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References: ZJL-404, 436, 444.

Source, Operational Data, and Comments:

1. This report covers details of the aftermath of the fourth expedition to Formosa and future plans for the next expedition. This supplements the facts outlined in ZJL-436.
2. In addition, ZJL-444 has included certain high-level planning changes regarding overall policy for the expeditions and particularly the Sino-Japanese joint operation nature of the expedition, as well as certain significant personnel changes. It is clear, when details of the operational planning are revealed, that the Japanese groups have a very skilful plan devised by which Chinese support is secured and yet the operation remains essentially Japanese and for JIS benefit.
3. Information from other sources, particularly the newspapers, confirm WATANABE Saburo's part in the smuggling operation. After YAMAMI's appearance for questioning, a new flurry of news reports came out. YOMIURI News Magazine (weekly) for the first week in September carried an article on the case. It seems, however, that like most unsuccessful Rightist enterprises in post-war Japan, it has become first-rate scandal material for the leading papers but practically a dead issue as far as government punitive action is concerned.

NAZI WAR CRIMES DISCLOSURE ACT

EXEMPTIONS Section 3(b)

- (2)(A) Privacy
- (2)(B) Methods/Sources
- (2)(G) Foreign Relations

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Declassified and Approved for Release  
by the Central Intelligence Agency

Date: 2005

44-78-18

Subject: Secret Shipping Plans and  
Activities of JIS Groups  
(Cont. to ZJL-436)

Report No: ZJL-1116  
(PD-109)  
Date of Information: 4 September 1950

Place Acquired: Tokyo, Japan

Date Acquired: 5 September and 9 September 1950

Evaluation: B-2

Date of Report: 14 September 1950

Source: [ ]

1. After details of the fourth recruit-smuggling expedition to ~~Formosa~~ were disclosed in all of the leading Japanese newspapers, the ~~KAWAGUCHI~~ *Toketsu* Kikan issued tentative instructions to its personnel as to cover stories which were to be used in case of arrest and as to future activities. ~~YAMAMI~~ *Kashiro* was told to give himself up on August 26 and exonerate himself from blame by feigning lack of any knowledge of the true circumstances. This he was able to do because of pressure to smother the case which was exerted by high Navy officials within the ~~OGAKI~~ *Federation*, and by General ~~KIDURA~~. At the same time, a rigorous investigation was undertaken and still continues to fix the responsibility for failure of the expedition plan. After a discreet interval, KAWAGUCHI himself made a trip to Osaka and Kyoto on 30 August to look into the matter, leaving FURUYA and ~~OIKAWA~~ in charge at Tokyo.

2. ~~Reasons~~ *Genshichi* for failure of the expedition were considered by KAWAGUCHI and ~~FURUYA~~ to be the following:

- a. ~~NAKAMIZO~~ *Tatsuo* ( ~~19~~ ), cover company chief of the KAWAGUCHI Kikan's ~~HEIWA~~ *Trust Credit Company*, gave an overt recruiting speech to youths in the vicinity of Kyoto in mid-June, 1950 in order to gain recruit volunteers. This tipped off investigators for both the Communists and for the leading daily newspapers.
- b. Intelligence brokers and sharp middlemen interfered in the business; this was particularly true of the ~~KURUME??~~ *Small Boat Company* to which the KAWAGUCHI Kikan had originally made a request for procurement of ships. The office of this company is located at #25 Tachibana Cho, Nihonbashi, Chuo Ku, Tokyo. These brokers and middlemen intended to make a sizable profit out of the entire expedition. One of the chief figures in this deal, which was to involve procurement of about sixty ships through that company and others eventually, was ~~WATANABE~~ *Saburo*. He is a rich businessman with a reputation for many shady business, black market, intelligence brokering and other deals in the past. About 38 years old, he was formerly a civilian Tokumu Kikan operative in North China during wartime and earlier, and is a smugglers' contact man now. KAWAGUCHI originally decided to work through him in procurement. There were many haggling sessions and considerable stalling. Therefore FURUYA asked OIKAWA,

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former Minister ~~MATSUMOTO~~ Shunichi and YAMAMI to get ships so that something could be accomplished. WATANABE Saburo was still involved, however, and fortunately for the KAWAGUCHI Kikan, because much of the blame for the expedition could be shifted to him. He was paid for his services, and has slid out of many similar difficulties before, so it did not cause any difficulty. He and not WATANABE Ikujiro turned out to be the "certain WATANABE" mentioned by the newspapers as having been sought by the Maritime Police.

- c. The Chinese emissary, ~~LU~~, came to Japan from Formosa later than expected, so that funds were not authorized in time to back up Vice Admiral ~~KORAYASHI~~'s note.
- d. Vice Admiral ~~SUGAWA~~, who had ~~charges~~ of shipping details on the fourth expedition under KAWAGUCHI, failed to follow through in his duties and instead passed over several hundred thousand yen of organization money to young subordinates to carry out those duties at the last minute. In this manner, secret information leaked out in the vicinity of Kyoto.

- Seizo*
3. The future activities of the KAWAGUCHI Kikan, as previously reported, will be integrated under supervision of the ~~ARISUE~~ Kikan in regard to the fifth smuggling expedition. This runs counter to the Central Headquarters order splitting ARISUE off from southern operations, but is felt to be necessary in view of the dismal failure of the fourth expedition, which is still being discussed at length by YOMIURI News Magazine and other leading daily newspapers. Initial funds for the expedition will be partly supplied through KAWAGUCHI's HEIWA Credit Company and from GHQ contacts of the ARISUE Kikan who do not know, however, details of the Formosan plan. FURUYA and OIKAWA will be in charge of ship procurement, liaison, contacts, and negotiations on behalf of both Kikans. Since ~~KUMAMOTO~~ ~~Maion~~ ~~SATO~~ of the ARISUE Kikan successfully handled the third expedition in June, bringing back ¥ 6,000,000 worth of bananas which were put on sale in the Tokyo markets, he will aid in mounting the new expedition. In line with the desired policy of FURUYA and OIKAWA, efforts will be made to purchase ships rather than work through brokers. Preparations are already in progress for the fifth expedition, and cargoes will include not only coast patrol officers, army specialists, and political intelligence officers for Formosa, but also political intelligence officers numbering about twenty who will be sent to Indo-China. Details will be worked out after KAWAGUCHI confers with ARISUE, and departure date is tentatively the end of October.

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