

SECRET

Executive Registry
108-6095/3



15 APR 1968

SUBJECT: CI Staff Discussions with Fred C. Woodrough, Jr.

1. Fred C. Woodrough's analysis of Japanese captured records regarding Herbert O. Yardley led to the assumption that the Japanese documents might contain counterintelligence data on Soviet intelligence operations and agents.

2. CI Staff has taken up this question with Mr. Woodrough. He believed that the records might contain scattered items on Soviet intelligence. The Staff is now examining a set of published guides to the records in order to determine whether they provide any indications of materials of specific counterintelligence interest. Mr. Woodrough is agreeable to undertaking an examination for us and we will proceed with him accordingly after we have completed the examination of the document summaries.

[Redacted]

C/CI/R&A

25X1

EXECUTIVE REGISTRY FILE B-5

768 511 13 02 711 588

768 511 13 02 711 588

SECRET

GROUP 1
Excluded from automatic
downgrading and
declassification

REPORTS ON ITEMS BASED ON MATERIAL CONTAINED IN THE
"ARCHIVES IN THE JAPANESE MINISTRY OF FOREIGN AFFAIRS, 1868-1965".

1. "Yardley" Oriented

a. Herbert O. Yardley, who subsequently published the infamous book, "The American Black Chamber", was personally and directly involved in a transaction which he, in consideration for the payment of a sum of \$7,000, turned over to Japanese Ambassador Debuchi, in Washington, a large volume of decrypted Japanese messages in the diplomatic systems and papers describing the cryptanalytic processes which lead to their being read. The deal took place in 1930. A document concerning this transaction is attached as Attachment 1.

b. On the surface, even after duely considering the economically depressed times, the sum of \$7,000 seems indeed nominal for the sell-out. However, in view of the subsequent (only about six months later) publication of his book "The American Black Chamber," in which much of material with the \$7,000 price tag, was made publicly available for the price of the book, it was indeed no bargain. It is understandable that the Japanese were incensed. But this was among the minor of the repercussions in Japan to the book's publication. There was much discussion of whether to attempt the book's suppression, and, if affirmative, how to accomplish it. A thought was to confront Yardley with a charge of bad faith, on the grounds that the Japanese had bought sole "rights" to the

material when they paid him the \$7,000. All proposals for such action, however, were eventually rejected, generally on the basis that any act would draw unfavorable domestic and international attention to the Japanese. As far as the "bad faith" charge, the thought was turned down by the suggester on the grounds that a man who would sell out his country for \$7,000 wouldn't know the meaning of "good faith". The overall policy adopted was, apparently, to try as hard as possible to ignore the whole thing and to minimize whatever attention that might be given the book.

This did not absolve those in the inner government from working at a feverish pitch on the implementation of the "ignoring" policy. Several drafts of answers by Cabinet Officials at a hypothetical legislative hearing on the matter are among the papers in the file. There are also reports in depth of the status of Japanese cryptography and of the science of cryptanalysis in the world; there are a couple of references to the Japanese efforts in that science; there are also papers on how to cope with the problem of secure communications in the future, and how to implement stop-gap measures pending the manufacture and distribution of cipher machines on a world-wide scale. Some points which were brought out were:

- (1) That almost a year was required for the preparation, compilation, and distribution of a set of cryptographic material (code books) under the then existing policy of relegating such duties to a "time available" basis

- (2) That the diplomatic cryptographic systems could not be made more complex without a substantial increase in the telecommunication sections' staffs, both at home and overseas; and that the year's lead time required for the activation of new code books precluded more frequent changes of systems without considerably increasing the size of the crypto-security section.
- (3) That under the rather limited effort assigned to it, the results being obtained in the field of crypt-analyses were satisfactory.
- (4) That crypto and communication security measures, including physical security pertaining to them, already promulgated should be more strictly adhered to.
- (5) That cipher machines are the answer.

The publication of the Black Chamber had, taken all in all, very little immediate effect on Japanese cryptography; few if any, "over night" changes were implemented by the Japanese with the publication of what must be one of the greatest overt cryptanalytic compromises of modern times. This was due, simply, to the fact that the Japanese were operating under what to them was their optimum cryptographic conditions involving time and complexity. In other words, no immediate fundamental changes could be made because under the circumstances, they were already doing the best they could.

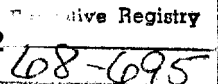
However, the publication did make the Japanese very cryptology conscious. They went through, in currently popular jargon, a traumatic experience which, whether or not it made of them a great cryptologic people, undoubtedly left a lasting mark. There were those of the "out" party and its press at the time who charged the ins with gross negligence and high treason for allowing Japan's

adversary to take advantage of Japan at the London Naval Conference. (Newspaper clippings of these charges are among these papers). A subject which causes a governmental crisis is bound to make an impression, regardless of whether it is publicly white-washed or glossed over.

From these papers, there is no way of knowing precisely how this reaction manifested itself. One thing seems evident, however, and that is that by and in the 1940's, at least, the Japanese showed a high degree of sophistication in the art of decrypting other people's messages (U.S.'s included), which is reported in c. below.

c. Among the papers in these Foreign Office's files, is a group of about five thousand pages, filed under the heading of "Japanese-U.S. Diplomatic Discussions During the Period Immediately Preceding the War". It consists mostly of copies of messages between the Foreign Office and Admiral Nomura, the Japanese Ambassador in Washington. In this file was a scrap of paper with a scribbled memo, apparently notes from which to draft a message. The scribblings read:

"A message decrypted (KAIDOKU) by Yardley, from the British Ambassador to Tokyo to the British Foreign Minister (Info to British Ambassador in U.S.) dated 30 September contained his opinions, the gist of which follows (Because of the source of this information, it is for your information only) one or two characters illegible -/ "Ku" (Craigie) states that Grew is also of the same opinion. Minister met with Craigie, 28th, same night Craigie met with Grew."



11202 Healy Street
Silver Spring, Md. 20902

28 November 1967

Vice Admiral Rufus L. Taylor, USN
Deputy Director of Central Intelligence
Central Intelligence Agency
Washington, D. C. 20505

Dear Admiral:

During the past ten to twelve weeks I have read or scanned approximately 40,000 pages of material in Japanese selected from the "Checklist of Archives In the Japanese Ministry of Foreign Affairs, 1868 - 1945" which lists material microfilmed for the Library of Congress during 1949 to 1951.

Results, from the standpoint of uncovering items or situations of specific interest which are applicable to living things and events, must be considered almost totally negative. The few exceptions are appended in the form of reports. I don't think that Farago's reference to Yardley which was instrumental in the initiation of this investigation, nor my personal background, unduely influenced the fact that all of these exceptions are cryptology-oriented; that it did so turn out, is due only to their being in the sole category in which there seemed to be items of possible current interest.

The appended reports are divided into two general parts: The Yardley and the non-Yardley. The Yardley part is broken down into three sections: (a) in which Yardley himself is the central figure; (b) in which repercussions of a Yardley action, i.e., the publication of his book, "The American Black Chamber" is narrated; and, (c) in which evidences of Japanese cryptologic achievements, to which Yardley may have made a direct contribution, is reported.

