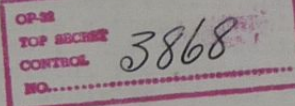


In reply refer to Initials
and No.

DECLASSIFIED IAW DOD MEMO
OF 4/12/74; SUBJ: DECLASSIFICATION OF HISTORICAL
RECORDS

NAVY DEPARTMENT
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
WASHINGTON

TOP SECRET
Op-32Y14/vmc



20 June 1947

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MEMORANDUM for the Chief of Naval Intelligence

Via: Deputy Chief

Subject: Foreign Intelligence Activities

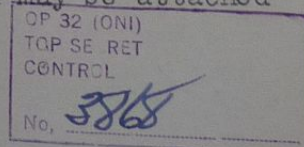
Reference: (a) Top Secret Op-32Y14 memorandum to CNI
on same subject, dated 14 February 1947.

1. In accordance with standing instructions to brief such information periodically for your benefit, there is submitted the following digest of significant data on subject received subsequent to the preparation of reference (a).

USSR Intelligence Activities

Several outstanding changes are believed to have been effected in recent months in the Russian Intelligence Organization in France. GOUZOWSKI, Counselor of Embassy and reportedly MGB Chief for France, was ordered to Moscow some time ago and temporarily replaced in Paris by one ABRAMOFF, who is also attached in a diplomatic capacity to the Soviet Embassy. GOUZOWSKI is now stated to have returned to Paris but to be remaining in the background and making frequent trips to Brussels. There is some indication that whoever is permanently appointed to head the MGB in France will also be responsible for directing MGB activities throughout Western Europe.

At the same time, with the appointment of a permanent Soviet Military Attache, it was officially announced that the Russian Military Mission in France would be immediately dissolved. However, the head of the Mission, Colonel LAPKINE, has let it be understood that he would remain in France. The Military Mission is known to have absorbed certain members of the previously disbanded Repatriation Mission and to have engaged in aggressive intelligence operations. It is not yet known to what extent experienced intelligence personnel of this mission may be attached to the Military Attache's office.



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The non-Communist successors of the Communist ministers, who recently left the French Government, found their departments so penetrated by Party members that a thorough housecleaning would have been impossible without crippling the functioning of the departments concerned. The most seriously affected were the Ministries of Industrial Production and Air. Concern has also been felt over the security of the Foreign Office, where BIDAULT's secretary was Madame Odette CORNU, a well known member of the Communist Party. The situation was recently taken up with BIDAULT by an officer of the Securite Militaire and it is now reported that Madame CORNU is leaving BIDAULT's office for a position in UNESCO. It will be recalled that UNESCO is under strong Communist influence.

From Italy come indications of what may be a relatively new method for the financing of Communist and Soviet activities. Italian Counter-Intelligence reports that an Italian, leading a retired life in a provincial town, has been the nominal recipient of large sums of money allegedly sent him by his brother-in-law who is chief clerk at the Italian Embassy in Moscow. These sums have in each case been paid to his bank account by the Russian Embassy. The sums involved are said to have been considerably larger than the funds which would normally have been available to an Italian Clerk in an embassy abroad. Further incidents of probable Communist financing during the spring involved a valuable consignment of furs which was offered for sale on the Italian market. Several shipments are said to have come via military plane to the Russian Embassy in Rome, and one to the value of 50 million lire purporting to have come from Mexico, was discovered upon investigation to have originated in Russia.

French Intelligence

At least two recent incidents suggest efforts on the part of SDECE (French Central Intelligence) to penetrate U.S. Intelligence Services, either to obtain information, or to ascertain the extent of American good faith vis-a-vis the SDECE.

In one case a French Counter-Intelligence Officer, described as being about to leave for New York, was introduced to an American Intelligence Officer in Paris. Sometime later he informed the American Officer that his New York assignment had been abandoned and that he was to go to another post in the Western Hemisphere. Expressing fear and disgust of Communist activity in France, he stated that he would like to work for the Americans if the Communists should gain control of the French

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Government. He offered the American Officer a short personal history and his address at his new post. It is expected that the SDECE will observe with interest whether American Intelligence Officers make any effort to contact this man in the Western Hemisphere.

