a Dominican labor federation with his approval. On July 23, 1946, two Cuban Communist labor organizers and a deported Dominican revolutionary leader went to Ciudad Trujillo for that purpose. Their work had not been completed when SIS operations X U

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there ceased August 16, 1946. However, about the same time a Marxist Party known as the Popular Socialist Party and endorsed by the Cuban Communist Party (which has the same name), appeared apparently through the efforts of these same organizers. Its foundation was the Spanish Communist Manuel Trueba, some 35 Catalonian Communist refugees and 11 other remaining Spanish Communist exiles from the large group which originally entered the Dominican Republic about 1944 by paying a high price for visas. ^u X

ECUADOR ^u X

SIS operations in Ecuador ceased on March 12, 1947, with the closing of our office in Quito and the immediate withdrawal of all Bureau personnel. ^u X

The Legal Attache in Quito was able to keep the Ambassador informed of developments among revolutionary elements in Ecuador. Except for the reporting of these political developments, no accomplishments of note took place during this period. ^u X

Communism

During 1946 and early 1947 the Communist Party of Ecuador continued to be one of the weakest and most ineffective in the Western Hemisphere, according to Bureau coverage close to the Party. It had no newspaper or propaganda medium and depended on its control of labor for its existence. ^u X

During July and August, 1946, it planned unsuccessfully to overthrow the Velasco-Ibarra Government and sought liberal and leftist coalition support, although only the Liberal-Radical Party responded. For their pains, several Communist including the labor leader, Pedro Saad, spent some time in jail. ^u X

In September rumors were rife that the Soviet Government was negotiating in Colombia for fishing rights in the Ecuadorian-controlled Galapagos Islands, but the Ecuadorian Government vigorously denied their truth and our investigations failed to show any agreement had been reached. ^u X

In October, 1946, a reliable Bureau informant in Ecuador revealed that the Communist Party had created a sabotage plan for use in the event of hostilities between the United States and Russia. It was to be directed principally against American interests and holdings. ^u X

After several delays a National Communist Congress was held in Quito November 16, 1946, to perfect an underground organization to operate under any eventuality and handle international relationships. ^u X

EL SALVADOR ~~SECRET~~ *XU*

During the past fiscal year and until our office in San Salvador, El Salvador was closed on April 2, 1947, the Bureau maintained one Agent in that country. Since the closing of the office we have had no coverage in that country. *XU*

Except for reporting on political developments, there were no accomplishments of the office of the Legal Attache in El Salvador pertinent to this report. *XU*

Communism

El Salvador recognized the Soviet Union April 21, 1946, but has made no effort to exchange Ministers. It has suppressed the Communist movement vigorously since 1931 and is one of the four Latin American countries which has no Communist Party. When a strike movement threatened in May, 1946, expulsion orders were issued for the Communist labor agitator, Fernando Antonio Santa Maria, and several other suspected Communists. When a general strike occurred in September, 1946, it was blamed by the government on Communists operating from Guatemala and Mexico, and some 75 persons were arrested or deported. *XU*

In recent months the Salvadoran Government has become increasingly concerned over alleged Communist penetration and through the State Department requested the assistance of the Bureau Agents in April, 1947, to cover Communist matters there. This request for Agents was declined. *XU*

ENGLAND *XU*

The excellent liaison arrangement between our representative in London and the [redacted] as well as [redacted] has continued. In addition to routine inquiries concerning persons traveling between the United States and England, numerous cases within the Bureau's primary jurisdiction, including a number of Selective Service and Atomic Energy applicant cases have been handled by our office there. Excellent relations obtain in the field of exchange of information concerning Communist Activities and Russian Espionage. We furnish considerable data in this field to [redacted] and in return receive a wealth of valuable material. A Polish Informant of our office has contributed a great many reports of interest on Russia and her satellite countries particularly Poland. *X*

A large volume of information has been received during the past year on the activities of Germans during the War, as developed by our London Office through contact with both [redacted] and the United States Army Intelligence representatives in Europe. *XU*

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FRANCE *42*

The Bureau has continued to maintain representation in the American Embassy in Paris, France during the past year. Two agents were assigned there until April 10, 1947, when one was recalled. *42*