(EXECUTIVE REGISTRY FILE D-5)

The non-Yardley part--so-called because he did not figure in it personally--is a report on compromises in crypto- and communications-security. The report treats available material in a rather cursory manner only because the subject matter does not meet this undertaking's specifics. All the material from this source pertaining to this particular matter was copied and is on file in NSA. I am hopeful that at some future date, time and circumstances will permit a report in more depth. I think it would make for good reading and may have some value as training material.

Though the search bore generally disappointing results, this appraisal is not intended to apply to any but the specific objective for which the project was undertaken. Students of the history of events leading to World War II, more specifically the Japanese-U.S. involvement in it, or of the many by-plays during the Manchurian and China "Incidents" would find this cache a veritable treasure trove; those who may be interested in Japan's introduction into western style diplomacy would find much to intrigue them in the complete files of Baron van Siebold's papers for the years 1868 to 1905. Siebold was an advisor to the Japanese Foreign Office during those formative years and as such, apparently had 'carte blanche' use of all of Europe as his stage of activity.

For those and many other subjects, this material held in the Library of Congress should be of interest in varying degrees up to and including invaluable. All of the 2,000 plus reels of micro-film (about 1,000 frames to a reel) of which I viewed only about 40, is well catalogued and cross-indexed in the "Checklist of Archives" referred to above. This volume is well worth a place in the reference libraries of all researchers and students of the histories of foreign affairs, of Japan, and of international politics of the past 100 years.

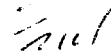
I would like to add a word about the environment in which this project was carried out. The cooperation and assistance extended by concerned elements and individuals at NSA were of the best. These include but certainly not limited to who provided me with working spaces

STAT

and permitted his staff to give unstintingly of their time and efforts--particularly those of [redacted] and [redacted] and their assistants, to each of whom I am individually indebted; to [redacted] through whom I availed myself of the generous services of [redacted] and [redacted] I am also particularly indebted to Mr. Pforzheimer and [redacted] at NSA, and member of their staffs-[redacted], for one. These persons among others, made the project a most pleasant undertaking.

Though little results of a positive nature can be shown, I hope that my efforts were of some value, even in a negative sort of way. In any event, I hope that I may again have the opportunity to try to serve.

Sincerely,



FRED C. WOODROUGH, JR.

STAT

STAT
STAT

STAT
STAT

APR 50 11 11 AM '88

Approved For Release 2003/03/28 : CIA-RDP80B01676R001600030011-2

ILLEGIB

Approved For Release 2003/03/28 : CIA-RDP80B01676R001600030011-2

Two messages which undoubtedly relate to the above scribbled notes are translated in full as follows:

TO: Ambassador Nomura, U.S.
FROM: Minister Toyota

Drafter: 3 October 1941
Nr: 38168
Sent: 6 p.m., 3 Oct 1941

Message No. 627 (Chief of Office Code; Private)

On 28 September I outlined my opinions regarding Japan-U.S. problems to Craigie, the British Ambassador who is shortly to go on a "leave" trip to the U.S. (He had planned to leave Nagasaki on the 30th and board the Coolidge at Shanghai on 4 October, but due to the illness of the Consul who was to be Charge d'affairs in his absence, he has apparently postponed his trip for about 3 weeks). I added that he could get further details from Ambassador Grew. I understand that he did meet with Ambassador Grew that night.

According to extremely reliable information, the Ambassador (Craigie), subsequently explained the need for speedy conversations and agreements between Japan and the U.S. to Foreign Minister Eden and Ambassador Halifax, expressing opinions in a message to them, the gist of which is contained in Separate Message No. 628.

Because of the source of this (information) this is strictly for your information only.

Full text of message Nr. 628.

To: Ambassador Nomura, U.S.
From: Minister Toyota

Drafter: 3 Oct 1941
NR: 381--
Sent: 6 p.m. 3 Oct 1941

Message No. 628 (Separate Message)
(Chief of Office Code)

1. With the resignation of Foreign Minister Matsuoka, there is an increased possibility of a shift from Axis policy to a more moderate policy.

2. The difficulties in the Japan-U.S. talks are, with the Japanese though time is of the essence, they cannot obtain anything more than a generalized understanding; the U.S., on the other hand, is playing a delaying game, insisting on discussing each word and

standing of the Japanese psychology or is ignorant of the fact that the normal situation of Japan does not permit any delays. It would be indeed regrettable, if such (lack of understanding or ignorance) should be the cause of missing the best chance for settling the Far Eastern problem since I assumed its post 4 years ago.

Prince Konoye sincerely desires the prevention of dangers which the Tripartite Pact and Axis relations, for which he has personal responsibilities have brought on Japan. In changing his policy from this stand, the Prince faces considerable opposition domestically, and unless the Japan-U.S. talks progress speedily, he will lose those who presently support a revision of national relations on, if by some chance, the talks end in a miscarriage or are unduly prolonged, the Konoye cabinet will face a crisis.

Though I realize that there are several difficult problems in the negotiations, both the U.S. Ambassador to Japan and I feel that to miss this excellent chance through undue amount of caution, would be exceedingly unwise.

Of course, it goes without saying that no lessening of its economic retaliatory measures should take place until Japanese foreign policy does an about-face, or, in other words, until the Konoye principles actually are manifested. "

The latter of the above two messages is undoubtedly a translated gisting of a portion -- that portion which starts with the bracket, midway in para (3) on page 3 -- of the message from British Ambassador Craigie in Tokyo to Foreign Secretary Eden, dated 30 September 1941, a copy of which was in the files under investigation and a copy of which is here attached:

ILLEGIB

371



大臣

ILLEGIB

B -

G

2/10/41



Japanese-American Conversations:

Craigie's Views

(in figure cipher)

From Craigie, Tokyo.

To Eden, London.

September 30th, 4.20 a.m., 1941

Summary:

Japan is in haste. America is playing for time, without taking due note of the situation in Japan.

Konoe sincerely desires to steer clear of Axis dangers.

The present moment is the best chance of settling Far Eastern questions.

Meantime, continue economic reprisals in full vigour.

Torch.

Addressed to Foreign Office No. 1853,

September 29th, repeated to Washington No. 293,

"Torch" No. 160. Your telegram No. 1187.

Secret.

While I find myself in general agreement with the views expressed, I do not think this telegram tells the whole story, and, to bring the narrative

外

務

備

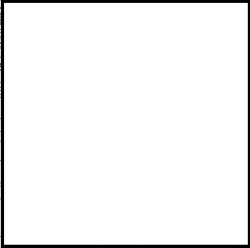
STAT

Approved For Release 2003/03/28 : CIA-RDP80B01676R001600030011-2

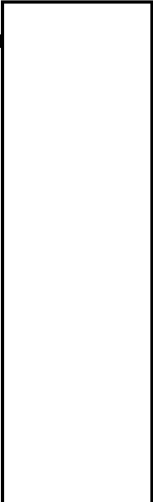
Approved For Release 2003/03/28 : CIA-RDP80B01676R001600030011-2

372-

ILLEGIB



ILLEGIB



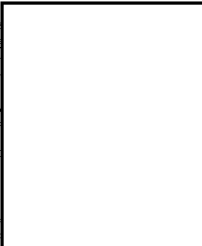
- 2 -

up to date, I would submit the following observations.

