

DA INTELLIGENCE REPORT <small>(Use this form only in accordance with instructions in SR 580-305-3)</small>		CONFIDENTIAL		COUNTRY REPORTED ON JAPAN	ID NUMBER 2062805										
REPORT NUMBER R-350-57	FROM Arma Japan	PREPARED BY Col W.W. BALLEW	SOURCE Pers contact	DATE OF REPORT 18 Oct 57											
SUBJECT Activities of one Mahiko EGUCHI (U) - <i>Political Swindler</i>			REFERENCES	EVALUATION P-6	DATE OF INFO. SepOct 57										
SUMMARY Seikun MATSUI visited this office in Sep-Oct with a story of having been approached by Mahiko EGUCHI with two interesting propositions involving the name of the U.S. Embassy and the promise of U.S. financial aid. One scheme involved the sale of surplus American Army commodities at low prices, and the other concerned buried nonferrous metals at the Ikego Ammunition Depot, to be dug up and sold at a profit. MATSUI was informed by this office that neither the US Embassy, US armed forces, nor any U.S. agency had any connection with EGUCHI.															
<p><i>Library Subject and Area Codes</i></p> <p><i>3-05 10/57 (25)</i></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td><i>861.2</i></td> <td><i>3L</i></td> </tr> <tr> <td><i>783.1</i></td> <td><i>3L (V)</i></td> </tr> <tr> <td><i>125.91</i></td> <td><i>V (3L)</i></td> </tr> <tr> <td><i>125.92</i></td> <td><i>3L (V)</i></td> </tr> <tr> <td><i>113.6</i></td> <td><i>3L</i></td> </tr> </table> <p>Regrading data cannot be predetermined</p>						<i>861.2</i>	<i>3L</i>	<i>783.1</i>	<i>3L (V)</i>	<i>125.91</i>	<i>V (3L)</i>	<i>125.92</i>	<i>3L (V)</i>	<i>113.6</i>	<i>3L</i>
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1. During September and October of this year, Seikun MATSUI paid several visits to Major HUMPHREYS. During the course of these visits MATSUI revealed that he had been approached by a Mahiko EGUCHI and that EGUCHI made two very interesting propositions to MATSUI, both of which involved the name of the U.S. Embassy and the promise of U.S. financial aid to MATSUI's pet projects. First, MATSUI outlined to HUMPHREYS EGUCHI's offer, ostensibly from a U.S. intelligence agency through EGUCHI to MATSUI, for the sale of surplus American Army commodities at low prices to MATSUI. MATSUI with the help of business friends would form a corporation to buy these commodities and they in turn would sell them on the Japanese market then this profit could be applied to the use of the Liberal Democratic Party in its campaign against the Socialists. EGUCHI's second offer concerned buried nonferrous metals at the Ikego Ammunition Depot. These nonferrous metals would be dug up by a company which MATSUI would head and then be sold on the Japanese market at a profit. The return from these metals then would be applied to building an old peoples home somewhere in Japan, a project which MATSUI had been interested in for some time. EGUCHI has been working with MATSUI since last May or June on these deals.

2. In EGUCHI's dealings with MATSUI he liberally used the names of Embassy personnel and persons connected with the armed services. Since raising money for the LDP was one of MATSUI's pet projects it appears that he immediately fell for EGUCHI's scheme without properly investigating the man's background. MATSUI did not begin to suspect EGUCHI's real intentions until sometime in mid-September when he tried to enlist the support of Shunkichi NOMURA, prominent Tokyo businessman. NOMURA told MATSUI he would be interested if he could show him proof that a U.S. agency was indeed prepared to make this offer. MATSUI then contacted HUMPHREYS through his acquaintance Mr. Kanichiro KAMEI. My investigation of this story determined that both projects were spurious. (EGUCHI subsequently turned out to be the very same man who swindled Prince HIGASHIKUNI with a supposedly U.S. backed Southeast Asia development scheme. MATSUI met EGUCHI while EGUCHI was employed by the HIGASHIKUNI household and because of this connection believed him to be a man of integrity and honesty.)

3. Major HUMPHREYS informed MATSUI of EGUCHI's intentions and unequivocally told MATSUI that EGUCHI neither had any connection with the U.S. Embassy, U.S. Armed Forces, or any other U.S. agency.

4. EGUCHI's story, as given to Arma, is attached hereto as Inclosure 1. Presumably the "G-organization" referred to is what he calls the Gilbert Organization, an outfit headed by a General GILBERT, who heads all American intelligence operations in the Far East.

5. MATSUI did have an interview with Mr. LAMB and Mr. CARPENTER of the Embassy Political Division in May of this year, as indicated in Inclosure 1. These officers did make some inquiries among Japanese friends about MATSUI's background. MATSUI told Arma that one thing which made him believe that EGUCHI's offer was bona fide was that he was told by Shigemasa SUNADA that Americans were checking his background. He felt that this was being done by - in his words - the American "Tokumu" (Secret Service organization).

COMMENTS:

1. MATSUI actually brought EGUCHI to HUMPHREYS' office. At that time the entire story of EGUCHI's activities was bared. MATSUI is now considering turning EGUCHI over to the police. Arma talked to MATSUI on 15 October and there seems to remain some doubt in MATSUI's mind that EGUCHI may indeed be a representative of a U.S. government agency, but the U.S. had abandoned the project because it appeared to be unprofitable at the last minute leaving EGUCHI holding the bag for everything. This impression has been left with MATSUI because he has heard from Masanobu TSUJI that TSUJI had been similarly served by the U.S. a few years back when some U.S. agency allegedly employed TSUJI to head up an organization to promote disturbances and revolt in North Viet Nam. Allegedly the U.S. Government had withdrawn from this project after TSUJI had gone to a great deal of trouble to set the thing up for them. According to MATSUI this act on the part of the U.S. has given TSUJI a permanent anti-U.S. slant. MATSUI having heard the story, still apparently had a belief that he has been dealt with in a similar fashion, despite Arma's strong assurances to the contrary.

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2. Arma is not aware of MATSU's background or the extent of his influence within the LD Party circles, which he claims is considerable. It is apparent that he has been influenced to some extent by TSUJI's story - of which Arma has no knowledge. TSUJI's recent vitriolic attack on the United States over alleged design defects in F-86D's, is a recent evidence of TSUJI's rancor toward Americans.

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