An examination of correspondence had with our Paris Office in the past year shows that that office has handled a great variety of cases. *42*

b7C

There was correspondence with the Paris Office on the [redacted] Selective Service Case, resulting in depositions being secured from an important witness. In addition, a photostat of an Affidavit of Support filed by [redacted] in Marseilles in 1938 was secured which had a bearing on the case. *42*

b7C

In the Corby Case leads were covered in Paris concerning the whereabouts of Sam Carr, Russian espionage agent, who has been missing for some time. It was established that Carr telephoned the United States from Paris early in 1946. *42*

b7D

Our Attache in Paris has kept in close contact with [redacted]

[redacted] and a confidential informant of the Bureau with the result that we have been continuously informed as to the negotiations carried out by the Spanish Republicans with Spanish Army Officers within Spain in an effort to bring about the overthrow of Franco. We have also kept informed through this source of the changes in the Spanish Republican Government in Exile. *42*

b7C

We have learned that [redacted] a State Department official, has seen to it that the Bureau has received no information on French Communism received from the United States Embassy in Paris. Our Agent there is presently securing much of this information on an informal basis from the Embassy official charged with reporting on Communist matters in France. In addition, he is forwarding reports secured by the United States Military Attache and by [redacted] on Communism. [redacted]

b1

b1

Our office has been able to keep us advised of many suspicious individuals who have transited France en route to the United States. These include several suspected NKVD (MVD) Agents. A satisfactory liaison arrangement has been worked out with the French Police Authorities and with several of the continental *42*

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police organizations, such as the Netherlands Security Police and the Belgian Police Authorities. Our representative has been in close contact with Secretary Ducloux of the International Criminal Police Commission of which organization the Bureau has become a member. As a matter of fact, Attache Telford was designated to represent the Director at the annual General Meeting of this Organization in Paris in June. ~~SECRET~~

HAITI ~~SECRET~~

The SIS Office of the Bureau in Port au Prince was the last of our Latin American Offices to be closed. This closing occurred on April 28, 1947, and our representative there returned to the domestic field. ~~SECRET~~

Except for reporting on political developments, there were no accomplishments of the office of the Legal Attache in Haiti pertinent to this report. ~~SECRET~~

Communism

The existence of two separate Communist Parties in Haiti since the overthrow of the Lescot Government in January, 1946, has complicated the intelligence coverage of the Bureau in that country. However, through informants within both parties our Attache there has been able to keep the Embassy fully informed as to their operations and internal struggles. In a country having over a hundred small political groups, the two Communist Parties are of considerable importance as the two strongest and best organized Parties in the Republic. ~~SECRET~~

One, the official Communist Party of Haiti, has supported the Estime Administration elected in August, 1946, and has a strong influence in labor circles. The other is the Popular Socialist Party which is better organized, has more able leadership and has greater support among other Western Hemisphere Communist Parties. ~~SECRET~~

Through influence in the Haitian Senate, the former Party succeeded in getting passed a resolution favoring establishment of diplomatic relations with the USSR. This resolution was sent to the House of Deputies September 5, 1946, but there has since been no tangible result from its passage. ~~SECRET~~

When the SIS office in Haiti closed April 29, 1947, Juste Constant, Secretary General of the Communist Party, had just resigned the month previously and all indications were that significant changes in the organization were underway. The Embassy in Port au Prince evinced considerable interest in our Attache's final reports. ~~SECRET~~

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HONDURAS

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The Bureau's SIS office in Tegucigalpa, Honduras was closed on March 31, 1947, and our representative immediately withdrawn. *SU*

During the nine months of the past fiscal year when we had an Agent in that country, his efforts were directed entirely to the reporting of political developments with particular emphasis on Communist activity and possible revolutionary movements. *SU*

Except for reporting on political developments, there were no accomplishments of the office of the Legal Attache in Honduras pertinent to this report. *SU*

Communism

Communism continues to be suppressed in Honduras, and there is no known party organization. Through police contacts our Attache was kept advised of the activities of Francisca Hernandez and her husband, Rafael Ramirez Delgado, who operated the Libreria Ruben Dario, a bookstore distributing Communist and pro-Soviet literature. Information received from our domestic field and other Central American offices revealed that the exiled opposition movements against President Carias are willing to accept Communist support in ousting him but expect to "put them in their place" afterward if successful. *SU*

ITALY *SU*

The Bureau's Liaison Office in the American Embassy, Rome, Italy, was closed on September 15, 1946, and our representative there was withdrawn as of that date. This action was taken due to the lessening importance of maintaining coverage in Italy. *SU*

