

Subject: Foreign Liaisons and Operations
of the JIS Groups

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Source: []

1. The various liaisons from JIS leaders within the ^{ISSEI} UGAKI Groups to various high personages and operational units within the American GHQ at Tokyo, which were discussed in general in an earlier report, illustrate very clearly the complexity, duplications, and changeability of any JIS liaisons today. Individuals within almost every group on the operating level are making local liaisons to American intelligence officers from G-2 and CIC, and supposedly giving some of the product of their operations, domestic or otherwise, background or current, to their American connections. At the same time, however, there are top level personages such as KAWABE, SAKURAI, and NOMURA of the Advisory Board of the group and ARISUE, close to the first two named, who have a solid working arrangement with American intelligence forces in Japan and who use the same information handed by individuals to lower level American contacts to enhance their value and prestige and bolster their organizational position in the eyes of American leaders.
2. The most pressing reason for duplication of both operational direction and liaison contacts is the need for monetary support. The lower levels of the groups, which carry out the actual operations, are almost entirely dependent upon their own efforts to procure a livelihood, and the easiest way to do this without a supporting salary from another line of work is to effect a direct liaison. Until there is a regularly salaried Japanese Intelligence Service, such will be the case. It must be remembered that this definitely applies to all foreign contacts and operations of the JIS groups, not merely to GHQ contacts, and that the system includes a tremendous amount of "pirating" of intelligence information reports.
3. Operations into Korea and Korean Connections.

(Sub-Source for para. 3a: [] Evaluation: C-2)

- a. The most important single figure in Japanese operations into Korea is (Maj. General) Wataru WATANABE. For well over a year he has operated, under the general direction of Lt. General ARISUE, smuggling and intelligence operations into the Republic of Korea and into North Korea. These operations have had American financial support. Some of them have produced little intelligence information that was not largely fabricated, but others, run in connection with Koreans such as BOKU
- Classification

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RETSU, president of the League of Korean Residents in Japan, have been highly productive if poorly exploited. On the other hand, some of the connections of these operations in North Korea must be watched closely. Specifically, since contact has been established to Lt. General KATO Hakuji now with the North Korean People's Army, opportunities for the North Koreans to deceive Japanese operatives have increased along with opportunities for Japanese operatives to get information back to Japan. Lt. General KATO was formerly hiding out near the Manchurian border at Chang Pai Shan, but finally joined the North Korean forces for nationalistic reasons. Several of KATO's Japanese soldiers in the North Korean Army have recently been captured and brought to Tokyo for interrogation. (Evaluation: C-3) KATO is reported to have received from Nahotka former Lt. General SAITO Yahei, wartime Chief of Staff in Korea, as his assistant. SAITO had also fought in Manchuria, and after the war had gone over to the Chinese Communist side. Recently he was sent from the training ground for Soviet-controlled Japanese troops at Nahotka to aid in the North Korean strategy. (Lt. General SHIMIZU, now at Nahotka under Soviet orders, is chief of that training unit. KATO also has connections to Lt. General HONMA (Masaharu?), who served with the Chinese Communist 8th Route Army and who is currently part of the staff of the Chinese People's Army Corps in Manchuria. SHIMIZU and HONMA were commanders of the Chiamussu and Tungan Headquarters respectively of the Japanese 5th Army under 5th Army Commander General KITA Seiichi. In this manner, ARISUE and WATANABE Wataru hope to draw information from operations into both Korea and Manchuria and possibly, by liaison routes to SHIMIZU, even from Siberia. The danger which they do not clearly recognize, according to their boastful conversation, is the duplicity and skill of the North Koreans and the Chinese Communists. WATANABE's chief assistants in running these operations are former Kempei (Colonel OTSUKA Kenzo and former Air Force (Colonel MIZUTANI). TMKK Colonel HIDAKA Tomiaki may or may not be associated with him at present, but was in the past.

