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Subject: Plans and Activities of JIS and Rightist Groups

Report No. ZNL-483 (PD-132)

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Evaluation: B-2 except as stated

Date of Report: 13 November 1950

Source: [ ]

I. Current Activities.

A. Smuggling of Volunteers to Formosa.

1. After the failure of the KAWAGUCHI Kikan in August concerning the fourth expedition to Taiwan, it had been decided to utilize personnel of the ARISUE Kikan, particularly Major SATO & Mr. KUMAMOTO, successful manager of the June expedition to Formosa in conjunction with personnel of the KAWAGUCHI Kikan such as FURUYA Tatsuo and OIKAWA Michio who were unpublicized in the Maruyoshi Maru Case and not responsible for it. NAKAMIZO of the KAWAGUCHI Kikan was to aid in financing details. FURUYA and OIKAWA gradually disassociated themselves from plans for another expedition and also from the KAWAGUCHI organization in general, however, and began re-strengthening their connections with TSUCHIDA Yutaka's National Peace and Independence Preparations Committee. There were several reasons for this. First, the overbearing attitude and orders of the ARISUE Kikan began to rattle FURUYA and his deputy; second, the arraignment and questioning of KAWAGUCHI Tadaatsu himself in the Kansai area towards the end of September made it highly undesirable to continue a close connection with him; thirdly, Vice-Admiral KAMAMOTO Yosmitaro viewed the entire project, particularly the Army control of it, with considerable disapproval and told FURUYA so; FURUYA is a very cautious man by nature and did not like the loose security of either the ARISUE or KAWAGUCHI Kikans, and when his new deputy, OIKAWA's name appeared in SHINSEI Magazine as "an adventurous man connected somehow to the problems of ship-procurement for smuggling of Japanese Naval personnel to Formosa", FURUYA decided it was time to pull out. Since both had covered their tracks quite well, they by no means fell heir to the general publicity and disgrace surrounding the failure of DR. ARISUE KAWAMI MATANABE Saburo, MUTO Kazutomo, NAKAMIZO, and Vice Admiral SUGA A Jiro.

2. For a time, plans continued and liaison was maintained with ARISUE Kikan members YAYASHI Masao, Colonel IMURA of the former Burma Military Government Staff, and HEMOTO SATO, and it looked as though the TSUCHIYA Kikan (the group of TSUCHIDA Yutaka and TSUCHIYA) would be responsible, through FURUYA and OIKAWA, for procurement of crews and ships for a November expedition while the ARISUE Kikan was to handle recruiting, mobilizing, and logistics of delivery. Antipathy toward both ARISUE

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1. In Tokyo, ARISUE has been working with various Chinese intelligence officers such as Lt. LI, Chinese Major LI, and with a Major LI by various underground groups here, for the purpose of further intelligence operations into the China coast, Indo-China, and Central China. Most of these operational plans, however, have as yet come to nothing and are still in the discussional stage. (Evaluation of best statement: 3-3: Source can hardly speak with authority for more than his own particular group; other groups may already be very active in implementing plans.) The Chinese are reluctant to risk further scandal and further loss of money, so are waiting for safe and sound plans.

C. Operations regarding Chinese Communist Government.

1. MATANABE Nataru has reportedly brought up a plan for operations into Manchuria involving the use of Koreans selected from the former Korean Residents League of Japan who are actually anti-Communist, according to him. This operation, through ARISUE's support and sponsorship, is to be effected with American backing. (3-3)

2. In addition, ARISUE's subordinate, SAITO KUMAJOTO, has plans for exploiting use of commercial connections to the Overseas Democratic Chinese Association in Tokyo and of friendly Japanese shipping agencies carrying on trade with Tientsin, Shanghai, and Dairen. On this score also, FURUYA, SATOMI, and other members of the new TSUCHIDA-BABA organization balked and refused cooperation with the more direct and daring plan of ARISUE; they pointed out that even though KAWAGUCHI's "Peace Credit Union Company" and many other companies with which they individually had connections and/or affiliations were engaged in semi-legal trade with Chinese ports, infiltration of agents by use of such companies would not only be immediately suspect to the Chinese Communists, but would also be mixing financial and intelligence operations and would also destroy the value and future of the companies themselves. FURUYA believed that by secret briefing and discreet interrogation methods, information could be safely elicited from captains and crewmen of such ships, but that however less attractive this type of information might be, attempts to get anything more than that would blow the entire thing. Vice-Admiral KAWAMOTO Yoshitomo refused to cooperate on the same grounds that FURUYA and SATOMI did, thereby ruling out use of the SUN Oil Company, Tokyo, which he secretly operates and which would have been of great aid to ARISUE's and MATANABE's plans.

3. It seems very likely that the DAIKU Trade Company, controlled by subordinates of NOBUNA Yoshio, will be involved in such infiltration for ARISUE, although not operationally. Most of the operational personnel will be engineered through YAMAMURA SHUNJI Kaishi, and TSUJI Masaharu, the latter working in conjunction with MATANABE Nataru and the ITSU SHI

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Three Star Company, one of ARISUE's Tokyo fronts. Through MODAMA, it is possible that the use of commercial channels operated by friends of Foreign Office Counselor YOSHII Ganto may also be obtained.

4. ARISUE intends to give some of the product to American GHI agents in return for financial support, but will so disguise the means and methods of operation that GHI will believe that it is completely the work of his own unit. The entire plan is considered by most of the other groups to be highly dangerous in view of the looseness of operational security that the two operating kikan have demonstrated in the past and particularly in view of the tight surveillance and close watchfulness of the Chinese People's Government regarding Japanese shipping to their ports. (Sub-source for the above paragraph: RAMBLING; Evaluation: C-3).

#### D. Operations into the Philippines

DCI Akira has a subordinate named TERUO Nobuhiko (神保信彦) who is beginning commercial and intelligence operations into the Philippines. The chief objective is to operate against the Chinese Communists and the Philippine "Hukbalahap" party presumably, although details are not clear. (B-6, 1 October 1950.)