During the three months of the fiscal year when we had coverage in Italy we received from our office a number of reports on the activities of the important Italian Communist Party. *SU*

Our Agent there was also able to establish that the American racketeer, Charles "Lucky" Luciano was in Italy at that time. It was recalled that the latter made his way to Cuba subsequently and has recently been sent back to Italy by the Cuban Government. *SU*

b1

JAPAN *SU*

Our office in Tokyo, Japan was closed on August 30, 1946, and the two Bureau Agents assigned there returned to the Domestic Field. This step was taken in view of the fact that the [redacted] [redacted] [redacted]

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In July, 1946, our Tokyo representative gave an interesting account of the Japanese Communist Party. This report reflected that the Japanese Communist Party is divided into 46 regions and 92 districts and was attempting to gain control of non-Communist trade and agriculture organizations. This report also outlined propaganda, party skills, women's program, Young Communist League, party finances and party officials including Sanzo Nosaka, leader of the Japanese Communist Party. X u

Of particular interest to the FBI Laboratory, our Tokyo representatives forwarded a technical report concerning Japanese secret writing methods as well as one on secret inks. They also submitted a "Handbook on Japanese Military Forces" which describes Japanese ballistics. X u

Several reports were also submitted to the Bureau by our representatives in Japan regarding the Toa Rannsei organization which is alleged to be a militaristic one opposed to the plans of the occupation of Japan. This organization was ordered abolished in January, 1946, but during the past quarter there were indications that its members, under various guises, were still active. X u

MEXICO X u

The SIS Office of the Bureau in Mexico City was closed on April 8, 1947, [REDACTED]

b1

[REDACTED] However we opened a Police Liaison Office there on the same date, three of our Agents from the SIS Office remaining in Mexico City to operate this new office. We also have two Police Liaison Agents in Mexico City on special assignments. The latter two men are presently conducting a large Police School for approximately 800 members of the various Mexican Police Departments. This school is referred to in detail under the section of this report entitled POLICE LIAISON. X

The Legal Attache in Mexico has from time to time been obliged to report on the activities of political exiles from other countries domiciled in Mexico. In addition he furnished considerable information concerning the discovery of arms in Mexico in the custody of a Costa Rican named Arguello. Extensive information was furnished by the Legal Attache to the Embassy and to the Secret Service in connection with the visit of President Truman to Mexico in March, 1947. Numerous notorious hoodlums from the United States go to Mexico from time to time and their activities there provide extensive employment to the Legal Attache. There has been a certain amount of investigation in the matter X u

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entitled "The Reactivation of the Capone Gang," and inquiries were made in the Windsor Jewel Theft Case. Innumerable investigations were conducted and many are still pending in Selective Service, Deserter, WSTA and NMTA matters. As a result of excellent contacts, the office of the Legal Attache in Mexico City frequently performs outstanding work. On May 8, 1947, the Legal Attache obtained considerable information on Cuban revolutionary activities during an interview of

[redacted] These activities had significant United States ramifications. The report of this interview was furnished to the State Department. *SU*

b7C

Communism

Our investigations have revealed that the Communist Party in Mexico no longer has the organization and influence that it once enjoyed. Its leaders have continually disagreed over personal matters as well as official policies and a large number of Communists have been expelled from the Party, often-times setting up small individual groups. The principal Communist coverage of the Bureau in Mexico has been concerned with the operation of the European refugee groups and with the activities of the important Confederation of Latin American Workers (CTAL) headed by Vicente Lombardo Toledano. During 1946 the more influential refugee leaders returned to Europe, and the Bureau was able to advise the State Department and military authorities of their Communist connections for their guidance in dealing with these individuals in areas under American control. Considerable evidence was developed, tying in these Communist refugee groups in Mexico with Communist front organizations in the United States, notably the Joint Anti-Fascist Refugee Committee and the Council for Pan-American Democracy. *SU*

In the labor field close coverage was afforded the internal difficulties of the Confederation of Workers of Mexico (CTM), which forms the basis for the Confederation of Workers of Latin America. During 1946, a group of expelled Communists under Valentin Campa attempted to wrest control from the Communist leaders who have traditionally headed the CTM. When they were unable to do this at the CTM Conference of March, 1947, they broke away and formed a separate labor group. These developments were of extreme interest since loss of control of CTM by the Communists would seriously affect the prestige of Lombardo Toledano. *SU*

