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16 October, 1945

MEMORANDUM TO OP-20-G-12

1. There is forwarded herewith a history of OP-20-GU, the Coast Guard unit of Naval Communications Annex.
2. Shortly after the removal of OP-20-GU from Coast Guard Headquarters to Naval Communication Annex, a request was made to this unit to supply material for historical records. It is regretted that so much time has elapsed, but the preparation of this material was necessarily subordinated to our regular productive activities.
3. The enclosed history will be found to contain two parts:
- PART I, ^{Secret}CONFIDENTIAL, covers the general background and specific duties on German clandestine activities from 1941 through June 30, 1943, upon which date this unit began a monthly production report to OP-20-G-12; PART II, SECRET, covers cryptanalytic information per se.
4. Although no distribution other than to OP-20-G-12 will be made of Part II, it is believed advisable to forward a copy of Part I to the Commandant of the Coast Guard. In view of the fact that personnel of OP-20-GU is Coast Guard personnel, paid from Coast Guard funds, it is considered necessary to inform Coast Guard Headquarters, at least to some extent, of activities engaged in, and the resultant production. Care has been taken, therefore, to omit in Part I the use of specific and identifying terminology in the field of cryptanalysis.

Robert E. Gordon (by direction)

L. T. JONES
Lieut. Commander
U.S. Coast Guard

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*History of Cold G-70 (GU) 62B
G. and U. M. 62B*

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20-G-70: Head of Clandestine Department

(Formerly GU from March 1943 till April 14, 1944. G-70)

- (1) Coordination, allocation of duties, and direction of activities of GU.
- (2) Planning for future developments in the Communication Intelligence Organization activities of the Clandestine Department.

GU: Clandestine

- (1) Reception, identification, and collation of clandestine transmissions.
- (2) Analysis and solution of clandestine cryptographic systems.
- (3) Translation and editing of decrypted clandestine material.
- (4) Preparation of translated material for forwarding to GI-3 for dissemination.
- (5) Direction of volunteer monitoring organization covering clandestine transmissions.
- (6) Liaison with British clandestine decrypting section.
- (7) Liaison with British clandestine intercept organization.

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Authority NNJ 200003PART I - GENERAL HISTORY - - HISTORY OF OP-20-GU
(COAST GUARD UNIT OF NCA)GENERAL BACKGROUND

The Coast Guard Communications Intelligence Section was removed from Coast Guard Headquarters to the Naval Communications Annex on March 1, 1943, where it was assigned the designation OP-20-GU. Although this unit had been regarded as a part of the Navy since November, 1941, and of OP-20-G since March, 1942, it was not actually integrated with OP-20-G until the above date.

The field in which the Coast Guard was operating at the time the latter bureau was transferred from the Treasury Department to the Navy (November, 1941), was the field generally referred to as "clandestine". It is necessary to set forth something of the background of this communications intelligence unit before November, 1941, to clarify the situation existing as of that date. (A short history of the unit may be found in the confidential memorandum from Captain J. S. Farley, Chief Communication Officer, USCG to Commander John R. Redman, under date of 6 March, 1942.) For the present purpose, its origin and function may be briefly stated.

The unit was established in 1931 in order to solve the illicit shortwave radio traffic between groups of smugglers and other criminals violating laws enforced by the six law-enforcement bureaus of the Treasury Department. Through the monitoring of the intricate illegal radio networks during the

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great era of smuggling (1927-1939), Coast Guard monitors developed a specialized technique which proved highly proficient in identifying and following "wildcat" stations. After the outbreak of war in Europe in September, 1939, the Coast Guard continued monitoring activities to detect unneutral communications dealing with shipping and the movements of vessels of belligerent nations, at the direction of the Secretary of the Treasury, who is charged by law with the enforcement of certain phases of the neutrality laws. In such monitoring activities the monitors reported repeatedly that the characteristics of many of the transmitting operators were the same as those of the "wildcat" stations of the Smuggling Era. The chatter and slang was almost invariably that of the American "ham" operators. Yet when the traffic was solved, it was found to deal definitely with the unneutral communications of Axis agents. As time went on, it became evident that this style was typical of espionage operations.