#### E. Operations into Indo-China.

Former Kempei Lt. Colonel TAMITA has already been dispatched to Indo-China through the good services of NEZOTO Hiroshi. It is not confirmed but is rumored that two of the other eighteen to twenty operatives scheduled for intelligence operations in Indo-China have also already gone there, and rumor has it that TERUO Rinatsu is one of these, but TERUO is reported by another sub-source as an alias for TERAKAWA, who is believed to be still in Tokyo. Former Kempei Colonel SHAYASHI Hidezumi is no longer mentioned as having any connection to Indo-China operations of the various groups, and the ARISUE Kikan appears to be taking the lead in operational planning for that area. The general scheme remains the same: namely, that agents filtered into Saigon and Bangkok through the logistic support of NEZOTO, KAEDA Minoru & WATANABE Ikujiro and the Chinese Nationalist Kuomintang Intelligence will liaise with Japanese still in the Viet Minh forces, particularly Major ISHII Kojiro, and also will use Bangkok and Saigon as operating bases for projects involving India, Burma, Malay, and Pakistan. Use of military men, particularly former operations staff officers, on this plan is considered unwise by the Navy-Foreign Office cliques, who are now out of the plan. (Sub-source for this paragraph: RAMBLING; Evaluation C-6; RAMBLING) indicated that it was his opinion that RAMBLING got the impressions, except for the information on TERUO's alias, from MATSUMOTO Shunichi, who was involved in conferences with various JIS men, particularly of the ARISUE Group, regarding the plans and the area.)

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both the power and the operating ability derive from his GHQ connections, which he flaunts continually and which he uses increasingly to bolster his budget and prestige in a drive for personal power and position; secondly, he is an "armyist" of the worst type, with neither patience nor desire to consider or cooperate with the Navy men, a feeling which goes all the way back to the 26 February Incident of 1926; thirdly, he is considered short-sighted in his political thinking, believing firmly that once the Americans are out of Japan, a militarist-controlled regime can very rapidly be brought in from behind the scenes; fourthly, in the meantime, he takes every advantage of present confused conditions for materialistic self-interest and is a thorough-going "apres-guerre" opportunist to whom ideals come second and his power always first. ARISUE is the chief object of enmity from the Navy-Foreign Office-Moderates point of view, but his longtime semi-autonomous subordinate, WATANABE Wataru, and his newest henchman, the notorious KODAMA Yoshio, are hated almost as much, and for many of the same reasons. KODAMA is hated particularly by the former Japanese Navy men, who utilized his civilian wartime "kikan" in their operations, because of graft he carried out against their budget then and because of post-war charges he made overtly against the Navy and his appropriation of one million dollars worth of radium and drugs because "they did not pay for operational work done for them". In addition, he is generally despised though feared as a thorough gangster and racketeer, however successful at such vocations. WATANABE is disliked more for ideological and personal reasons, and because he is closely connected to ARISUE. Former Major General DOI Akio (or Akira) falls into this group, as does his "kikan" and other figures known to have such un-reconstructed Armyist and militarist ideas are the late Lt. General SAKURAI Tokutami and his kikan led by Colonel YATO Hidenori, Colonels TSUJI Masanobu, SHIDARA Tomiaki, ASHIRO, and OKADA Yoshinasa, and Lt. General MIKAWA Genshichi among many other subordinate figures of the ARISUE and Army cliques and groups, and former general WASHIO Juzo (西尾 利造) and BOBAYASHI Saizo (小林 英造) on the top level advisory board. Lt. Generals KAWABE Torashiro and TANAKA Ryukichi for quite a time shared the dislike for ARISUE felt by the opposite camp because of prestige and power from GHQ connections and because of tendencies to agree with ARISUE's "post treaty coup d'etat behind the scenes" type of short-sighted planning. However, during the course of October and early November, 1950, compromise efforts and less rigidly "Army-type" political thinking on the part of these two generals has identified them instead as the chief figures of the "middle group." (Cf. (c) below.)

b. The opposite camp, though it can be lumped under a general category as "Navy-Foreign Office-Moderate", cannot be considered a strongly centralized and single entity. Its chief unifying factors are enmity to and jealousy of ARISUE plus a general similarity of ideology.

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Other than the new ~~TSUCHIDA-SATEMI-KAWA~~ organization, KAWAMOTO Yoshitaro's own Navy groups, and the remnants of the partially disowned KAWAGUCHI Kikan, it has no actively operating intelligence groups at present, and even figures like KAWAGUCHI Tadaatsu and ~~KOBAYASHI Shozaburo~~ have lost much face, as HORIUCHI Ganjo did earlier, with their own former Foreign Office, Navy, and political Rightist associates for precipitous action and over-hasty attempts to begin operating. Much of their opposition to the Army groups is merely a revival of the time-honored hatred of the Moderate Right Navy and Foreign Office for the Ultra Rightists of the Army General Staff.

As stated above, much of the hatred springs from strenuous objection to the personality and past actions of individual figures on the Army side such as ARISUE, WATANABE, and KODAMA, with whom they refuse to compromise at all. Much of that feeling results from jealousy and frustration. There are, nevertheless, in addition, bitter differences of opinion regarding ideological convictions, operational projects and methods, and political planning and policy which are just as important, and from a future viewpoint, even more important. Most of the Opposition groups within the underground Right, particularly former Navy and Foreign Office figures, have less brash assurance and cockiness about the future than their Army counterparts; and again fear the rapid, over-confident Army plan for renaissance of militarism as the most direct road to disaster. They feel that Japan should be carried along with the natural tide that will sweep her back into technological, economic, and cultural domination of the non-Communist Oriental world, and then, relying upon America's necessity for a bulwark against Russia in the Far East, gradually re-assert Japan's political and intelligence influence and operative hegemony in the Far East. Rash moves to seize what will eventually be offered would only destroy America's trust in the new Japan. Only after this slow, gradual, and natural re-assertion of Japan's predominance in the Orient can Japan afford to utilize them openly for a strong militarist bid for expansion of the Empire. At the same time, the internal political situation must be handled with considerable finesse and care to disguise from American eyes the shift of behind-the-scenes control into the hands of militarist-nationalists. Naturally, every opportunity to push the overt government of Japan further to the Right must be utilized, but nothing must be done that cannot be excused or explained to the Anglo-American bloc. The struggle between America and Russia and the forgetful nature of American leadership aids this greatly, because even in the past year exercise of apparent moderation, "democratic" intent, and patience has often resulted in American leaders quite naturally being forced to adhere to or even encourage measures and policies which the Moderate Right had intended all along. Japan will then eventually be in a position to do one of three things, depending upon world conditions at the time of her natural resurgence technologically, economically, then politically and even militarily: first, if the "cold war" is still in progress,