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#6.
- b. Colonel HIDAKA Tomiaki is a good example of an operator who formed his own American liaisons while simultaneously operating under orders of WATANABE Wataru whom he knew was also American-financed. While WATANABE liaised with G-2 intelligence officers concerning smuggling operations HIDAKA ran into Korea, HIDAKA made his own G-2 Operations contacts through a friend and sold the operation all over again. HIDAKA is no longer associated with WATANABE Wataru, but not because of this duplication; his ability at Korean operations was very questionable. (Sub-Source for the above statement: [] of the ARISUE Kikan; Evaluation: C-2.) In addition, Colonel HIDAKA comes from one of the most illustrious families in Kyushu, where American control is all but non-existent over Japanese intelligence operations and secret societies. The colonel's brother or cousin, a lieutenant colonel who has in his past career been an Army Intelligence officer, is the chief, under Tomiaki HIDAKA's supervision, of two groups of operatives in Kyushu. One of these groups, including Lt. Col. HIDAKA himself, works

on anti-Communist operations for a local CIC unit, but the second one, under HIDAKA leadership, is actively engaged in ultra-nationalistic propaganda and intelligence operations with a view toward rebirth of Japanese militarism. Such activities are very easy in Kyushu. Through both SONODA and a Captain MURAKAMI who was formerly in TMKK work on Formosa, [] and [] maintained liaison with the HIDAKA organization and other units and ultra-nationalist societies in Kyushu.

- c. Colonel TSUJI Masanobu, previously reported incorrectly as having returned to Indo-China, is now planned to serve as one of WATANABE Wataru's assistants in future operations into North Korea. Reasons for this switch of plans and for the previous erroneous report are outlined below. TSUJI has his own CIC contacts for whom he has been working since his return to Japan in the latter part of 1949.

4. Southern Operations - Formosa and the Chinese National Government.

a. Liaisons in General

The very top level of the UGAKI Federation is closely aligned with the right-wing of the Chinese Nationalist Government on a liaison basis. One possibility which is just a plausible rumor is that YOKANURA Yasutsugu is close to UGAKI and actually handling much of the direction on this. Even without this strong pro-Nationalist leader at the center of the organization, evidences of Chinese Nationalist liaison, support, and financing in branches of the UGAKI federation are many. On the other hand, the attitude of Japanese Kikan leaders and of the central advisors is that the Chinese Nationalists should be used for financial and logistic support and should be aided on Formosa in the hope that they will win, but that these operations and these hopes should not be permitted to interfere either with independent Japanese operations vis-a-vis the Chinese Communists or with the definite need for satisfactory future relations with whatever force and intelligence service controls China, which, realistically speaking, means the Chinese People's Government.

b. Specific Local Liaisons

YOKOYAMA Yui, as well as UGAKI Issai, possesses first-rate connections to the Chinese Mission here. (NOTE: Cf. ZJL-436) The entire plan for Japanese volunteer enlistment for Formosa defense was given financial and logistic support from the very beginning by the Chinese Nationalists, particularly General CHU Shih Ming. On the other hand, the YOKOYAMA-KAWAGUCHI-KOBAYASHI-NEMOTO combination which started this up is not the only group which has had Chinese aid. The ARISUE Kikan was the one able to send NEMOTO to Formosa in June, 1949, and KUMAMOTO a former Major SATO of the Kwantung Army G-2 Staff in Manchuria, ARISUE's henchman, has been one of the most instrumental figures on the operating level dealing with the Chinese Nationalists on a trading basis of recruits in exchange for sugar and bananas. KUMAMOTO's liaisons to the

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Chinese Communists have been simultaneous. In addition, one must not forget that the vast majority of Japanese Rightist operatives are not only Pan-Asiatic in their thinking but also have in the past served in the China Theater where almost all of them developed Chinese contacts. Particularly, most who were there in the post-war period developed, from a reverse position, not merely penetrations but also cooperative operations with the right-wing of the Chinese Nationalist Kuomintang and the Kuomintang-controlled Chinese Intelligence groups, with whom they have so much in common ideologically.

* FURUYA, who will now be the principal contact man on behalf of both the ARISUE and KAWAGUCHI groups in arranging the logistic support for operations henceforth to Formosa and operations utilizing Formosa as a mounting area, has the task of securing the support of the Chinese organization known as the "RAINSHA" (雨衣社) for the latter type of operations to the mainland of China and into Indo-China.