(2) I do not question the view that Japan's motives may be mixed, but is this in itself a reason for being willing to encourage Japan along the new path on which the present Government have now entered? Even assuming Japanese policy to be actuated solely by the idea that identical ambitions can for the moment best be served by a change of technique (a view to which I do not altogether subscribe), there is no chance of Japan's expansionist aims being realized in the immediate post-war future, once Germany has been defeated. For this reason and because to keep Japan neutral will contribute to the defeat of Germany, I venture the opinion that a post-mortem on our horizon (? part) may legitimately be bounded by limits

273

ILLEGIB



ILLEGIB

SA

- 3 -

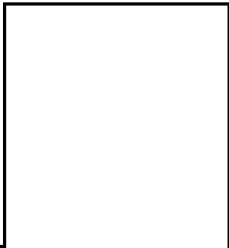
(3) As regards your reference to the last paragraph of my despatch No. 270, it will be appreciated that this was written at a time when Mr. Matsuoka was still Foreign Minister. With his departure, a very considerable — brief/ notable (2 bit) a radical — change has occurred in the political situation here, and there exists a more real prospect than at that time of setting in motion a steady swing away from the Axis and towards more moderate policies.

(4) The all-important question at the moment is the discussion now proceeding between the United States and the Japanese Government. The main difficulty appears to be that, while the Japanese want speed and cannot yet afford to go beyond generalizations, the Americans seem to be playing for time and to demand the most precision in definition before agreeing to any concrete forerstep of rapprochement.



377

ILLEGIB



ILLEGIB



- 4 -

This (? There is) reason to believe that the American requirement undoubtedly takes little account of Japanese psychology or of the internal situation here which brooks no delay. If persisted in, it bids fair to wreck the best chance of bringing about a just settlement of Far Eastern issues, which has occurred since my arrival in Japan.

外
務

375

ILLEGIB



ILLEGIB

SN



- 5 -

(5) My United States colleague and I consider that Prince Konoye is telephone (? most) sincere in his desire to avert the dangers towards which he now sees the Tripartite Pact and the Axis connection (for which he naturally accepts his share of responsibility) are rapidly leading Japan. But the strength of the opposition to his new policy, nurtured by the anniversary of the strategical reconnaissances (? reminders) of the Tripartite Pact, leads the Japanese Government to feel that they can only retain a sufficient body of supporters for this policy and face decidedly ing (? the risk of arousing the) wrath of their Axis partners, if some overt and striking sign of progress in the discussions can be given at an early date. The Prime Minister has staked his political future on this move and concurs (? drift). Despite the Emperor's strong backing, I doubt if he and his Government British Consular Officer (? can) survive if the discussions prove abortive or drag on unduly.

外務省

376

ILLEGIB



ILLEGIB



- 6 -

(6) Admittedly, there are entials (? dangerous factors) in the situation baggage (? from these) points of view: (a) A preliminary agreements merely on general principles may contain seeds of future misunderstanding when the details come to be worked out; (b) there is a danger of suspicion and discouragement at Chungking if the preliminaries about general principles contain any ambiguity on the subject of peace terms to be offered to China; (c) partisans of the Axis in Japan are still very strong, both numerically and vocally, and we cannot exclude the possibility that so radical a change in foreign policy if all (? may) precipitate serious internal troubles, with the German Fifth Column at the bottom of it; (d) finally, America's interests in the Far East are not wholly identical with ours and, when the time comes for consultation, divergences of view may be found to exist. But the risks must be faced either repaired (? in any case), and my United States colleague and I are firmly of the opinion that on balance this is a chance which

外務

377



ILLEGIB

ILLEGIB

- 7 -

it would be illegible (? inexcusable) folly to let slip. Caution must be exercised, but an excessive cynicism brings stagnation.

(7) Meantime, it goes without saying that we should maintain the full ⁴ force of our economic reprisal until such time as concrete evidence of a change of Japanese policy is forthcoming, i.e., until there begins that practical application of Prince Konoye's general principles which alone can justify the making of concrete concessions on our part.

Craigie.

Approved For Release 2003/03/28 : CIA-RDP80B01676R001600030011-2

ILLEGIB

Next 5 Page(s) In Document Exempt

Approved For Release 2003/03/28 : CIA-RDP80B01676R001600030011-2

This British message and its existence among other Japanese papers gives rise to some questions, a number of which are as yet unanswered:

(1) What is the significance of the reference to Yardley as the decrypter? It would seem to indicate that he was engaged as a member of a Japanese counterpart of "The American Black Chamber". He was known to have been in the employ of the Chinese Nationalists as a cryptanalyst from 1938 to 1940; he has definitely been placed in Washington in March of 1941; he was in the employ of the Canadians in a similar capacity in 1941, an employment which may have been terminated in about September of that year. If he subsequently found employment with the Japanese Government, it would be a fact which was unknown till now. It seems unlikely, though probably not impossible, that he could have traveled to Japan in the environment of the fall of 1941 without its becoming known. However, Japanese ships were still plying the Pacific and it is possible he could have boarded one of them without attracting attention -- especially if he departed from a Canadian port. Again it seems unlikely, but how else can the reference to him be explained?

(2) How was the British Ambassador's message "decrypted"? Because of the degree of completeness of the text, we were at first lead to believe that it had been obtained through "direct methods", i.e., that it was stolen or directly copied. From the

fact that the copy contained some garbles, (underlined in the text and followed by the most probable correct value) we had to assume that the theft took place at the receiving end, i.e., either at the Foreign Office in London or at the British Embassy in Washington, the two addresses to which the message had been directed. These facts, at least, seemed to point to the falseness of our assumption: (1) the spelling of the word cipher with an "i" instead of a "y"; (2) the improbability that papers received in London or Washington no earlier than 30 September 1941, could be in the hands of the Japanese Foreign Minister on 2 October; (3) the unlikelihood that a gist translation of the British message would have to be sent to Ambassador Nomura in Washington if it had originated in either London or Washington.

Practically all thought of "direct method" acquisition in Washington or London were discarded, when further search of the Foreign Ministry files revealed the existence of at least two more "decrypted messages", one from Secretary of State Hull to Ambassador Grew in Tokyo on 28 November 1941, and the other from Hull to Gauss in Chungking on the same day, copies of which are attached. (Attachment 2). There are other references, direct or indirect, "information based on decrypted messages":

* My guess is that Garbley was doing his work in Washington at that time.

FRAME No. 0211, Cut No. 65 (Latter Part of Reel) Reel No. UD 43

TO: Ambassador Shigemitsu, in China

FROM: Minister Tani

DRAFTER: 7 Jan 1943

NR: 147

Sent: 0800 7 Jan 1943

SUBJECT: Chinese Declaration of War and Other Arrangements,
the speeding up of.

Message No. 14 (Chief of Office Code) URGENT.

Ref: Message No. 16 from Great East Asia Minister to you.

