13. Hoover to Matthew Connelly, 12 September 1945.

NLT (FBI - 5-21-85)/19

JOHN EDGAR HOOVER
DIRECTOR

Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.

~~TOP SECRET~~

September 12, 1945

Honorable Matthew Connelly
Secretary to the President
The White House
Washington, D. C.

COPY

NLT 79-5
(FBI Memo 9-21-85)

Dear Mr. Connelly:

The Royal Canadian Mounted Police have advised that they have obtained positive information through a former employee of the Soviet Military Attache at Ottawa, Canada, that the Soviets have an extensive espionage network in Canada. The Soviets have made the obtaining of complete information regarding the atomic bomb the Number One project of Soviet espionage and these data must be obtained before the end of this year. The Royal Canadian Mounted Police report that there is considerable loose talk in the Office of the Soviet Military Attache in Ottawa regarding the "next war" which the Soviet Union will have with the Anglo-American nations.

The Royal Canadian Mounted Police received from the same source information that an assistant to an Assistant Secretary of State under Mr. Stettinius, was a paid Soviet spy. This man's name, or nickname, is unknown at the present time but further inquiry is being made by the Royal Canadian Mounted Police in an effort to obtain further identifying data. No information regarding this situation is being furnished to the State Department in the absence of further identifying data.

With regard to the atomic bomb project, Dr. Allen May, a British scientist assigned to the McGill University Laboratory in Canada, has been identified as a paid Soviet spy of long standing. May spent some time during September, 1944, at the Metallurgical Laboratory of the University of Chicago, working on the separation process for uranium and is well informed as to the methods of setting up uranium piles or lattices.

13. *(Continued)*

May is reported to have furnished the Soviets in Ottawa with a small quantity of U233 which is one of the isotopes of uranium and this specimen was flown directly to Moscow.

The information regarding May has been furnished by the Federal Bureau of Investigation to Major General Leslie Groves, head of the Manhattan Engineering District project.

It has also been definitely determined by the Royal Canadian Mounted Police that Dr. May, in the first part of July, 1945, advised the Office of the Military Attache in Ottawa, that the United States Navy was using radar-controlled projectiles against Japanese suicide planes and that the tubes and batteries within the projectile were finished with a special plastic protective device against the shock of firing, which the American authorities have not furnished to the British.

This latter information has been called to the attention of the Office of Naval Intelligence.

The Canadian situation is being followed closely and any additional information will be brought to the attention of the President and you.

With assurances of my highest esteem and best regards,

Sincerely yours,

J. Edgar Hoover

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14. Hoover to Frederick B. Lyon, 24 September 1945.

JOHN EDGAR HOOVER
DIRECTOR

Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.

~~TOP SECRET~~
BY SPECIAL MESSENGER

SEP 27 1945

Date: September 24, 1945

To: Mr. Frederick B. Lyon
Chief
Division of Foreign Activity Correlation
State Department
Washington, D. C.

From: John Edgar Hoover - Director, Federal Bureau of Investigation

Subject: SOVIET ESPIONAGE ACTIVITY

Reference is made to my memorandum of September 18, 1945. Additional information has been obtained by a Bureau representative from Igor Guzenko as follows:

INTERNATIONAL ORGANIZATION

Guzenko stated that all intelligence activities outside the Soviet Union and inside the Soviet Union are coordinated by G. M. Malenkov, a member of the Political Bureau of the All Union Communist Party of Bolsheviks, a member of the Central Committee of the same organization and the man who is mentioned by many Soviet officials as Stalin's successor. Malenkov, according to Guzenko, is actually the head of all intelligence activity, and Military Intelligence, Naval Intelligence, the NKVD and the political apparatus are all ultimately responsible to him.

There are numerous jurisdictional clashes, particularly between the Military and Naval Intelligence organizations and the NKVD. All such matters are referred to Malenkov.

Malenkov is the actual head of the political apparatus in foreign countries and all communications, reports, et cetera, from the Political Secretary in any Embassy are sent directly to Malenkov and not to Molotov or any person in the Peoples Commissariat of Foreign Affairs.

Likewise, no communication from the Military or Naval Attaches in any Embassy would go to Molotov. Such communications go to the Chief of Espionage for the area covering the particular Embassy.

