

SECRET
SECURITY INFORMATION

10.P.
22 Nov 51

From: Tokyo, Japan

Report No: *ZJL-752*

Local File No: PD-326

No. of Pages: 8

No. of Enclosures: 0

Report Made By: *[initials]*

Approved By: *[initials]*

Distribution:

By copy to: SACABIN - 2
Files - 1
JCU - 1

Orally to: *[initials]*

Source Cryptonym: *[initials]*

References: *ZJL-725, 736, 737, 744, 745, 746, and 751.*

Source, Operational Data, and Comments

1. At a personal meeting with *[initials]* on 31 October, 1951, Peabody chided him slightly for the defensive "apologia" he had written in many reports on HATTORI Takushiro vis-a-vis rearmament, and urged that he not let deep friendship interfere with his investigative objectivity. *[initials]* admitted the tendency - a very natural one, we agreed. We then went on to discuss his latest contribution to our increasing knowledge of the rearmament and intelligence groups under HATTORI - his manipulation which secured the post of HATTORI's Hokkaido chief for his own close friend and informant, HANKE Yoshitane. What has been accomplished in effect is a penetration of HATTORI's nets by *[initials]* informal and unofficial sub-agent (completely unwitting) on our behalf - that is, to the extent that *[initials]* is willing to divulge the results to us and follow our orders. Already using in possession of several documents (since photostated) copied from HATTORI's Hokkaido product file via HANKE, we feel certain as *[initials]* himself that HANKE, our unwitting subagent, will not hold out on *[initials]*

2. One note might be added in supplement of PD-307: we pretended initially when *[initials]* dragged out copies of the HATTORI maps and reports that we had just seen exact replicas on the desk of a colonel in G-2 that day, coming from a different source. We immediately tackled it from the theory that either HATTORI or one of his organizations was hijacking information or that the agents of another organization were penetrating HATTORI's outfit and hijacking information from him. Obviously, (we told him) we needed to borrow *[initials]* copies right away to prove beyond doubt that they were identical; secondly, if such were true, we wanted him to probe deeper. We asked for the documents immediately rerun in order to photo them for control before *[initials]* realized how deep he was getting into the "game" against his friends; secondly, we put out the "info" on two hypotheses: it was an excellent wedge for us to get *[initials]* to probe deeper into all details of HATTORI's organization in all of its ramifications and channels, and supply more and more actual "samples" of HATTORI's reports for our "very secure and careful but fair" comparison, also it reinforced

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EXEMPTIONS Section 3(b)

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(Cover Letter: 2JL-752)

and proved the validity of our original May, 1951, CS directives and the reason given for them - to separate the good from the bad, the professional from the dabbler, and the trusty agent from the "info broker". We felt certain that with his thoroughly demonstrated feeling that he is doing a service to HATTORI in these reports by "defending HATTORI" to G-2 (HQ), [] could comb the entire HATTORI organization for another possible scapegoat. In the course of that combing, we felt considerable dirt on the HATTORI-led "Kikans" would certainly come to light. This supplies [] with a reason logical to him for using his penetration, HARUKE

3. We backed up our initial strategy with a statement at a later interview on 7 November, 1951 that the documents borrowed were too similar to be anything but identical in source, and pleaded (with a hush-hush attitude) for secrecy but further details, since we did not suspect anyone in particular, but the only "just" way to find out the truth was to get the entire truth. We were promised all details available to [], of which he said there would be considerably more after HARUKE's return in December from Okinawa. The material in this report resulted from [] initial follow-up of our strategy prior to HARUKE's departure.

4. We have every reason to assume that this approach will not only work but work well. We include it herein because it is an integral explanation of the means by which information was obtained. Some rational excuse was needed, by and for [] and this played into our hands; even if HATTORI were completely aware of [] reports to us, which we very seriously doubt, none of them could be sure we were not telling the truth completely; namely, that some underlying MIGHT be double-crossing their information. If, as we believe, HATTORI does NOT know of [] work for us, our control weapons over the latter should soon multiply as his reports on the HATTORI Kikans continue to pour in.

5. We are thoroughly aware that it is more than possible that the HATTORI Kikans form the central under-structure for [], even though we are not yet able to hazard more than a theory of the top-level relationships of HATTORI, SHIMOMURA, and others. There should be a cross-check of information. In view of the information itself, it might be of interest to JCU that Source did not feel the information he has seen to date from HATTORI's nets to be of very high quality. We are in agreement. (Cf. paras. 3 and 5.)

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