According to absolutely reliable information in our possession, the U.S. is at present negotiating with the Chungking Government, change of status of extraterritorial and other settlement rights in China -----

TŌHŌ NO YŪSURU KAKUJITSU NARU TŌHŌ NI YOREBA,
BEIKOKU WA -----

FRAME NO. 0195, Reel No. UD-43, Cut No. 64 (First part of reel)

TO: Ambassador Shigemitsu, Nanking

FROM: Minister Tani

NR. 2571

SENT: 17 Feb 1943

SUBJECT: Items pertaining to returning the Settlements in
China by the French.

Message No. 58 (Chief of Office Code) URGENT

According to absolutely reliable information in our possession (Decrypts), in issuing a statement pertaining to the returning of French Settlement and renouncing other extraterritorial rights, The French are planning to issue them to the Foreign Office of the Ghungking Government.-----

TŌHŌ NO YŪSURU KAKUJITSU NARU TŌHŌ (ANGŌ KAIKOKU)

All of these decrypts and references to decrypts seem to conclusively point to the fact that the Japanese Foreign Office's Telecommunications Section had the capability of reading the diplomatic systems of Great Britain (1941), U.S. (1941, 1943), and Vichy France (1943). The evidence seems to point to the probability that the Japanese had available to them the code books involved, although it is barely possible that the results were obtained by cryptanalyses only.

The questions which are as yet unanswerable in all of this, are under investigation at present. As the answers become known, they will be reported.

2. Non-Yardley Oriented

This incident of a security break is reported here not for its direct pertinence to the project at hand, but because in its development, it unfolds the complexities and involvements that such an incident can be held responsible for. The report is a cursory one; names of persons and places have not been researched in any depth. It is in a continuous narrative form, based solely on the material contained in the Foreign Ministry Archives (Reel No. UD-30; file No. UD-53 entitled "A Suspicious Document" Incident - May 1933 - February 1940) and because little attempt has been made to fill in any gaps, it may lack coherence at times.

The scene is laid in Manchuria (Manchukuo to the Japanese at that time) during the early post - "Manchuria Incident" day of 1933. The story begins with a message from Ambassador Ota in Moscow to Foreign Minister Uchida, (Msg. No. 282) on 25 May 1933. He reports that a news story appearing in the local press treats with considerable sensationalism a story attributed to "an unimpeachable source", of a plot by the Japanese in Manchukuo to seize the Chinese Eastern Railroad.

Ambassador Ota followed this message up with another (No. 286) on 26 May 1933, in which he notes that the wording of the press story referred to above closely resembled the contents of a message (Circular No. 214, ((msg. No. 536))) from the Ambassador to Manchukuo to the Foreign Minister. He further recalls that the contents of

an earlier message from Consul-General Morishima (Msg. No. 199) to the Ambassador to Manchukuo, was reported in the Russian press in a story which originated in the same place as this later one. On the basis of these, Ambassador Ota suggests that there was some sort of a security breach, crypto or otherwise.

Ambassador Muto to Manchukuo, whose office has to be one of the prime suspects of being the source of these leaks, is quick (27 May 1933; Msg No. 568 to Tokyo) to attribute these developments to (1) National trait of Russians (treacherous); and (2) cryptanalysis. That his office could be the source of any physical security laxness is just too incredible. His solution: a new code to be issued to the Embassy in Moscow and that all messages to or from Moscow to points other than Tokyo, be relayed by Tokyo. In other words, tighten security measures in Moscow, not Hsinking.

The facts of life are now explained to Ambassador Muto in Hsinking in a message which is couriered to him on 30 May. Actually the originator is the Chief of the Telcommunication's Section and the addressee is Secretary Kurihara of the Embassy in Manchukuo; so, officially it is not a non-concurrence of the Foreign Minister to Ambassador Muto's hints. The facts of life, as explained in this letter-message, are that there are three ways by which an encrypted message can be read by the unauthorized: (a) by stealing or reproducing the code; (b) by obtaining the original text of the message; and (c) by scientific attack (cryptanalysis).

There ensues a long dissertation on these three methods, the upshot of which is that though which, if any, of the methods was used in this instance is unknown, it was probably not cryptanalysis because of the very short duration of the cryptographic system's effectiveness; because it is unbelievable that cryptanalytic successes which are one of the closest held secrets, would be so blatantly compromised by publishing the fruits of such efforts in the press; and because these two messages are the only ones which have given rise to such suspicions. It concludes that it is much more probable that some Manchukuan in the know about the subject (Japanese Manchurian discussions on how to take over the Chinese Eastern Railroad) had leaked, inadvertently, the information to the Russians.

The letter-message then goes on to say that even though crypto or communications-security was probably not involved here, one has to assume in all such cases that it was, and reviews the security measures which must be observed. It also orders that Circulars Nos. 1192 of 9 Sep 1930, and 1088 of 17 Sep 1931 pertaining to crypto and COMSEC be reread.

That seemed to be that. Until the Fall of the same year. Whether there were other suspicious incidents in the interim or not is not known. There is some evidence that non-telegraphic means of

communications were resorted to - mailgrams, "Ko" mail, and courier-on at least some occasions.

In any event, on 9 October 1933, the Chief of the Telecommunications Section, Sakuma, wrote a "think piece" entitled: "Matters Pertaining to the Russians Publishing Our Secret Document". The opening sentence reads "The message in question was in the Top Secret "Ha" system" and goes on from there to report at great length to the Foreign Minister on the complete picture of Japan's cryptography -- past, present, and hopes for future. Although the message which was published by the Russian press cannot be specifically identified, its (their) pertinence was such as to cause worldwide press repercussions, most of which denounced Japan's apparent intent to seize.

Whatever the subject matter, the Chief of the Telecommunications Section, Sakuma, feels that because the "Ha" system with which the message was encrypted, had been used sparingly during its comparatively short period of its effectiveness, and because it was a fairly complex system, it could not have yielded to cryptanalysis to the extent necessary for the compromise involved. (This was the opinion of cryptologic expert, Navy Captain Inouye, of the Telecommunications Section). Therefore, Sakuma reasons, the Russians must have obtained their results by covertly making photographic copies of the code book. He concludes his lengthy dissertation with a plea for more funds, part of which is to be used for cipher machines.

On 17 November, Ambassador Ota in Moscow, in a message to the Foreign Minister (Top Secret; No. 589) tells of an informal dinner with the acting Far East Department Chief. During the course of this friendly gathering, the Russian guest made reference to the published papers in question, and stated that he hoped the Japanese would speedily release those who had been arrested. Sako, another guest, took the opening and said that that incident lead him to believe that the Russians must have a second Yardley to which the Russian guest replied that he was not aware of the means by which that information was obtained, but in his opinion, that because of the complexities of the Japanese language, he doubted that they would have been able to get such a complete text as was published, by means of cryptanalytic decryption. In any event, what the Russians had was a copy of the original text and this is also true of the portions which have not yet been public, he said.