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Japan can easily replace India as the chief mediating "third force" between America and Russia, using it for bargains and concessions from America and at the same time re-assert her "Greater East Asia" position as the defender and champion of Oriental Nationalist groups from wrongs by either side; secondly, if it should come to war, Japan would throw most of her weight, for a terrific price in power, territorial aggrandizement, and independence of action in re-establishing imperialism internally, on the Anglo-American side; thirdly, if America has succeeded in defeating Russia, with or without Japanese help, Japan will be in an excellent position to take advantage of the tired and weakened condition of America to embark upon much more aggressive policies in the Far East, if not actual elimination of American Far Eastern influence entirely. Whether this program takes five years or twenty years, no one step of it should be hurried, as all of the Opposition leaders fear the Army men will again want to do. They deplore the lack of realism and subtlety of Army thinking, and fear again the bluntness, over-confidence and impatience of men like KOBAYASHI Saizo and ARISUE Seizo who have no real conception of world problems, attitudes, and new ideas, situations, and relationships.

The Opposition leadership ranges all the way from the pseudo-Rightist propagandist NABEYAMA Sadachika to ultra-conservatives KANAMOTO Yoshitaro and TOKOYAMA Rui, and divergency of opinion is great. They are not united, and they are not strong at present. Nevertheless, their viewpoint is realistic, restrained, cautious, and far more astute. They stand a far better chance of securing and retaining support of the Liberal Party's right wing as well as the old-line "Zaibatsu" and political purgee support, such as the SUWITOMOs, IWASAKIs, TOYODAs, and HATOYAMA Ichiro's group. They are much more able to deceive both American interests and "democratic Japanese" people in the long run, and with their emphasis on "patriotic, democratic, new-style Nationalism" rather than upon pre-war military violence, they stand a far greater chance of eventual success and a wider basis of support.

c. The Army Moderates or Compromise Group may dissolve into either of the two major factions at any time, or it may eventually become the solidifying and unifying force utilizing and controlling both. Its present position is narrow and tenuous, and its adherents few. However, they are high, powerful, and skilful. KAWABE Torashiro, despite his Army General Staff background and despite his past exemplification (in Navy eyes) of unmitigated and unilateral Armyism, is now viewed with increasing favor for his recent attempts to soften the Army jingoists and to reach a working basis and common policy agreement with Navy and Foreign Office-led factions. Lt. General SUMITA Raishiro (須田 啓四郎) is another Army man who is advocating a slow, cautious, and restrained approach to the objective of Japanese resurgence; Lt. General TANAKA Ryukichi is following KAWABE's lead in his work as "messenger boy" to UGAKI and NOMURA Kichisaburo; KAMATA →

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Sawaichiro ( 鋈田 澤一郎 ) and TANAKA Shinichi, despite their close collaboration with ARISUE, are also inclined towards compromise, caution, and unification of the Right. On the operating levels, Lt. General IWAAZE Takeo & YABUCHI Goro, whose group, strong in Nakano School men, is probably the most experienced and professional of the inter-related Army intelligence groups, made his position very clear to leaders of the TSUCHIDA-SATOMI organization at a conference in mid-October. He admitted that his organization runs some collaborative enterprises with ARISUE, SONO Akira of the Foreign Office's Intelligence Department (who liaises with ARISUE through Maj. General KINURA), and with TANAKA Shinichi, but stated that he has an aversion to ARISUE's political ideas and to his semi-overt manner and high-handed plans and methods of operation. On the other hand, he wished cooperation with the Navy and Moderate leaders and above all, a united, professional-minded intelligence service of cautious, clandestine, and experienced operatives rather than amateur Army staff officers. He felt that KODAMA Yoshio's chief talents were demonstrated solely in the hijacking and brokering of information from news publications and other intelligence agencies. On the other hand, ARISUE's men have accomplished many fine operations, as has KAWABE's organization, and their prestige with the Americans is good. There should be no reason, if ARISUE could be persuaded to forego his personal push toward complete power in the JIS relying on GHQ backing, why both factions could not work harmoniously together, under the direction of a coordinator above ARISUE. He also warned that the former Navy and Foreign Office groups must show greater adhesion and professionalism themselves.

3. The Compromise Attempt: 10 October to 25 October, 1950.

a. Chiefly pushed by IWAAZE, KAWABE, KAWAMOTO Yoshitaro, NOMURA Kichisaburo, and TANAKA Shinichi both individually and collectively, an attempt was made during this period to repair the shattered "federation".

b. KAWABE, IWAAZE, and TANAKA particularly contacted KAWAMOTO, SATOMI, BARA Kensuke, YOKOYAMA Yui, and NOMURA, and elaborated an overall plan which would have retained UNAKI Kazunari (Issai) as titular head, but which would have given NOMURA Kichisaburo far greater authority as virtual "chief of general staff", on the highest level of overall direction. Underneath was to be General KOBAYASHI Saizo as deputy chief, and a Board of Advisors including Vice Admiral KOBAYASHI Shozauro, YOKOYAMA Yui, Lt. General SUMITA Raichiro, Lt. General KAWABE Torashiro, TANAKA Ryukichi, General NISHIO Juzo, former Foreign Office leaders YURARA Fusanosuke and SHIMOHARA Tetsu, and "former" Communist labor-leader YITAMURA Shiro. This top leadership was to decide definitively on all