Coverage of Lombardo Toledano himself has involved observation of his activities in Mexico, through an informant on his staff of bodyguards. Coverage has likewise been afforded to his varied trips to and through the United States as well as Latin America and Europe. Reports from throughout Latin America during 1946 indicated a strong movement headed by Socialist leaders and apparently aided by the American Federation of Labor to set *SU*

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up a rival organization to the CTAL, which might seriously threaten the virtual labor dictatorship enjoyed by Lombardo. *XU*

Operations of the Soviet Embassy in Mexico, especially in the intelligence field, were a matter of primary interest to the Bureau since indications were that Mexico was probably the headquarters for the intelligence operations of Soviet agents and their assistants on the diplomatic staffs of Soviet-dominated Embassies. Because of its proximity to the United States, much of this activity was undoubtedly directed against this country. Several members of the diplomatic staff in the Soviet Embassy in Mexico were rather conclusively identified as operatives of the Soviet Secret Police. *XU*

Most interesting development during 1946 was the turning against the Soviet Union of Kirill Alexeev, former Assistant Commercial Counselor in Mexico. Alexeev was placed in contact with the Bureau in New York in November, 1946, and has furnished considerable information relative to Soviet operations in Mexico and elsewhere. *XU*

NICARAGUA *XU*

The Bureau's SIS office in Nicaragua was closed on March 27, 1947, and the Agent assigned there returned to the Domestic Field. *XU*

Except for reporting on political developments, there were no accomplishments of the office of the Legal Attache in Nicaragua pertinent to this report. *XU*

Communism

Bureau operations in Nicaragua rather clearly identified the Socialist Party in that country as the actual Communist organization there, recognized as such by Communist Parties elsewhere. It has opposed President Somoza but abstained from participating at all in the February 8, 1947, presidential election, being unable to secure concessions from either principal Party. We have found that politically, the Socialist Party is very weak, being unable to finance even a Party newspaper since December, 1946. *XU*

Its main strength lies in the Confederation of Workers of Nicaragua (CTN), an affiliate of Lombardo Toledano's Confederation of Workers of Latin America, which virtually controls it. As early as August, 1946, the CTN was making plans to influence the election, and on October 27, 1946, it assisted the Socialist Party in a mass meeting admitting belief in Marxist doctrines. *XU*

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PANAMA & U

The Bureau's SIS Office in Panama was closed on July 31, 1946, when it was determined that the United States War Department would not agree to our office exercising jurisdiction similar to that of our other Latin American Offices. During the month of July there were no developments of a nature which should be recorded in this report. & U

PARAGUAY & U

The FBI office in Asuncion, Paraguay was closed on February 3, 1947, and our last remaining representative recalled as of that date. & U

The Legal Attache in Asuncion, Paraguay, furnished an outstanding example of political reporting in his prediction of the Paraguayan Revolution of June 11, 1946, and his almost "blow by blow" description of the developments in that Revolution. In addition to having prompt and accurate coverage, the Legal Attache in Asuncion had the only means of communication to Washington and he transmitted messages for State, War, and Navy as well as to the Bureau. The Legal Attache continued to keep the Ambassador intimately informed on the development of the revolutionary group which, at the present time, is waging a civil war in Paraguay against the Morinigo Government. The Legal Attache predicted the revolution and indicated that it would take the form of a civil war but the office of the Legal Attache had been closed prior to the actual outbreak of hostilities in that unhappy country. The office of the Legal Attache also kept the Ambassador informed of the activities of certain pertinent Paraguayan exiles. & U

Communism

Excellent coverage through informants and police liaison sources afforded the Bureau and interested agencies a striking picture of the tribulations of the Communist Party in Paraguay during its transition from deep suppression through legality and back to strict illegality in a period of months. & U

In July, 1946, we found that a decree of President Morinigo guaranteeing freedom of the press had brought forth a leftist labor paper and a Communist organ which had previously been entirely clandestine. & U

A decision of the Minister of Interior July 31 ratified by the Council of Ministers August 2, 1946, legalised the Communist Party and for a time eased our problem of observing its activities. During August, Communist exiles from Argentina, Brazil, and Uruguay streamed back into Asuncion and resumed operations. & U