About this time, the Foreign Ministry sent a circular to all of its installations in the Manchuria-USSR area, asking them to report on any security irregularities which may have been noted during the past one or two years. Among the flood of negative replies, there appears one interesting exception:

Acting Consul Izumi in Manchouli in top secret message No. 84 of 15 October 1933, advised the Foreign Minister that he had noted no irregularities. However, he continued, a guard who had been on duty since the beginning of the SuPingWen Incident told him the following story in confidence:

"On 27 September, when the consulate was under heavy fire from the rebel forces, some important papers were destroyed by burning in the consulate. The remainder was taken to the larger furnace in the movie house next door, and after starting a fire in it, the papers were fed to it. All the personnel then took refuge in the projection room upstairs. About a half an hour later, it was discovered that the papers were not completely burned, so the furnace was fired up again and the destruction completed. During the interim, however, one or two Russian employees of the Consulate (one of which was subsequently fired on suspicion of being a Russian agent) had remained. Though it does not seem likely that they had the time to steal the papers, in retrospect, there does seem to be room for doubt."

Acting Consul Izumi continues by requesting information as to the motivation of the security investigation. He asks, "Is it due to (1) this particular office being suspected of a leak; or (2) overall investigation stemming from the Russians publishing those official Japanese papers. If the latter, I may have some very confidential information concerning the local military authorities' handling of secret papers around the time of the SuPingWen Incident. If you think that it might pertain, I shall divulge the information."

This was followed up by a written report, apparently not sent electrically, entitled: "An Item Concerning the Handling of Secret Documents by the Army Special Service Organ on the Day of the Out-break of the SuPingWen Incident." It was addressed to Koki Hirota,

Foreign Minister, as Top Secret document No. 439, dated 15 November 1933. A full, though rough, translation of the document follows:

"On 27 September last year (1932), the local rebel forces of the SuPingWen gang requested the presence of Consul Yamazuki, Capt. Obara (Army), and Chief of Border Police Unit, Uno, to their headquarters and simultaneously opened fierce attacks against those Japanese installations. At that time, employee Chikamatsu was keeping watch at the Special Service Organ (Army). When danger approached, he immediately took to his heels and took refuge elsewhere, leaving behind a Russian maid-servant by the name of GINA (sp?). Shortly thereafter, this office was stripped of everything in it by looters.

Captain Obara was sent back to the Consulate on the following (28th) day. He had not been there long when GINA called and requested an audience, but was turned down because Captain Obara was taking an afternoon nap. She then told Police Officer Kanamaru who was on duty here, that Chikamatsu had been in such a hurry to escape that he had left all secret documents untouched. GINA said that therefore, she herself had tended to their destruction by burning.

It is not only very doubtful that said GINA would react so quickly in an emergency and burn those documents, but her impatience to have her alleged actions known makes her statement doubly suspicious. Moreover, the subject GINA had been generally rumored to be a Russian agent. This rumor is given endorsement by the fact that while all other employees of local Japanese installations had either run away to hide or had been arrested and locked up, GINA alone seemed to be able to freely walk the streets unmolested. There are many Japanese residents here who are convinced that all of the secret papers in the Special Service Organ were stolen on the day of the SuPingWen Incident.

Incidentally, Captain Obara is said to have certified that all confidential documents were destroyed by burning by Chikamatsu.

The above is reported for your information."

This is about all there is to this story. There are many other related messages in the files, some which insist that cryptanalysis was the tool; others indicating direct method. It is rather interesting that persons closest to the areas of potential physical security breach, are loudest in the insistence that it was a cryptanalytic break through, while those in the cryptographic business, such as the Telecommunications Section, are insistent that it was a physical break. The Diplomatic Service finds the Army at fault.

The usual preparations for a legislative hearing were undertaken. And what were the legislators, hence the public and the world, to be lead to believe? The whole thing was a Russian hoax. There never was any such secret document so what the Russians published was out of whole cloth!

The Foreign Ministry, however, continued to exhort all of its overseas installations to observe and enforce stringent security measures.

Matters Pertaining to Publication Authorized by Former
Chief of Cryptanalysis of U.S. War Department's Intelligence
Bureau

10 June 1931

Chief of Telegraph Section (Foreign Ministry).

(Seal of Sakuma)

("Initialed" by Minister and Vice Minister Foreign Ministry)

1. According to telegraphic advice of Ambassador to the U.S. Debuchi during June, 1931, Herbert O. Yardley who was the Chief of Signals Intelligence of U.S. War Department's Intelligence Bureau, has had published a book authored by him entitled The American Black Chamber. In it he claims to have read over 40,000 enciphered telegrams of Japan, Great Britain, Germany and other countries between 1917 and 1929. The information contained in them was passed to state and others, making of it a very influential factor in U.S. diplomacy. During the war, it revealed Germany's agent activity, and after the war, the solution of encrypted messages in invisible ink used by Soviet Union's Communist Party, brought to light the party's secret plans. Yardley merits that systematic scientific approaches will result in the breaking of any cryptography.

ATTACHMENT 1

He states that after the expenditure of much effort, the encrypted messages of Japan were all reduced to plain text and that all of the messages between the Japanese Delegates to the Washington Conference and the home government were read. We are told that he included many English translations of the messages to and from the Ministry at that time as substantiations of his claims, are included in the book.

The above undoubtedly will be picked up and reported by the press and periodicals of our country. There is a need, therefore, to start today, considering ways and means of countering the impact it may have.

2. Is there a means of raising doubts as to Yardley's sense of responsibility?

a. Subject Yardley in the above, is assumed to be the same Yardley who earlier approached our Embassy in the U.S. with the proposition that he would sell the secrets of how the Japanese government's cryptography was solved. The upshot of that proposition was that U.S. \$7,000 was passed to him for which we received many copies of decrypted messages together with a set of papers on how to destroy cryptography. If, in fact, these two Yardley's are one and the same, his recounting of how Japanese codes and ciphers were broken in his book, is a flagrant act of bad faith on his part since

we had stressed the need for utmost secrecy as a condition for our paying him the aforementioned U.S. \$7,000. He was asked to guarantee that there would be no revelation to others. (In the Foreign Ministry's instructions, it was stipulated: "---simultaneously with our purchase, the other party will hand over to us the telegrams in question or to have such telegrams destroyed to preclude the danger of any revelation of their contents in the future.") Our Ambassador to the U.S. was requested to obtain this assurance at the time (See message No. 105 from Minister to Ambassador to U.S., June 1930).

It is true that the Ambassador's message reporting the receipt of copies of Japanese encrypted messages and other papers having pertinence, does not specifically refer to obtaining such assurances from Yardley. However, it is probably that some such understanding was reached, either directly or indirectly, between the Ambassador and Yardley.

Under such circumstances, it would be possible to have our Ambassador to the U.S. confront Yardley and charge that his revealing the secrets involved in spite of the payment of U.S. \$7,000, was indeed a stab in the back.

Fundamentally, however, when dealing with a character such as Yardley who would sell his own government's secrets to

an Embassy of a foreign country, it should be assumed in the first place, that subsequent acts of bad faith would occur. Moreover, what if, as a result of pressing him at this date, he should again try to withdraw that part which is offensive to us from his book. There does not seem to be much likelihood that the impact of the facts, once published would be reduced by such action; rather, there is a greater probability that doubts and suspicions would be generally intensified. There is a further possibility that Yardley would try to counter our pressures by threatening to publicly announce the fact that the Japanese Embassy in the U.S. had paid him U.S. \$7,000.