Under an executive memorandum of June 26, 1939 (copy attached), all government agencies except Military Intelligence and Naval Intelligence were directed to turn over to the Federal Bureau of Investigation all "data, information or material bearing directly or indirectly on espionage, counter-espionage or sabotage". Hence, Coast Guard being a Treasury agency as distinct from Army and Navy, material which resulted from activities named in the preceding paragraph was necessarily forwarded by Coast Guard to F.B.I. In January, 1941, the

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Director of the Federal Bureau of Investigation requested the Commandant of the Coast Guard for assistance in the solution of "suspicious" messages, giving no indication of contents or origin. After our solution with the resultant information that the messages were from Axis agents in Mexico, the F.B.I. requested all related material. Thus it resulted that a very large number of messages were turned over to F.B.I. during 1941 and 1942. (See ^CConfidential memo to Commander J. R. Redman, 28 March, 1942.)

In the spring of 1941, Coast Guard asked for and received from the Secretary of Treasury permission to distribute information to the Treasury, to the State Department, to Military Intelligence, and to Naval Intelligence in addition to the distribution to F.B.I. It thus developed more or less by a sequence of events rather than by any definite plan, ^{that} the Coast Guard operated more closely with the Office of Naval Intelligence than with the Office of Naval Communications, from June, 1941 until February, 1942.

On November 1, 1941, Coast Guard was transferred from Treasury to Navy. Subsequently there took place an interchange of letters and considerable discussion as to whether the crypt-analytic unit which, as related earlier in this history, served the whole Treasury Department, should be permitted to remain in the latter department. This discussion was settled on December 7, by all parties agreeing that the unit might remain in the Navy Department (as a part of Coast Guard Headquarters), providing all services heretofore performed for Treasury should continue.

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During this interim period and during the early war period following Pearl Harbor, the unit continued activities precisely as before, operating under the Chief Communications Officer, Coast Guard.

In the latter part of 1941, distribution of material was begun to the British, at the latter's request. Subsequently, the British Foreign Office established (December, 1941) an office in Ottawa, Canada, for the purpose of solving Western Hemisphere clandestine traffic. The British liaison officer in Washington arranged through the Navy for an interchange of intercepts as well as completed solutions, with the result that in January, 1942, weekly conferences at the Communications Office, Coast Guard, were originated, participants being a representative of OP-20-G, a British RSS representative, and the cryptanalytic unit, Coast Guard; also frequently a representative from RIS, U. S. Army, and occasionally a representative from Canada. These conferences were found, by agreement of all participants, to be of considerable value.

During 1940 and 1941, Coast Guard received miscellaneous intercept material from the Federal Communication Commission. This material was found useful for collation and for filling in gaps in messages in the traffic from our own monitors. As time went on, Federal Communication Commission monitors grew more proficient in spotting suspicious stations and FCC became a source of original material. By specific agreement in April, 1942, FCC began to furnish traffic on all clandestine and suspected clandestine circuits. Since then FCC has been of great

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help to the Coast Guard and has cooperated fully with our requests. At the present time, F.C.C. is one of the main sources of material on the Argentine-Cologne circuit, since the withdrawal from South America of the Army monitor mentioned elsewhere in this report.

As time went on, there grew up a conviction on the part of the Coast Guard Office of Communications and Intelligence, that much too free use was being made of verbatim texts of messages by some agencies receiving distribution thereof, notably the F.B.I. and State Department. Hence, in February, 1942, in agreement with OP-20-G, we ceased distribution of original language texts to all agencies except the British and Office of Naval Intelligence, only free English translations being sent to all other agencies receiving copies: -- a policy instituted, however, too late. On March 18, 1942, the Brazilian government arrested large numbers of German agents in a so-called country-wide round-up of operators of radio stations, seizing radio, microphotographic, secret-ink and other equipment, the event receiving wide publicity in newspapers of both South and North America. Commanders Redman and Wenger, upon receipt of a communication from the Naval Attache in Brazil requesting permission to release verbatim messages for use in the investigation, attempted to prevent the messages from passing into the hands of Brazilian officials, in the hope that Germany thus might not learn that the transmissions had been intercepted and solved. ✓

It developed shortly that this was an entirely futile

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hope, because the State Department had produced voluminous files of verbatim messages to the Brazilian government. Having access later to a copy of the memorandum handed the Brazilian Foreign Minister by the United States Ambassador, incorporating in toto material from the F.B.I., it was observed that the F.B.I. had furnished verbatim copies of all messages sent or received on Brazilian circuits known to them, including hundreds of messages in a circuit called by F.B.I. "Radio-group CIT" (CG Group 3-A), most of which material they had received from Coast Guard.* Brazilian officials, in questioning German agents following the arrests in March, 1942, showed deciphered verbatim messages to the prisoners, with the result that Germany was unmistakably informed that the systems had been solved. The inevitable consequence was that systems on all clandestine circuits were almost immediately thereafter completely changed.