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major political and operational policy, and was to possess far greater central and unified authority than before. After preliminary discussions with KAWAYO and SANO, Army representative TANAKA agreed that underneath this Advisory Board were to be two intelligence departments of such separation and autonomy as to be worth calling separate services. The first was to be headed by ARISUE Seizo with IMAE deputy for internal operations (which would include TAKAKA Shinichi and certain of KODAMA's subordinates) and MATANABE Wataru deputy for external operations. This department would not only have operative control over all former army operations and groups such as KAWABE's and DOI Akira's, but would supervise all intelligence operations carried out jointly with American intelligence agencies under Far East Command jurisdiction. The second intelligence "department" was to be under KAWAYO Yoshitaro, with TSUCHIDA Yutaka as deputy chief. FURUYA Tatsuo would handle secret external operations and either TANAKA Shinichi or a subordinate selected by KAWAYO would handle internal anti-Communist operations. In addition, various supporting agencies were to be created. NABEKAWA Sadachika would handle Propaganda Department operations through his vast semi-overt propaganda-subversion organization. HITANI Hajime would handle all liaison at the working level to the political leaders in Japan and to present government agencies, including supervision, for example, of ARISUE's connections into the Foreign Office through KEURA to DOI Akira. BABA Kensuke would be in charge of lower level relations and liaisons to foreign countries and planning for Foreign Office-backed operations to foreign countries other than Communist nations. Independent fund-raising operations not connected with American intelligence and military agencies were to be placed under general liaison control of SUZUKI Keishi of the ARISUE Kikan, with KUROHARA Shizumi of the TSUCHIDA Kikan as deputy, and utilizing KANEKOTO Shunichi for Indo-Malay-Indo-China trade, KANAI Tatsuo (河相 達夫) for Australia-Japan trade, the new JOMAN Enterprises Ltd. of KAWASHIMA, MUGUCHI, and KIYAZAKI (a TSUCHIDA-SATOYI fund-raising affiliate), the DAIKO Company of KUMANO and other of KODAMA Yoshio's subordinates, the MAEJI Company to which both Colonels KADA Yoshimasa and KAGASAKI Ken of ARISUE-KIMURA affiliations have connections, the Peace Credit Company operated by KAWAGUCHI Kagetsu's group, and the Chinese trading company known as the SHENING (earlier concerned in the NIPPON Formosa Volunteer Recruiting operations and formerly connected to KAWAGUCHI and more recently connected to MATANABE Wataru,) and various other commercial companies which could be utilized to contribute funds to the overall federation. Former Major General HAMATA Sawaichiro (or Senzo?) was to handle General Affairs and Personnel Distribution, and possibly, with professional assistance from certain IMAE Kikan operatives. Training unless NABEKAWA and IMAE themselves share responsibility for that in the future.

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c. Most of these arrangements were apparently accepted in principle by such senior political leaders as the political leaders of the op-

working level, such as KIMURA and TSUCHIDA, desired clarification in detail of the exact inter-relationship between the two Intelligence "Departments" and the limits of jurisdiction of each. KIMURA, as a former close associate of ARISUE this past year, and TSUCHIDA, as ARISUE's former liaison man into Foreign Office circles this past year, were both highly in favor of unification but well aware of ARISUE's character and unilateral tendencies. SATOMI Hajime, therefore, drew up a counter-plan in detail, relying heavily upon the assistance of FURUYA Tatsuo and OIKAWA Michio, which was aimed at even tighter unification and centralization and which went into considerable detail on the organizational structure. The major additions were that KAWAGUCHI Tadaatsu (who, although a former Lt. General, has been ranged consistently on the Navy-Moderates side) should head a Security Investigation Department. The plan also earmarked KURIHARA Shigeru for head of the Funds Department, with two deputies, one SUZUKI Keishi and the other a "zaibatsu" representative to be chosen by the Board of Advisors. The major point of conflict was insistence upon their part (with FURUYA Tatsuo's October plan for a CIC liaison in mind) that collaboration on the part of the Second Intelligence Department or any group thereof with any Far Eastern American intelligence agency, if such connection were merely to gain vitally needed operating funds, need not have the permission of ARISUE and need not be under ARISUE's control and surveillance. They pointed out that ARISUE's organization had more than once dealt directly with Chinese agencies to get operating funds during the past year, just as they had, and might do so again on the Volunteers for Formosa case. Why, then, should they be required either to submit all American contact plans to ARISUE or to submit all information going to American agencies to ARISUE or even KANABE? If the objective were merely the low-level one of raising funds, it could hardly hamper ARISUE's connections. At the same time, there seemed little reason why ARISUE and the First Intelligence Department should have a monopoly on the financial and authoritative benefits of Occupation connections. The matter of liaison to Japanese political leaders and to various agencies of the Japanese government was another matter; that was purely business and operational, and one voice, whether it be SATOMI or someone higher up, should be authorized to speak authoritatively at the working level on policy for the entire group. Furthermore, political considerations and the aspirations of political leaders like TSUCHIDA Shigeru, HATAYAMA Ichiro, former Prince MATSUDAIRA, TSUNAGATA Taketoro, SHIMIZU Toshio, MORIUCHI Ganjo, and SHIDEHARA might frequently have a direct bearing on whether any given operation by either Intelligence Department were advisable or not. Therefore, close policy control by the Board of Advisors over operational plans of both Intelligence Departments was mandatory, with a Policy Planning Committee, including the chiefs of both the Foreign Liaison Department and the Governmental Liaisons Department (tentatively BABA and SATOMI), reviewing and approving all operations from an overall policy viewpoint.