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They made the mistake of attacking the Marinaga Government and in September were punished by one month's suppression. By November they had recovered enough boldness to demand, unsuccessfully, that they be included in the Electoral Council. X u

Opposition of the strong Colorado Party and allegations that Communists fired on police during an attempted uprising of January 12, 1947, brought plans to revoke the legality of the Communist Party. On January 17, 1947, the old law of 1936 outlawing it was reinvented and at the closing of SIS operations February 5, 1947, extraordinary efforts were being exerted to eradicate all Communist roots from the country. Although it was accused of being instrumental in the March 7 uprising, all our evidence showed it must have been too weak by then to offer more than tacit support. X u

PERU X u

The SIC Office of the Bureau in Lima, Peru was closed on March 7, 1947, and our remaining personnel left there en route to the United States on that date. X u

b7C

The office of the Legal Attache in Lima, Peru, has been in close touch for many years with [redacted] the [redacted] in Peru. The close relationship existing has enabled the Legal Attache to keep the Ambassador advised in a timely fashion of political developments. X u

The Legal Attache was quite active in the investigation and repatriation of several Japanese, members of the Aikoku Doshi Kai. X u

The assassination of Francisco Galsa Garland, editor of the Lima newspaper "La Prensa," in early January, 1947, provoked a Cabinet crisis in Peru. Numerous efforts were made by the Peruvian Government to secure the assistance of Bureau agents in identifying the assassins. Naturally the Bureau took no part in this purely domestic matter. X u

Communism

The Vanguardia Socialista or Communist Party of Peru, while not one of the leading Parties in Latin America, has gained some 10,000 additional members in about two years, is of importance as a growing power, and has received thorough Bureau coverage. At its Second National Congress in March, 1946, the Chilean Communist leader, Carlos Contreras Labarca, warned them to be alert for a continental anti-Communist campaign, and the arrival of two Bureau Police Liaison Officers during the same month was denounced in the Communist press as the beginning of anti-democratic and anti-labor activity. X u

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Despite this situation, our Attache was able to follow Communist matters closely through police contacts and informants without any indication that Bureau operations were known in any way to the Communists themselves. X U

During the Summer of 1946, the Bureau was concerned with Communist influenced labor agitation in the port of Callao, Peru, but in December, 1946, the Communists lost virtually all participation in the direction of the Confederation of Workers of Peru to the opposition Agrista or Socialist Party. After that time they had only one delegate on the Executive Board. X U

The Plenary Session of the Party in October, 1946, brought an internal shake-up with several officials losing their positions for refusal to follow the proper political line. At the closing of SIS in Lima March 7, 1947, their principal accomplishment had been the placing of the highly pro-Communist and pro-Soviet Jose Maria Quimper as a member of the Political Division of the United Nations Security Council from Peru. X U

PORTUGAL X U

On September 13, 1946, the Bureau's Liaison Office in the American Embassy, Lisbon, Portugal was closed and our Agent assigned there recalled to the Domestic Field. X U

There were a number of important Nazis in Portugal at the end of the War. Our office closely followed the repatriation to Germany of these people. The Allied Government had previously presented lists of several hundred of these Germans to the Portuguese Government with the request that they be repatriated to Germany as soon as possible. Many of the names on these lists had been secured from information in the files of our Lisbon representative. We were likewise kept informed of travel to this Hemisphere of all individuals of a questionable type. X U

SPAIN X U

The Office of the Legal Attache in Madrid, Spain established in April 1943 continues to furnish the Bureau with a wealth of information concerning the clandestine Communist Party in Spain, the efforts to overthrow Franco and the maneuvers of the Spanish Government to forestall such an eventuality. Our representative there enjoys close relations with the other intelligence units in the Embassy and with British Intelligence. At the present time plans are being perfected to receive through our Madrid Office intelligence information developed in Portugal by the British. X U

URUGUAY X U

On February 6, 1947, the Bureau closed its SIS Office in Montevideo, Uruguay. All of the Bureau personnel remaining there were recalled to the Domestic Field as of that date. X U

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The office of the Legal Attache at Montevideo, Uruguay, has been able to furnish information on political developments in Uruguay to the Ambassador. Moreover, investigations have been conducted of allegations that Argentine agents were present in Uruguay. *SU*