For these reasons, not only should a confrontation be avoided but it would be to our interest to completely ignore Yardley insofar as Yardley's publication is concerned.

b. Article 2 of the International Telegraph Agreement specifies that:

"The signatory nations must maintain appropriate measures to safeguard secrecy and for expeditious handling of communications."

Article 73 of the Administrative Regulation attached to that Agreement specifies that the originals of the telegraphed messages or copies thereof be validated by the sender and that

such may be seen only by a representative of the second party; also that only the sender and the addressee or his authorized agent are entitled to receive original messages or the copies thereof. Article 91, No.1, of the same regulation further stipulates that when a private telegraph enterprise engages in international undertakings involving one or several of the signatory nations, such will be viewed as an element of that country's telegraphic enterprise and as such will be bound by these regulations.

Under these circumstances, a signatory government should avail itself of telegraphic communications of foreign embassies and legation for cryptologic research purposes only in strict secrecy. Though the U.S. is not a signatory of the Agreement, there are several telecommunication firms that do handle such communications for several countries which are signatories. Therefore, it would seem appropriate that if for no other reason than as a friendly gesture, it would not openly seize copies of encrypted foreign government messages from said commercial firms for the purpose of cryptologically analyzing them. And in actuality, according to Ambassador Debuchi's report, Yardley has stated that

considerable difficulty was encountered by the U.S. Cryptologic research station in obtaining copies of such messages from the telegraph firms -- that certain employees had to be bought off to gain access to them. Apparently, therefore, there is no arrangement whereby the U.S. government has free access to the files of these private firms.

It is possible, therefore, that representations be made to the government of the U.S. that in view of the fact that Yardley has openly admitted that the U.S. cryptologic research station obtained copies of Japanese Governmental Communications, that it (the U.S. Government) take suitable steps. Since Yardley is guilty of breaking the security of his own country's government, it is not beyond the scope, if possibility that the authorities involved will take some such measures as confiscation or prohibition of sale of the publication, or find the author guilty of criminal action. For us to request that some such action be initiated, may boomerang if by some off-chance, Yardley should confess that he received \$7,000 from us.

For this last reason, the initiation of a protest by us is not recommended.

c. Another procedure may be to get together with the

other countries which have been victimized, such as Great Britain and Germany, and have an inter-governmental discussion on ways and means. In view of the exceedingly delicate nature of the subject involved, however, we cannot give our full endorsement to this procedure.

d. So, if none of the possible counter measures are suitable, we come back to how do we reply to the Diet and the press if the issue is raised by them. In other words, the question is what should be our domestic strategy.

3. The Status of Our Cryptography and the Degree of its Vulnerability to Efforts of U.S. Cryptological Research Center.

Cryptographic security is dependent on the complexity of the cryptographic system and to the frequency with which it is changed. We cannot vouch faultlessness in either of these two areas. The attached table shows the types, direction of usage and size (of code book) of all cryptographic systems used by us from 1917 to the present.

We have never had a crypto-research (COMSEC) organization in the Telecommunication Section so code books were compiled by the Telecom. Officer as an aide line and on a time-available basis. Under these circumstances, it is natural that our cryptography has suffered from insufficient complexity and have not been changed often enough. To compare and print an

issue of a code has required several months and another 6 months to a year for distribution to all of our overseas offices for implementation.

To undertake such a project on a spare time basis has resulted in insufficient investigations into such as suitability of degree of complexity and to change them with desirable frequency has been out of the question.

At present, there is a cryptanalytic research team headed by Navy Captain Inoue in the Telecom Section, which is undertaking the study of cryptography of foreign countries. (Our impression is that in comparison with similar research organizations of the U.S. and other foreign countries, it does not take a back seat. Of all of the foreign cryptographic systems it has tackled so far, the only one which has not yielded to its efforts is the Russian which has been undertaken only recently.)

The knowledge that is being gained by this team is being utilized and the compilation of our cryptography being made into a "routine business" so we are confident that our COMSEC in general will begin to show a gradual improvement in the near future.

Be that as it may, and though the production of codes and ciphers is promoted to a regular function, there are still only a few cryptographic systems which can be compiled, distributed, and readied for implementation in less than a year. In order to fulfill the personnel needs of this crypto-research team, the costs were calculated and a request for appropriations was submitted to the Diet, for inclusion in the 1929 budget. We received the approval but the funds were subsequently deleted by the implementations to conform with the austerity policy. Every year, subsequently, we have requested these funds, but they have yet to materialize. We now feel more strongly than ever that the research team's complement be filled without a day's delay.

As long as a "code" system is used, regardless of how the plain text is converted, it is vulnerable to scientific attack if enough material and time is made available. This assumption is undergoing study at the present time by our crypto-research team. It is also studying the point of maximum complexity of cryptography which is still the realm of practicability from the viewpoint of it being operable by personnel in the Ministry and in our overseas installations. The study finds that this optimum is already approximated by

the systems currently in use. Practical considerations also places a limitation on the frequency with which changes can be implemented. With the team at full complement, the prevention of cryptanalytic success during the effective period of a cryptographic system may be assured, but there can be no guarantee that such success will not be achieved at some subsequent time. This is a problem common to all countries.

An infinitely changing cipher machine is the only means which can absolutely withstand scientific attacks. During the London Naval Conference, we used a cipher machine built by our Navy. Not only was this machine very unsatisfactory mechanically, but was rather costly. Our crypto-research team purchased a "Kryha" type which is the most modern, manually operated cipher machine of German manufacture, and is studying its practicality. This machine is very similar in construction to the Navy's and with some modifications, could be made into a practical device. However, a vast sum of money would be required to simultaneously activate its use by all of our official overseas establishments. For that reason, we cannot but feel that in these times of austerity, there is very little hope of realization.

At the same time, it is insuitable that we shall reach the end of line cryptographically, if we remain dependent on a "code" system. It was this bleak outlook which lead to the research into mechanization and which motivated the purchase of one "Kryha" type electromatic cipher machine mentioned above.

As described in considerable detail above, this Ministry is doing its utmost in behalf of cryptographic security. It is time that Yardley claims that he was successful in completely breaking one of our cryptographic systems (Incidentally, one which was far more elementary than the ones currently in use). From preliminary investigations made of the material purchased from him (there was so much of this material that we have been unable to complete our studies as yet), it appears that those cryptographic systems which were used sparingly did not yield to his cryptanalysis and that that which did yield was one which was used with great frequency and which was in effect over a long period of time and of a simpler character than the one now in effect (See attached table). There is, moreover, some room for doubts as to whether the cryptanalytic success occurred during the effective life of the system and whether success was achieved solely through a scientific approach.