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d. This, of course, ARISUE refused to accept at all, as did many of the other Army leaders. At the height of his operative capacity and personal power, ARISUE refused to be bothered with checking with anybody, much less any politicians and former Foreign Office dignitaries, as to whether he should effect a certain operation or not. ARISUE was not the only Army leader who objected to the Navy-Foreign Office insistence that other operations and liaisons with American agencies could be carried out independently for economic reasons, even though both KAWABE and Admiral NOMURA had been working for a long time with Americans independently of ARISUE, and above his level. The resultant mutual recriminations and bitter accusations destroyed even further any chance of cooperation and unity, to the extent that by the last week in October, the "federation" was little more than a name or possibly even a dream.

#### 4. Current Position of the Groups (4 November, 1950)

On the operating level, the various "kikans" are split along the factional lines discussed above, and each is pursuing its independent course. The plans, projects and activities of ARISUE's men and the other kikans have been discussed at length above in Part I. ARISUE is advancing unilaterally on most all fronts, although some cooperation continues in internal operations with the anti-Communist penetration efforts of IWAAZE Takeo and his men. Much of this cooperation is under overall direction of KAWABE Torashiro, however, who formerly took a far more active part in "fronting" for IWAAZE and ARISUE. In addition, ARISUE's and IWAAZE's pipeline into Foreign Office anti-Communist intelligence operations through SONO Akira continues jointly. More or less directly under ARISUE are Major General KIMURA, former Burma MG officer, WATANABE Wataru for external operations, SUZUKI Kaishi for economic operations, and KODAMA Yoshio and particularly his subordinates for low-level internal operations. DOI Akira and OKAWA Genshichi are now joint heads of a new "kikan" using most of DOI's former operatives, and this new group liaises closely with ARISUE's. ARISUE and IWAAZE's group have frequently interchanged personnel, but IWAAZE is still quite cool towards close cooperation with ARISUE. KATAGUCHI Tadaatsu is still completely inactive, as are Vice Admirals SUGAWA Jiro and KOBAYASHI Shozaburo, though the latter are getting ready to back at a high level the new SATOMI-TSUCHIDA organization. (Cf. below) KAWABE and TANAKA Ryukichi have continued general liaison work and fronting for IWAAZE, kept up their GHQ connections, and during the last week in October were on the highest level at violent odds with the Navy-Foreign Office figures, even NOMURA and KAWAMOTO, for the Opposition's inflexibility on the unification compromise issue. The first week of November, however, saw KAWABE, IWAAZE, and TANAKA listening with increasing interest to an overture from the New National Peace and Independence Preparations Committee (cf. below) for overall cooperation and sponsorship. Furthermore, KAWABE is reputedly not entirely satisfied with ARISUE's recent bid for increasing power, and may throw his weight in favor of the Opposition groups. (Evaluation for this last statement: B-3.)

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5. The New National Peace and Independence Preparations Committee, and the JONAN Enterprises Company, Ltd.

a. The original plan for the secret operational section was formulated at the time of the great compromise attempt, and it enjoyed wide circulation and theoretical approval. Organizationally and operationally, it was chiefly a combination of the ideas of FURUYA Tatsuo and OIKAWA Michio, but its backing came from such distinguished higher-ups as KOBAYASHI Shozaburo, BABA Kensuke, and even KAWAMOTO Yoshitaro. It was incorporated into the larger organizational plan submitted by SATOMI during the compromise negotiations and was slanted with that in mind. After failure of the unification attempt, individual operatives like IGARASHI Ken of WATANABE Wataru affiliations and WAMEU Kanichi of the IWAAZE Kikan dropped out of the new grouping with which they had been greatly interested. They are still on good liaising terms, however, and may join in later.

b. Present Organization.

Organization was decided at a conference at the JONAN Enterprises Ltd. offices at Tomoe Cho, Nishikubo, Shinagawa Ku, Tokyo on 2 October and confirmed later at another conference there 24 October, 1950.

Policy Advisors: KOBAYASHI Shozaburo and YOKOYAMA Yui; if possible, KAWABE Torashiro and TANAKA Shinichi will be added, particularly to assist in operations of the Liaison Bureau to Japanese government agencies such as the new Police Reserve Force and to other agencies such as the Army leaders; close cooperation with IWAAZE Takeo is desired.

Active Chairman: BABA Kensuke

Vice Chairman: TSUCHIDA Yutaka

Administrative

Staff Members: KAWAI Tatsuo (河井 辰夫) and KURIHARA Shigeru (栗原 成)

Financial Section: JONAN Enterprises Company Ltd., with KAWASUMI Keiso its President (川島 敬三) and KOGICHI Hisao its general manager. (野口 英雄).

Special Intelligence Operations

Chief: FURUYA Tatsuo

Deputy Chiefs: OIKAWA Michio, and an unidentified and separate deputy chief connected with KAWAMOTO Yoshitaro.

Lieutenant Colonel : SANO Kazuo ( 三野 一夫 )

Deputy Chiefs : YAMA Kazuo or Ichisui ( 山 一夫 )  
NATSUMOTO Ichiro ( 松本 一朗 )

Some of the personnel intended for use in the Operations Section under FURUYA are a former Major named KUJIMA ( 生山 ), a former Navy TRK lieutenant named TAJIMA ( 田島 ), and YURASAWA Yoshibumi & YONEDA Yoshibumi former Army Lt. Colonel at Osaka, whom FURUYA and OIKAWA particularly wanted for internal operations in the Kansai. In addition, NATSUMOTO Ichiro, former Navy Commander, will assist in the recruiting and training of additional young men with former intelligence experience. The other wing of FURUYA's operations, in conjunction with the former KAWAKOTO Kikan deputy are not yet clearly established.

c. Organizational Objectives and Plans.