These operating-level liaisons at Tokyo are limited chiefly to the ARISUE Kikan and the KAWAGUCHI Kikan, including of course (Vice Admiral) * KOBAYASHI Shozaburo, and the Foreign Office and former Foreign Office figures who adhere to Tsuchida Yutaka's National Peace and Independence Committee. Of course, Horiuchi Genjo and his cohorts, outside the UGAKI Federation but liaising into it, maintain contacts and liaisons with both Chinese Mission figures and with the Chinese Nationalist leaders as well; so do innumerable Pan-Asiatic figures and groups which have been mentioned in past reports. For the latter there is a natural ideological identity of interests with the right-wing Kuomintang.

e. The Formosa Liaisons

The two key figures in these liaisons, joint operations, and military cooperation are NEMOTO Hiroshi and WATANABE Ikujiro, both called Army Lieutenant Generals. Actually, WATANABE Ikujiro, a bald man of about fifty-eight years, may be (Vice Admiral) MAEDA Minoru utilizing "ex-Army" for cover reasons. Both have served on Formosa previously, NEMOTO going from Formosa to Peiping where he was a Chief of Staff to the North China Command. Although both have been to Japan recently several times and "WATANABE" is still in Japan with the intention of commanding personally the fifth expedition to Formosa once it gets underway, they may properly be considered the representatives of the UGAKI Federation to the Chinese Nationalists on Formosa for the purpose of joint operations: military, smuggling and intelligence. They will also have a hand in the mounting on Formosa of Japanese operations against the mainland with the logistic support of the Chinese "RAINSHA". NEMOTO will be in charge of the placement of Japanese troops on Formosa and the contact to whom Japanese operatives dispatched to China and Indo-China will report. Since the UGAKI Groups have little intention of permitting the Chinese Nationalists to get control over the operations or of giving them more than a by-product

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of the information gained. On the other hand, control of operations going THROUGH Formosa or being mounted or re-mounted on Formosa will be retained by Tokyo groups and individuals; NEMOTO, as a military man and a non-professional in intelligence work, will serve only as contact and channel.

5. Southern Operations - Indo-China

The original plan formulated early this spring for operations into Indo-China entailed the use of Col. TSUJI Masanobu as chief of those operations to both Vietminh, Vietnam, and the French government. While at Imperial General Headquarters, TSUJI was the protege of Lt. General ARISUE, then staff intelligence as a Major General; ARISUE continues to think very highly of TSUJI, and the plan was ARISUE's. It was so definitely slated that when NEMOTO went back to Formosa in June, 1950 after a brief trip to Kagoshima, TSUJI was reputed to have been on board. It was TSUJI and WATANABE Wataru who met NEMOTO at the Kagoshima Conference. He was later reported as having gone on from there to Indo-China, (according to information elicited from [] The actual facts and mistaken identity came out much later: KUMAMOTO of the ARISUE Kikan, who supervised the third expedition to Formosa in June, took with him not TSUJI but a former Lt. Colonel and Commander of the Shanghai Tokko Kempeitai, ~~TSUMITA~~ ^{Sumitani} they picked up NEMOTO at Kagoshima. It seems that not everyone shared ARISUE's and WATANABE Wataru's enthusiasm for TSUJI, especially personnel from the Southeast Asia theater of operations. Major General KIMURA, former Commanding Officer of Japanese Military Government for the Burma Theater, and MATSUMOTO Shunichi, former Minister Plenipotentiary to Indo-China and later Vice-Foreign Minister, were the two most influential objectors. MATSUMOTO, as a member of TSUCHIDA's Committee and chiefly through TSUCHIDA and FURUYA personally, had been assisting for some time in placement of intelligence operatives from various Japanese Kikans on ships of his friends going to Indo-China and to Malaya legally and illegally. In the past, he had also had excellent connections to operations of the special Kempei (the Tokko Kempei) in both Indo-China and South China and had maintained a fairly accurate contact system to individual ex-Kempei operatives up to date. When FURUYA approached him on the matter of several ships for the KAWA-GUCHI Kikan's forthcoming fourth expedition in early July, MATSUMOTO agreed, but by earlier discussion with both FURUYA, TSUCHIDA, ~~IWAHARA~~, and others, he had made it quite clear that TSUJI was in his opinion quite unsuitable for work in Indo-China, as were most former military men; he demanded introduction of former Kempei special operations officers and Tokumu Kikan men instead of the personnel TSUJI wanted. In early June, KIMURA, a newcomer to the ARISUE Kikan whose chief task it was to "fix" the Maritime Safety Bureau, the Board of Trade and other Japanese government agencies with bribes from the profits, also flatly objected to TSUJI being involved in any Southeast Asia operations. TSUJI, while an Imperial GHQ G-2 representative from Singapore in Burma, had apparently made himself thoroughly obnoxious to many of the local commanders as well as to the "political officers" such as KIMURA. KIMURA favored ASADA Goro, former special operative at Bangkok. The general