**3. Steps Which Should be Taken Domestically With
Pertinence to Yardley's Publication**

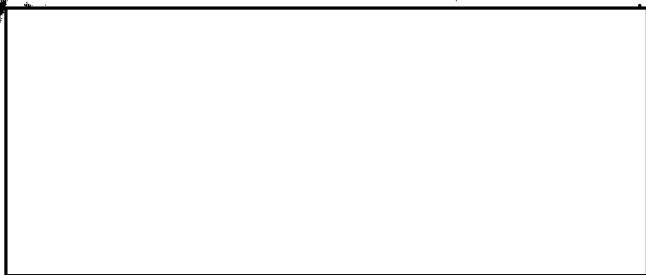
In the event that this Ministry is pressed for answers from the legislature or others, some statement along the following lines may be appropriate:

"Although there is no means of ascertaining the extent to which the published claims of Yardley is valid, it is true that given sufficient time and material, cryptography of even considerable complexity is vulnerable to scientific attacks. Since it must be assumed that all countries are spending much effort in attempting to solve other nation's cryptography, we cannot give positive assurances that ours is invulnerable. The Foreign Ministry, however, is making every effort to keep our communications secure."

In the event that Yardley confesses that he sold secrets to us for \$7,000, the following could be offered as an explanation:

"Yardley was the former Chief of the cryptanalytic section of the United States War Department Intelligence Bureau. When such a person offered to sell us material pertaining to the solution of our cryptography, we found it difficult to turn it down. We paid him the above sum to enable us to determine whether he did, in fact, break our cryptographic systems."

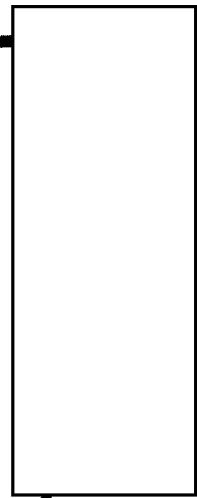
ILLEGIB



421

A -

ILLEGIB



Japan's Proposal
As Telegraphed to Chungking

(In machine cipher)

From Wash, Washington

To Chungking, Chungking

November 29th, 8:00 p.m., 1941

Section One.

No. 277, November 29th, 8 p.m.

Strictly confidential for the Ambassador only.

On November 30th the Japanese addressed a five-point proposal for a temporary agreement substance as follows:

- (1) The United States to refrain from actions prejudicial to Japan's efforts to restore peace in China.
- (2) Both countries to remove freezing restrictions and to restore commercial relations. The United States to ... as and required amount of petroleum.

外
務
省

Handwritten notes on the right margin, including "Krischman" and "7-10".

Approved For Release 2003/03/28 : CIA-RDP80B01676R001600030011-2

ILLEGIB

Next 2 Page(s) In Document Exempt

Approved For Release 2003/03/28 : CIA-RDP80B01676R001600030011-2

ILLEGIB

ILLEGIB

- 2 -

ment, simultaneously with the proposal which was actually given them on November 26th, an alternate plan for a temporary modus vivendi. The draft under consideration at that time called for a temporary modus vivendi to be in effect for a period of three months, during which time conversations would continue toward the working out of a comprehensive peaceful settlement covering the entire Pacific area. At the end of the period of the term of the modus vivendi, both Governments would confer at the request of either to determine whether the extension of the modus vivendi was justified by the prospects of reaching a settlement East Asia and the Southern Pacific area an undertaking by Japan to withdraw its forces from Southern French Indo-China (and) to limit those in Northern Indo-China to the number there on July 26th, 1941, which number should not be subject to replacement, and Japan should not in any case send naval, naval, military or air forces to Indo-China

外
務
省

Approved For Release 2003/03/28 : CIA-RDP80B01676R001600030011-2

ILLEGIB

Next 1 Page(s) In Document Exempt

Approved For Release 2003/03/28 : CIA-RDP80B01676R001600030011-2

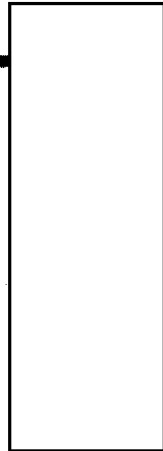
ILLEGIB



ILLEGIB

A -
G

2/12/41



America's draft modus vivendi

III

(In machine cipher)

From Hill, Washington

To Brew, Tokyo

November 22th, 9.00 p.m., 1941

Summary:

The draft modus vivendi was abandoned and concealed from the Japanese.

Section three.

No. 796.

After careful consideration of all factors in the situation within the United States and in the general world situation, including the reaction and replies of the Governments mentioned above, it was decided that we should drop the draft modus vivendi, which we had under consideration. That draft modus vivendi was not handed to the Japanese, and the fact that this Government had considered a modus vivendi was not mentioned to them.

The Department has informed you in separate

外
務
省

Approved For Release 2003/03/28 : CIA-RDP80B01676R001600030011-2
ILLEGIB

Approved For Release 2003/03/28 : CIA-RDP80B01676R001600030011-2

~~SECRET~~

registry
68-69511

4 December 1967

MEMORANDUM FOR : Deputy Director of Central Intelligence
SUBJECT : Proposed Employment of Herbert O.
Yardley by OSS

1. With regard to the footnote in the Farago book The Broken Seal which states that Yardley "would have been hired by Colonel William J. Donovan for the Office of Strategic Services but Mr. Stimson vetoed his employment ...", a search of our OSS Archives reveals that this possibility was brought to Donovan's attention.
2. On 18 December [1941?], Colonel Donovan received a letter requesting that he interview Yardley. The letter to Donovan (which is not in the files) presumably was from Mrs. Franklin Roosevelt, for it enclosed a letter to Mrs. Roosevelt from George Bye who was the literary agent for both Yardley and Mrs. Roosevelt. The matter was apparently referred to Ambassador Wiley of the Donovan staff and there was apparently some correspondence from the War Department which now seems to be missing. In any event, toward the end of December [1941?], Mrs. Roosevelt was advised that there was no job for Yardley.
3. In April 1942, the subject of OSS employment seems to have been raised again. There is a memorandum, dated 11 April 1942, in the OSS security file on Yardley signed by Ellery C. Huntington, one of General Donovan's senior staff officers, in which Huntington notes of Major Yardley that he "hardly needs a check or introduction" and a further statement that "do not need to check." It was further noted in the file on Yardley that he had worked for the British, Canadian and Chinese governments. There is also an undated form in the file on Yardley stating "Security approved." There is no indication of an investigation and no personal history statement. The file also notes that at the time Yardley owned and operated a restaurant-cafeteria and there was a subsequent notation that he ultimately joined the Enforcement Office of the Food Division of OPA in Washington.
4. It is unclear what may have transpired between Mr. Huntington's memorandum of 11 April and 28 April 1942. On the latter date, Colonel Donovan apparently closed off the Yardley matter once and for all with a memorandum to Colonel Preston Goodfellow of his staff. A copy of Colonel Donovan's memorandum is attached.

~~SECRET~~

B-5

SECRET

- 2 -

5. It is interesting to note that Yardley's obituaries (he died on 7 August 1958) make no reference to his employment by the Japanese, although they do refer to undated employment with the Chinese and Canadians. There is also no mention of Yardley's Japanese employment in the column on Yardley in the Washington Times-Herald of 27 February 1945. This column is also referred to in Farago's footnote in The Broken Seal mentioned in paragraph 1, above.