There are two primary differences between this new organization and other operative groups now in existence. When the unification scheme failed, it destroyed the intended plan to use this group as the nucleus for the secret operations unit of an overall Japanese Intelligence Service, composed of young men and professional intelligence men of field grade rank or lower drawn from all the existing kikan. Nevertheless, that remains one of the new organization's distinctive features despite its now modest beginnings: it is not over-burdened with "name" figures, special advisors, advisors, directors, assistant directors, and committee men, nor is its organization even a primary consideration; but it is primarily aimed at expansion, recruiting, and training of field grade and junior grade intelligence officers of some experience in streamlined, professional, post-war methods of intelligence activity, indoctrination in sound operational planning now while activity is limited, and some cautious use of such methods within limits of both security and existing circumstances. This group will then expand in numbers as time goes by. The second major distinction is that a clear-cut demarcation has been made between financial activities and professional intelligence operations; and this is the principal guide to the future professional nature desired for the organization. At present, actual intelligence operations vary all the way from refugee-interrogation (for material to give to CIO so that salaries can be paid) to bits of local anti-Communist information, and include plans for future external secret operations.

d. Ideologically, their objectives may be summed up as a gradual, relatively peaceful, and quite cautious re-establishment internally of Imperial Nationalism, and re-building of Japan's position as a world power with her eventual domination of the Far East, if not all Asiatic peoples, in mind. Their views as to how these objectives may be achieved differ very little from those expressed in para. 2(b) above concerning the "Navy-Foreign Office" clique's point of view.

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e. Activities.

They have three current projects of a major nature, plus the operational assignment recently of certain of their members such as IKUYAMA and KURASAWA to the problem of procuring anti-Communist information within Japan. The three major projects are: (1) infiltration of personnel, particularly field grade officers of experience if possible, (as advisors), into the new Police Reserve, and continued influence, through FURUYA's and SATOMI's friend, WATANABE (Inu), and also through JOKAN Enterprises Ltd., into the Maritime Safety Bureau; (2) running an operational net, for procurement of information regarding the JCP and also regarding Communist China, under American CIC direction, with the main objective being payment of salaries; (3) a canvassing and interrogation of recent repatriates from Asia mainland areas both for training and practice in systematic interrogation and research work and also in order to be able to offer information to Americans. FURUYA feels that the connection to WATANABE and to the Maritime Safety Bureau is vital since eventually that agency will be the nucleus of a revived Japanese Defense Navy and that permission for such revival will probably precede American consent for any full scale re-establishment of a Japanese Army. Therefore, by excellent relations maintained now with WATANABE, probably future chief of operations for the Defense Navy, the group would have access to the first adequate "service" cover available. Operationally, difficulties have arisen in that their "Financial Department" can supply only enough funds for operating expenses as yet, necessitating American contacts to supply living expenses; however, both FURUYA and JIKAWA are primarily interested and experienced in foreign intelligence and have little knowledge of or competence at anti-JCP operations, which is the primary concern of their American sponsors. The organization is therefore quite anxious to establish connections through Lt. General TANAKA Shinichi to Lt. Generals KAWABE and TANAKA Ryukichi, whom they would like to have back them eventually as the secret foreign espionage counterpart of the IWAJIE Nikan for secret domestic counter-intelligence. (CF: COVER LETTER NOTE.) TANAKA Shinichi was involved all throughout late September and early October with the JOKAN Enterprises Company in a shady deal to procure 20,000 surplus American Army blankets from Yokohama at a bargain price, presumably for charitable purposes, as far as the Americans were concerned. Therefore, TANAKA is favorably inclined, though he desires inclusion of TSUJI Masanobu in the set-up. Since TSUJI is personally affable and sincere, and has excellent Nationalistic ideals and prestige in addition to American connections, even if he is recognized by professionals as slightly dense and ideologically childish, the SATOMI-BABA combine has no objections at all provided TSUJI's involvement in the secret intelligence operations is carefully minimized. In the Liaison Section he would not only be a decided asset in dealing with Americans and Japanese government per-

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sonnel, but would be invaluable as a contact man to other "kikans" and striking evidence to all concerned of the new group's wide-based character and compromise potentialities. This move might also pave the way for KAWABE's support, they feel. If this occurs, ARISUE should be neatly circumvented, not in the immediate future, but for the long-range future. (Speculation; B-6.)

f. Financial Operations of JONAN Enterprises, Ltd.

KAWAJIMA, its president, is at present contracting for the provisioning of the new Police Reserve, and also the Maritime Safety Police Corps Auxiliary with foodstuffs. Their purveying warehouses are located conveniently in URAWA City. Other enterprises include cooperation with an unidentified shipping company loosely connected to KAWAGUCHI Tadaatsu's Peace Credit Company on shipping ventures to North China and Manchuria ports. (Cf. I, 4, (c) above). This cooperation extends to shipping ventures to Okinawa and Formosa. Lt. Colonel BAN of the Chinese Mission has been contacted for assistance in the procurement of ships for ventures to both areas. KAWASHIMA (KAWAJIMA) and NOGUCHI are now busily engaged also in procurement of copper, iron and tin, and any kind of scrap metal for the purpose of getting the Japan Copper Tube and Pipe Mfg. Co. to manufacture them, after which they will be used for trade to China. FURUYA adamantly refuses to involve himself in any of these operations or to utilize them or permit utilization of them for intelligence-gathering purposes. (Cf. I, 4 (C) above.)

III. Specific Biographical Information on Personalities

A. Members of the NEW National Peace and Independence Preparations Committee.

FURUYA Tatsuo.

This individual has been thoroughly described in previous reports. New information regarding him reveals only that he has apparently had close liaison connections for quite some time to Vice Admiral KANAMOTO Yoshitaro as well as to KOBAYASHI Shozaburo.

TSUCHIDA Yutaka @ TSUCHIYA Yutaka.