*The only source of traffic intercepted by radio accessible to F.B.I. at that time was the monitoring networks of the Federal Communication Commission. The South American end of circuit 3-A could not be heard anywhere in the U.S., where at that time all F.C.C. monitors were located; thus it happened that less than a dozen messages were recorded in the U.S. during the nine to ten months the circuit was in operation, these messages being always those from the control station of the circuit in Germany. About 500 messages from the South American station of this circuit were intercepted during those months by an Army monitor located immediately in Rio de Janeiro, which traffic was forwarded to Coast Guard. Consequently, Coast Guard was the only source of the voluminous material on this circuit. The same holds true in greater or less degree of all the information supplied by the F.B.I. on South American circuits; for in many cases where the F.B.I. actually decryptographed the daily traffic supplied them by F.C.C., they had received the solution of the systems from the Coast Guard, including special devices like grilles, as well as names and descriptions of many books employed by German agents as key books or code books. In several cases acting on information obtained from Coast Guard, the F.B.I. succeeded in acquiring such books, but never was a copy given to Coast Guard.

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In February, 1942, Commander John R. Redman, then Assistant Director of Naval Communications for Communications Intelligence, began to issue directives to the Coast Guard unit and we became known as an operating section of OP-20-G, although still located at Coast Guard Headquarters. Previous to March, 1942, all material and related information had been distributed by the Coast Guard Office of Intelligence. We were directed on that date, however, to stop all distribution of material except to OP-20-G, who thereafter became the distributing agency for clandestine material furnished by this unit. By definite agreement in June, 1942, between Army and Navy, the arrangement which had been in effect more or less unofficially by virtue of mutual consent, became official, and the clandestine field was assigned to Coast Guard (confidential memorandum to Captain Farley from Commander Redman: June 2, 1942, OP-20-G/ir (SC) A6-2/EF30, Serial 0321320). A few days later an executive memorandum, on the subject of allocation of cryptanalytic activity named, as a third agency in addition to the Army and Navy to carry on such work, the Federal Bureau of Investigation. On June 30, 1942, a conference was held between representatives of Army, Navy, and F.B.I. and the assignment of Western Hemisphere Clandestine was made to Coast Guard and F.B.I., and of clandestine other than Western Hemisphere, to Coast Guard. Since that date this unit has functioned entirely under the direction of OP-20-G.

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AND
DISTRIBUTION*GU*
April,
1943

<u>GROUP</u>	<u>MEGS RECD FROM ALL SOURCES</u>	<u>MEGS DISTRIBUTED</u>
2-C Hamburg-New York	76	61
3-K Cologne-Argentine	20	—
3-L Cologne-Argentine	6	—
3-M Cologne-Argentine	NONE	—
3-N Cologne-Argentine	7	—
4-F Hamburg-Lisbon	14	20
4-I Hamburg-Bordeaux	8	6
4-J Paris-Gisneros	54	—
4-K Paris-Madrid	1	—
4-L Hamburg-North Spain	NONE	—
4-N Hamburg-(?)	7	6
4-O Madrid-Berlin	88	9
4-P Hamburg-Lisbon	15	15
4-Q Hamburg-Tangiers	34	30
4-R Hamburg-North Spain	21	4
5-C Hamburg-Ankara	NONE	—
5-D Hamburg-Crimea	1	29
U-4 Spain-North Africa	1	—
U-20 Madrid-Las Palmas	24	—
U-21 ? - ?	3	—
U-23 Lisbon-Azores	16	—
U-27 Berlin-(?)	5	—

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The number of messages distributed is the actual number distributed under an April date. Some April messages were sent out the first part of May, but they will be counted in the May distribution. Similarly, some messages sent out in April are actually March intercepts.