25X1

Walter Pforzheimer ✓
Curator
Historical Intelligence Collection

Enclosures

SECRET

STAT

Approved For Release 2003/03/28 : CIA-RDP80B01676R001600030011-2

Approved For Release 2003/03/28 : CIA-RDP80B01676R001600030011-2

April 28, 1942

MEMORANDUM

TO: Colonel Goodfellow

FROM: Colonel Donovan

Dear Preston:

You are so damned decent about everything that you are apt to make the mistake of thinking everyone is the same way. As to Yardley, he may be the most honest and competent man in the world, but his "Black Chamber" would cast doubt at least on his discretion to every government official. For that reason we must not hire him in any capacity.

About your friend Major Grumbach, he has talked and acted in such a way as would jeopardize our relations with the Navy. This cannot be. Please do not employ him in any way on our behalf. We must correct at once any impression in the Navy that we are employing Yardley or that we are trying to set up something in conflict with them. This is particularly important because of a possible conflict between the Army and Navy (you know the secret processes I mean). It may well be that this office will be called upon to serve as a kind mediator. We must not have anything in our relations with either Department that would impair our usefulness in any emergency like that.

Sincerely,

William J. Donovan

N-O-T-I-C-E!¹⁵

The attached prints ~~are~~ for your information, and should be destroyed upon completion of your case.

Wash. Div - op - 266 for 636

CAPITOL STUFF

By JOHN O'DONNELL

IF YOU think back to 1931 you may recall the name of Herbert O. Yardley, a major in World War One, who achieved more than passing fame by setting our distinguished State Department on its ear by printing a volume of factual reports, entitled "The American Black Chamber."

The American black chamber was the exciting name for the hideaway locations (one in the State, War and Navy building in Washington, two other secret offices in Manhattan) in which Yardley and his assistants decoded the diplomatic messages of foreign governments, opened letters, or forged or replaced broken diplomatic seals and in general tapped in time of war and peace (that was the catch) the private communications passing between foreign governments and their official representatives here or even abroad.

Back in World War I, Yardley, a code clerk in the State Department, was grabbed by the War Department, given a commission as a captain and ordered to create the outfit which tapped and decoded the German messages on the Western Front.

After World War I he was back in the State Department and doing a peacetime job that reads as excitingly as Poe's "Gold Bug."

Most importantly, before and during the Washington Disarmament Conference of 1921 when former Chief Justice Charles Evans Hughes was Harding's Secretary of State, Yardley and his black chamber crew broke the Jap code, intercepted the messages passing between Tokyo and the Jap commission at the conference and enabled Secretary Hughes to read over his morning coffee the instructions which his diplomatic foes had received from their bosses the night before.

All of which was very helpful to we Americans at the moment.

THEN, with the election of the Hoover Administration, present Secretary of War Henry L. Stimson entered the Cabinet as Secretary of State. This was in '29.

He discovered that we were still engaged in tapping the messages of our so-called friendly associates in this family of nations. (The secret budget called for an appropriation of \$100,000 a year, split between the State and War departments.)

From the outbreak of World War I in '17 to the day Stimson abolished the black chamber in '29 it had deciphered 45,000 code messages of foreign governments, friends and enemies.

During the piping days of peace in 1921, it sent 5,000 deciphered messages from the New York hideaway laboratories to the U. S. delegation at the Washington Disarmament Conference.

Once washed out in '29 on the basis that it wasn't cricket, the secret bureau was never re-established. If it had been, there might never have been a Pearl Harbor.

If the skill and training had been passed on, American arms might never have felt the December reverse on the Belgian bulge, which former Chief of Staff Gen. Peyton March blamed directly on our inability to learn what the enemy was doing or planning.

JUST before Pearl Harbor we learned that the famed Yardley was here in Washington. We looked him up. He was running a restaurant, and didn't want to talk about the old code work.

All we knew was that he had been in China, setting up Chiang Katshek's code organization and had been called in because of his former ability to break down the earlier Jap codes in our behalf.

Later, we learned that Brig. Gen. William "Wild Bill" Donovan wanted him in his undercover, hush-hush strategic services, and then came the report from the underground that Secretary Stimson had heard of it, recalled the black chamber of 15 years ago and turned thumbs down.

Then up popped the mysterious Yardley in Canada, adding the Dominion's military in their establishment of a code bureau. Back came the story to the Capitol that the British in London had been tipped off by Stimson that Yardley was persona non grata.


So far as we've been able to learn from associates in the old black chamber, neither the Canadians nor the Chinese wanted to part with Yardley. Incidentally, after his job of tripping up the Japs at the Washington conference he had been given a Distinguished Service Medal by the late Secretary of War Weeks, "who winked when he read the citation, which diplomatically made no reference to the work done on the Jap dispatches from Tokyo to their representatives in Washington."

So we set out on a search to discover what the most famed code expert has been doing of late.

(We discovered Major Yardley. He's an enforcement officer in the Food division of OPA's Washington headquarters. Spends his spare time thinking up plots for a fiction-writing collaborator. Which is the height of something or other.)

DO YOU REMEMBER?

GRATITUDE

ep
PETER
OZREN
I a pecc-
er pain,
nation of

ividuals are
ntirely dif-
ineely, bur-
body where
friction is
I by small
ae." They
s material
erous fluid
cant. The
for exam-
ally. But
tem artifi-
pear over
om pro-
mination
s. As a
to sur-
ans of
rts are
ll and
uciat-
pad
ot be
The
med
t as
ther
nly
into
s in
ear
of
ast-
the
in
ow
ne
de-
nts
ore
will
of
lay
de-
ment
the
lost
the
per-
and
re-
m-
d.
ed
e-
e

V
Wh
At
all
Pre
An
inc
al
a
ot
w
se
tr
st
ru
48
in

UNCLASSIFIED CONFIDENTIAL SECRET

OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS	DATE	INITIALS
1	DDCI: attn <input type="text"/>		
2			
3			
4			
5			
6			

<input type="checkbox"/>	ACTION	<input type="checkbox"/>	DIRECT REPLY	<input type="checkbox"/>	PREPARE REPLY
<input type="checkbox"/>	APPROVAL	<input type="checkbox"/>	DISPATCH	<input type="checkbox"/>	RECOMMENDATION
<input type="checkbox"/>	COMMENT	<input type="checkbox"/>	FILE	<input type="checkbox"/>	RETURN
<input type="checkbox"/>	CONCURRENCE	<input type="checkbox"/>	INFORMATION	<input type="checkbox"/>	SIGNATURE

Remarks:
 Jerry: Returned herewith are:
 a) 28 nov 67 ltr to DDCI from Mr. Fred C. Woodrough, Jr., together with atts.
 b) Walter Pforzheimer's memos to DDCI dtd 4 and 12 dec 67, and atts.
 c) Brief memo outlining action taken by on above.

Bertha

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO.	DATE
-----------------------------------	------

O/CCI 16 apr 68

Approved For Release 2003/03/28 : CIA-RDP80B01676R001600030011-2

UNCLASSIFIED CONFIDENTIAL SECRET

STAT

STAT