Age : About (fifty-two)  
Home Address: Shinagawa Ku, Nishikubo, Tomoe Cho. Number unknown.  
Office : Vice-Chairman, New Peace and Independence Preparations Committee, Minato Ku, Shiba, Nakamon Cho % TSUCHIYA Yutaka.  
Experience : No military service. A longtime Foreign Service official, he became Consul at Shanghai about the time that Ambassador TANI was first sent to the WANG Ching Wei government (about 1942 or late 1941). He later became chief (consul general)

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of the Shanghai Consulate. During all this time, he was the channel for most of the intelligence information gathered by the TMKK, the Foreign Office representatives in the WANG government, and the undercover operatives of the Japanese Navy, Foreign Office, commercial and civilian agencies, and Chinese puppet government. After the war, he was the first chairman of the Japanese Residents Association of Shanghai. He was arrested by the Shanghai Garrison HQ about January or February 1946 because of failure to hand over funds collected for repatriation of the Japanese, funds which should have been passed to the Chinese Central Government and which had been collected from Japanese residents of Shanghai who complained about it. Another evident reason was that he had secretly repatriated several high-ranking Japanese military and intelligence figures under aliases and also hidden others from investigation by the Chinese. HORIUCHI Ganjo, Minister to China who believed in overt collaboration with the Chinese Nationalists, also used his influence to ruin TSUCHIDA, partly so that he could replace him. TSUCHIDA was repatriated about December, 1946. After that time, he cooperated with ARISUE, TANAKA Ryukichi, and SAKURAI Tokutaro for quite some time in gathering of intelligence information concerning the JCP, Chinese Communists, and research into Soviet operations in China, a subject in which he is supposed to be very well-informed and particularly interested. Ill-feeling between himself and HORIUCHI Ganjo, plus revelation of his past intelligence connections through War Crimes Trials in Shanghai, made it impossible for him to re-enter the Foreign Office.

BABA Kensuke.

Former Minister to Hongkong. Little else is known of his background than has been previously reported. He has many friends in the Foreign Office Intelligence Department, including both SONO Akira and USAMI Hiroshi.

SATOMI Hajime (Ho??) ( )

He is about fifty-six years old, height about 5'5", weight about 135 lbs, is slightly stocky in build and wears black-rimmed glasses. He has never been in the Japanese Armed Forces as far as can be determined, but was a former civilian Tokumu Kikan operator first with the Japanese Foreign Office and then with the South Manchurian Railway Company's investigative section in Manchuria and North China, and ended up at the time of the surrender in Mukden. His previous tour of duty with Foreign Office TMKK Intelligence is not placed, but he also has had connection with anti-Soviet operations of SONO Akira. After the war, until his repatriation, SATOMI played an active role, along with WATANABE Kataru, USAMI, and former consul

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ISHII of Tientain in both the Sino-Japanese Collaborative Movement and other activities related to the Chinese Nationalist IRRA. His additional duties involved build-up of stay-behind Japanese Intelligence agents and groups. His connections since his return to Japan have been mainly with BABA, TSUCHIDA, YOKOYAMA Yui (after the latter's release from Sugamo), and KOBAYASHI Shosaburo. He avoided direct involvement in any intelligence activity until recently because he disapproves strongly of the gangsterish level of current operational groups and feels that they are conditioned by stupidly pre-war political ideas and methods, unsound planning, and "apres-guerre" self-interest and corruption. He is cautious, business-like, and meticulous, and though he is not an expert operator himself, he therefore prefers sensibly to leave intelligence gathering to professional experts, handle liaison and contacts, and to maintain a distinct separation of financial and operational functions. His research ability, business-like planning, and ideological practicality, however, make him very capable in an overall directorial capacity as well.

MATSUMOTO Iohiro ( )

He is now living with FURUYA temporarily at Omiya City, although his home is Osaka, where he has been, since his repatriation in late 1945, a director of the Osaka Oil Company (which has affiliations to the Sun Oil Company of Tokyo, to which KAWAMOTO Yoshitaro is connected.) He is (about forty-nine years old) and is a former Commander in the Navy who received a post-surrender promotion to Captain. He graduated from Navy Officers School several years ahead of FURUYA. MATSUMOTO became a Lieut. (jg) in 1941, after service in West India, Indo-China and with the South Asia Fleet. He then attended Navy Staff College, and graduated in 1942. He was then sent to Shanghai, where he first handled combat and then intelligence staff duties. He later was transferred to the Singapore HQ, from which he was sent first to India, then to Batavia, and finally to Amoy, where he was at the time of the surrender. He has two sons, one, age 26, who was a former Army 2nd Lieutenant at Changchun, Manchuria, and is now working in the Transportation Ministry, and his elder son, who is now employed by the Fukuoka City Price Control Agency, in Kyushu. MATSUMOTO has some experience in intelligence staff work and in training. He came to Tokyo on 17 October, 1950 at FURUYA's request to talk over plans for re-activation of intelligence activities. He is primarily interested in elimination of post-war materialism and corruption, re-indoctrination of Japanese young people to nationalism, and selection from young nationalist groups of competent individuals who can be trained and briefed carefully for future intelligence service work. Such a group would thus form the nucleus for a trained centralized JIS in the service more capable than the past ones in coping with intelligence activities of other nations.

KAWASHIMA Keizo and NOGUCHI Hisao are both former Ministry of Transportation officials who have branched out into private business. Their headquarters, JONAN Enterprises, Ltd., is located on the second floor of a Mr. MIZUNO's residence at Tomoe Cho, Nishikubo.

MURASAWA Yoshibumi @ HONDA Yoshibumi, former Lt. Colonel, Army, former

Intelligence Staff Officer, and former member of the Eastern Affairs Research Society, has already been described in reports.

B. Personalities in the NABEYAMA Sadachika Organization.

These loosely affiliated groups, under leadership of NABEYAMA Sadachika, are working primarily for propaganda, subversion, and ideological indoctrination of Japanese youth in a Rightist direction, but also engages, throughout its wide-spread branches, in some low-level anti-Communist intelligence collection. It is very well known, and NABEYAMA, as its leader, has a prominent place in anti-Communist circles despite strong beliefs in those circles that he may actually be a double agent, along with MITAMURA Shiro. The following subordinate personalities, as far as is known, are proven Rightists, notwithstanding.

\* MAZU (fm) (今津), one of the chief figures of the Independence Youth League (DOKURITSU SEINEN KYOKAI).

\* IMAI Takeo (今井 武雄), former Deputy Chief of Staff in North China, and KUSANO Fumio (草野 文男), former Colonel, Army, of the same theater, who are leading subordinate "name" figures in NABEYAMA's World Democracy Research Association (SEKAI MINSHU KENKYU KAI) at the Hokkaido Press Bldg, 6 Chome, Nishi-Ginza, Tokyo.