The second incident involves a French Intelligence Officer who was closely associated with OSS during the war. This man recently approached American Intelligence Officers in Paris, explaining that he was going to French Equatorial Africa for business and on a special mission for the SDECE. He offered, in exchange for introductions to U. S. business concerns and for American credits for his private affairs, to report to American Intelligence all information he could gather on the SDECE and on the intelligence networks they were planning to establish in the Camerons.

An interesting indication of the close connection of the SDECE with the French Ministry of Foreign Affairs derives from an SDECE inquiry to American Intelligence Officials as to whether General MARSHALL would, on his return from Moscow via Paris, consent to attend a secret meeting with representatives of a coalition of foreign dissident groups. This off the record query was apparently made in order to spare the French Government the embarrassment of an official refusal. A similar approach was made to the British Intelligence Service.

What is described as an unimpeachable source has revealed the existence in the South of France of an SDECE school for the training of stay-behind-agents for use in the event of war or revolution. While it was emphasized that these agents may never be needed, it was stated that the total lack of preparation in 1940 had convinced the SDECE of the necessity of such precautions. Approximately 5,000 agents have been recruited and trained. The majority of these, however, were active during the war, either in the underground or the Army, and realizing that they are war-weary, the SDECE has recently started the training of a new and younger group. Radio sets are on hand and communications plans carefully worked out. It was also said that a number of pilots and aircraft have been earmarked for this work and that although presently dispersed among various units, these could be brought together on very short notice.

A suggestion of the political vulnerability of French Intelligence was given by the resignation on 13 April of the Chief of the Political Intelligence and Action Section of the SDECE which was immediately followed by the resignation of 106 of the 111 members of his section. This section has had as its prin-

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cipal mission the collection of positive intelligence in the French Zones of Austria and Germany, and has apparently reported certain matters directly to the Quai d'Orsay. In order not to lose the services of trained personnel who resigned with the Chief, the majority of them were immediately taken on by the French Army Intelligence units operating in French occupied zones.

Reports as to the cause of this resignation suggest a long standing feud between the Chief of the Political Intelligence and Action Section and RIBIERE, Director of SDECE, as well as the possible implication of the Chief in financial irregularities. The Chief of the Section himself is said to have asserted that he resigned at the express order of General DE GAULLE, whose Intelligence Services he would soon be invited to head.

British Intelligence Activities

It is reported that negotiations between British and French Intelligence Officers are shortly to take place in French North Africa preliminary to reaching a Franco-Britain agreement on British Intelligence active in that area. A well placed French source states that an agreement has already been reached whereby the British would contribute Intelligence from their sources on Egypt, Tunisia and Algeria in exchange for French material on those parts of the Middle East where they are presently politically and economically established. It was expected that French coverage would increase in Egypt as that of the British decreased.

According to British sources, CIC (Wartime Military Combined Intelligence Center, Iran and Iraq -- Counter-part of SIME, Security Intelligence, Middle East) has ceased operations in Iran. Remnants of the organization are said now to operate exclusively in Iraq under the auspices of the RAF, the only remaining British military representative in that area. In Iran, it is believed that the bulk of Intelligence is currently obtained through British consulates and MI-6 representatives.

Chinese Intelligence

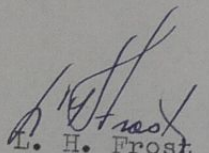
Reports have been received that the Chinese Intelligence Agency, known as the Research Institute of International Affairs which specializes in the employment of former Japanese agents, has been sponsoring a training program at Soochow for those agents who are slated for despatch to Japan. The training program is believed to have been in existence since December, 1945.

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The first class included some thirty selected men who were furnished with Chinese citizenship certificates. Upon completion of an intensive course, including the study of English and Chinese, they were sent to Japan, Korea, Formosa and Manchuria in the Fall of 1946. In March, 1947, another class of nineteen Japanese from the same School is reported to have sailed from a small port near Shanghai for the island of Kyushu.

The Research Institute, which has been operating near Shanghai under the cover name of South Manchurian Railway Research Bureau, is reported recently to have changed its cover name to Eastern Economic Research Bureau. Intelligence from this Bureau is stated to be sent direct to the GENERALISSIMO with copies to the Second Department of the Ministry for National Defense. Among its sources is reported to be the Chinese Secret Society, Hsia I or Hsia I Zen, which has branches in all parts of China and among Chinese abroad.


L. H. Frost
Captain, USN

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