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consensus of former Southeast Asia staff opinion was that (a) TSUJI was too closely identified with the French; (b) TSUJI was insecure, operationally incompetent, and not liked by natives of the area; (c) TSUJI was thoroughly known and "blown" to the Chinese Communists, who did not like him either. MATSUMOTO introduced professionals such as former Indo-China Tokko Kempei Colonel HAYASHI Hidesumi, former Kempei (Military Police) Colonel TOMIMURA, and Lt. Col. TOMITA to the federation as well as others. IWAZAKI Takeo, as a former Nakano School man, threw his weight against ARISUE's man; at the last minute, the central advisory group ordered replacement of TSUJI by Lt. Colonel TOMITA and the latter went as advance contact agent for about twenty agent personnel to be sent on the fourth expedition.

Although the failure of the fourth expedition delayed dispatch of those agents, they will go about the end of October with the fifth Formosa expedition and will be re-mounted from Formosa with the cooperation of the Chinese Nationalist RAINSHA. ASADA Goro, now with the Foreign Office, TOMIMURA, and possibly HAYASHI Hidesumi will go. HAYASHI is apparently in charge of most Indo-China operatives for the group, but there appears to be someone above him who will supervise all operations in that general area as far as professional intelligence operations are concerned. NEMOTO will be their liaison man unless a better means can be devised. MATSUMOTO Shunichi will continue to aid in the logistic support, and in the overall recruiting policy.

The general plan for Indo-China operations entails playing both sides in the struggle, with the ultimate objective of those operatives on the Vietminh side of securing liaisons into the Chinese Communist connections of the Vietminh. Some information on the Vietminh will be given to the French by those operatives who are aligned on the French and Vietnam side; some information on the French will be used to further the cause of those operatives working for HO Chi Minh.

6. Asian Operations - India and Pakistan

Through ^{INA} MIZUNO and ^{INA} YOSHIDA of the ARISUE Kikan operating under direction of Major General KIMURA, connections have been made to commercial companies who have placed representatives as technical advisors to the governments of India and Pakistan. In this manner, several operatives with legitimate business and technical experience have been placed within those representations.

7. Connections to the Chinese Communists

- a. One of the most striking liaisons to develop in the past year has been that between the chief of the General Affairs Section of the Overseas Democratic Chinese Cooperative Association in Tokyo, a Chinese referred to as "DEN" by Japanese, and former Kwantung Army Major SATO @ KUMAMOTO of the ARISUE Kikan. DEN's organizational headquarters is located at #61877, Sixth Floor of the Marunouchi Building, Tokyo. It is definitely

identified as a Chinese Communist organization. This liaison is definitely an attempted doubling operation from both sides, with KUMAMOTO probably giving more than he gets. (Sub-source for the above: [] Evaluation: C-3.)

In addition to his contact to KUMAMOTO, DEN gives directives to former Lt. General KAWASAKI, now living in Kyoto under the alias of FUKUDA. After the war, DEN was KAWASAKI's superior while the latter served as an advisor in the Chinese Communist 8th Route Army. KAWASAKI is reputed to feel that the Chinese Communists, as Asiatics rather than as Communists, represent the hope of a strong anti-white force in the Far East. KAWASAKI is not connected to the UGAKI Groups to the best of any knowledge obtainable at present; agents of UGAKI Groups de liaison to him. (Evaluation: B-3.)

A former (second lieutenant) OCHI, now employed in the KOSEIKA 厚生課 of the Education Ministry, who once served under a Major HAYASHI, who has been with the Chinese Communist People's Army for four years in Manchuria in their Air Force branch, has been contacted secretly by a messenger of HAYASHI's and will resign and go to Manchuria. OCHI will keep in touch with YOSHIDA of the ARISUE Kikan.

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