C. Personalities of the "REISHISHA" (Repatriates Anonymous Association) now Affiliated with NABEYAMA's WDRA

This organization is split into two wings, of which NABEYAMA practically controls one through its close affiliation to his World Democracy Research Association in the branches. Its headquarters is located at #2309 Kodake Machi, Suginami Ku, Tokyo.

\* OMASA Masakazu (大政 正和), formerly in the section of REISHISHA run by KANAGUCHI Tadaatsu and still in close liaison with the latter, is the chief connection to NABEYAMA Sadachika, operating at the above address.

\* TOYATSU Keigi (戸松 彪誠) is his subordinate.

In the organization, TOYATSU Takeo (武男) is chief of the Kyushu District from Kumamoto City; AKIDA Keiji (板田 慶司) is chief of the Kansai District; SHIMOHARA Toshio (村原 恒夫), Shikoku; YOKOI Sho (横井 章), the Chukoku District (Muroshina, Kure); SATO Zenji (佐藤 善治), the Hokkaido District; SHIBATA Tetsuo (柴田 鉄男), the Tohoku District; YAMATSU Sadao (山本 貞夫), the Kanto District; and KASAHARA Sakae (笠原 栄) supervises the North Kanto District from Utsunomiya.

D. Direct Affiliates of KAWAGUCHI Tadaatsu

\*OHASHI Masatoshi and HASHIMOTO (fnu) are subordinates connected with the HOSHISHA Organization, as is former artillery officer NAKAMIZO, and they are also liaison men on KAWAGUCHI's behalf to the KIKUSUIKAI (Chrysanthemum Water League) and the Japan Anti-Communist League, two ultra-nationalist secret societies chiefly strong in Kyushu to which KAWAGUCHI is a chief advisor. NAKAMIZO also operates in KAWAGUCHI's economic operations through the Peace Credit Union Company, Ltd. (HEIWA SHINGYO Kabushiki Kaisha) located at Shiba, Sakuragawa Cho, Minato Ku, Tokyo.

Unplaced KAWAGUCHI intelligence service subordinates ASO Tatsuo (阿相 達夫) and YAZAWA Haruo (大沢 浩夫) maintain liaison with the New National Peace and Independence Preparations Committee for KAWAGUCHI. They are also contact men to KOBAYASHI Shozaburo.

E. YANAAZE Takeo

This elusive figure is believed to be actually former Lt. General YABUCHI Itano (山内 洗 夫), one-time head of the Army Information Bureau in South China as a Colonel, after assisting, (as Colonel IYAMOTO Goyu) in the foundation of NAKANO Intelligence School. It is known that as YABUCHI he carried out intelligence operations in the South China theater. He has two subordinate organizations, one composed of many former Nakano School officials and graduates, and which has already been reported as far as identifiable. A second group, working closely with the ARISUE Kikan includes the following:

- Former Major HAYASHI Masao (林 正 夫), South China Tokumu Kikan officer and last year a member of the ARISUE organization;
- NAMBU Kenichi (南平 健一) who is a former ANTRA Kikan TEKK officer;
- HIGUCHI Kiyoshi (樋口 清 義);
- YODA Katsuaki (戸田 勝 秋);
- SUGIURA Masayoshi (杉村 正 義); and
- YABAYAMA Hideo (葉山 秀 夫).

F. Subordinates of NATAKABE Wataru

In addition to former Navy Captain KISHITANI Naoki ( ) (believed to be an alias) of 1 Chome, Sakura Shinmachi, Setagaya Ku, former Army Air Force Colonel NIZUTANI Goro (age 46) living at #37 2-Chome, Tamagawa Yaga, Setagaya Ku, there are many others connected with the Mitsuboshi Commercial Enterprises Company. At the Nissan Building, 1-Chome, Marunouchi, Tokyo, MITSUKA Kenzo, former Keisei Lt. Colonel, MIKAWOTO Shigeru, former TMC captain, and HATTORI Tetsu, former Army staff major, still locate their headquarters and report to NATAKABE. HIDAKA Shiro Tomiaki, associated briefly last spring with the parallel DOI Akira Kikan at the Iuhana, Nagasaki, and more recently returned to Kyushu, has again joined forces with NATAKABE Wataru, after the latter's trip to Kagoshima in September. Former Colonel OKADA Yoshinasa (岡田 芳 政)

AKA  
MITSUBOSHI

and IGARASHI Ken are also deputies of another but unidentified wing of WATANABE's various subordinate agencies.

G. KOMIYAMA Kyoze, chief of the Korean Economic Research Society, is a semi-overt subordinate to Maj. General KAMATA Sawaichiro, who is closely connected to KA ABE Torashiro, TANAKA Ryukichi, and the central general staff of the now-shattered federation. KOMIYAMA keeps in very close touch with WATANABE Wataru on Korean operations.

H. KAWAMOTO Yoshitaro, former Vice Admiral, connected to the Sun Oil Company at 1 Chome, Ginza, was formerly working very closely with ARISUE Seiso but is now completely separate. His subordinates and actual operations are unknown, but one of his liaisons is a Navy Captain who was a TRKY officer in Europe, and another is former Commander KOJURA (or OKURA) Kiyoshi, (age about 40) #79, 2-Chome, Yoga, Setagaya Ku, who was formerly connected with FURUYA in the Far East Affairs Research Society as liaison to Navy brass. KAWAMOTO is very sharp, military, and close-mouthed.

J. NAEDA Torao & NAEDA Minoru, former Vice Admiral, using the alias of former Lt. General WATANABE Ikujiro, is located at Fujiya Teranomom, Tokyo, but also utilizes NEWOTO Hiroshi's Tokyo offices in the Teikoku Bank Building occasionally. His principal subordinate is OKADA Terusato (SE 8 SE 8), believed to be a former Navy Commander.

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