Communism

During summer and fall of 1946, SIS coverage of Communist and related activities in Uruguay was complicated by a considerable number of outside Communists who visited the country. In August, Marie-Claude Vaillant-Couturier, the French Communist Deputy, arrived for a tour to promote Communist women's organizations in Uruguay. The Cuban Communist poet, Nicholas Guillen, was likewise a visitor as were several other Latin American Communist leaders who passed through en route to the Argentine Communist Congress held in August. The Uruguayan delegate to the Congress was Rodney Ariasendi, editor of the Communist daily newspaper, who had only recently returned from hiding in Argentina where he was sought on libel charges. *SU*

In the fall of 1946 all Communist efforts were directed toward the November 24 National Election. As a result of their heavy propaganda and their control of the General Union of Workers of Uruguay, they were able to elect a Senator, four Deputies, and two Montevideo City Councilmen. They polled about twice as many votes as in the 1942 election. *SU*

The Bureau continued to maintain coverage over the Spanish Communist Movement which, although diminished, was still active. The General Slav Union composed of European refugee groups was also of considerable interest because of its Communist and Soviet direction. Communist publishing houses, particularly Ediciones Pueblos Unidos continued to unload Russian propaganda in the Spanish language upon the countries of Latin America. The General Union of Workers of Uruguay under the virtual dictatorship of its Communist Secretary General and five out of nine members of its Executive Committee caused some labor uprisings notably a railroad strike in November, 1946, and the Construction Workers Strike in January, 1947. Tear gas was necessary to stop demonstrations during the latter strike. *SU*

The Soviet Legation expanded its interests among the refugee Communist groups and in November the Soviet Minister was called to New York to confer with Foreign Minister Molotov on Soviet policy in Latin America. Several visits were made to Uruguay by the Soviet Trade Delegation in Argentina beginning June, 1946, for the purpose of arranging an exchange of Russian and Uruguayan products. General Ljubomir Ilich, a representative of the Soviet-dominated Tito Government in Yugoslavia, visited Uruguay in late 1946 to attempt an exchange of diplomatic representatives. Ilich, an intelligence representative in addition to his diplomatic duties, was observed closely by the Bureau during his visit. *SU*

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VENEZUELA *Ku*

The Agency's SIS Office in Caracas, Venezuela was closed on March 20, 1947, and all of our personnel assigned there at that time immediately returned to the United States. *Ku*

The Legal Attache in Caracas was able to keep the Ambassador informed of the political situation in detail and reported the developments surrounding the abortive revolution of December 11, 1946. Considerable investigation has been conducted concerning the activities of Elcesar Lopez Contreras, former President of Venezuela, who has been reported for several months as the leader of an anticipated attempt to overthrow the Betancourt Government in Venezuela. In addition the Legal Attache has conducted inquiries in Trinidad and Netherlands West Indies. *Ku*

Communism

SIS coverage in Venezuela, until late 1946 in the Communist field, consisted primarily of following the activities of three separate dissident groups of Communists and the efforts of their leaders to merge the three groups into one Party. Our best information in this regard was received from an informant who, although not officially Communist, was on extremely intimate terms with most of the Communist leaders and had their confidence to such an extent that he was aware of all pertinent developments. It was learned during the summer of 1946 that the Soviet Embassy in Caracas was displeased with the divided nature of the Party and that some steps must be taken toward a unification. As a result a Communist leader from Cuba was sent to Venezuela to bring the three groups together, and in June resolutions were adopted calling for unification. This was accomplished at the important Congress held in Caracas in November, which was attended by the United States Communist, Joseph Starobin, and was covered completely by the Bureau. *Ku*

b7C

The Soviet Embassy in Caracas, although relatively new, made plans during 1946 to secure intelligence information through Communist newspapermen in Venezuela. The Embassy was especially interested in the petroleum industry, which is also of great importance to the United States. The Bureau was fortunate in securing the services of [redacted] in Caracas as a Communist and Soviet informant. This informant was given employment [redacted] for the new Soviet Embassy and was thus able to keep up with important developments. When the Bureau office in Caracas closed March 20, 1947, arrangements were made [redacted] this informant to Mexico, where it was expected he might secure similar employment in the Soviet Embassy. *Ku*

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From March, 1946, to the close of Bureau operations, coverage was maintained over Jerry Karminsky, a former Soviet agent in Sweden, who was supposed to be dispatched to the United States but jumped ship in Venezuela. No evidence of intelligence activities there was developed but arrangements were perfected to have the Bureau advised should he proceed to this country. *RV*