In the same way, the Embassy Secretary who represents the NKVD does not send any correspondence to the Peoples Commissariat of Foreign Affairs. According to Guzenko, the only person in the Embassy who would be corresponding with the Peoples Commissariat of Foreign Affairs would be the Ambassador himself, who in every instance is only a front, and possibly one or two men close to the Ambassador who are called "innocents."

FOR VICTORY BUY UNITED STATES DEFENSE BONDS AND STAMPS

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14. *(Continued)*

Guzenko stressed that the Ambassador was advised in general terms of political and economic matters which the Political Secretary, the NKVD representative and the Military or Naval Attaches receive and which they felt would possibly be of interest to the Ambassador. The Ambassador, however, is not consulted or advised with regard to the primary functions of these intelligence organizations.

According to Guzenko, he has heard discussions in the Soviet Embassy at Ottawa indicating that the present system of supervising the activities of the Communist Party of a particular country through the Political Secretary in the Embassy is much more efficient and much more effective than the old cumbersome Comintern setup. Under the present organization, the directives issued by Malenkov through the Embassies to the Parties throughout the world are much more direct and there is less possibility of misinterpretation.

The man in the Embassy in Canada who handles political matters is Gousarov, the Third Secretary, who has his own cryptographer, one Patony, who also acts as a door guard at the Embassy.

The aforementioned system is known to Guzenko to be in operation in the United States, Canada and Mexico and possibly in the other Western Hemisphere countries. It is also in effect in Great Britain, to his personal knowledge. He believes that this system is likewise in effect in all other countries in the world where the Soviets have diplomatic establishments, although there are variations for those countries occupied by the Red Army.

Guzenko states that in the Western Hemisphere and in Great Britain no reports are ever made to Moscow directly by individual espionage agents, whether they refer to Military, Industrial or Political Espionage. All such reports clear through the Embassies and are transmitted by the Embassies.

SOVIET PENETRATION OF DIPLOMATIC ESTABLISHMENTS OF OTHER COUNTRIES

Guzenko stated that from conversations which he had heard in the Embassy and from traffic which he had read, it appeared the Soviets were intending to plant many Soviet espionage agents in the diplomatic establishments already in the United States and Canada, as well as in those diplomatic establishments which are yet to be set up in the United States. These espionage agents are to be sent from Eastern, Central and Balkan European countries. These would number between 50% to 100% of the employees below the rank of Ambassador and would actually be Soviet trained Military Intelligence, NKVD or Comintern men.

Guzenko pointed out that Lieutenant Kulakov had told him that one of his, Kulakov's, best friends is an officer in the NKVD. This NKVD officer is

14. *(Continued)*

the code clerk for the Lublin-Polish Embassy in Moscow. Kulakov's friend wears his NKVD uniform to work and it is apparently a standing joke in Moscow that the NKVD operates the Polish code room.

According to Guzenko, another NKVD man who is a close friend of Lieutenant Kulakov is Marshal Tito's personal cipher clerk in Yugoslavia. Guzenko states that this cipher clerk is almost worked to death because Tito sends messages to Moscow asking for instructions and advice on the most minor matters.

Guzenko stated that Soviet Intelligence had good coverage at the present time in the Czech Embassies and he knows from reading dispatches that the Military Attache who is being assigned to the Czech Legation in Ottawa is a Soviet espionage agent. This individual had expected to be appointed Adjutant to the Chief of the Czech General Staff, but the Soviets decided that he should go to Canada in the immediate future as Military Attache, considering this to be an equally important post.

Guzenko stated that in Washington, D. C. the Czech Military Attache is a Soviet spy named Hess. It seems that Colonel Zabotin, the Soviet Military Attache in Ottawa, made a trip to Washington shortly after his arrival in Ottawa and sent a cable to Moscow telling them that he had met Hess, who seemed to be sympathetic and that Zabotin felt that he could be developed. Moscow immediately cabled back that Zabotin should stay away from Hess because he was already being operated as a spy by General Saraev, Soviet Military Attache in Washington, D. C.

INTERNATIONAL PLANS OF THE SOVIETS

Guzenko was asked what the attitude in the Soviet Embassy in Ottawa was towards the San Francisco Conference and the other conferences in which the United States, Great Britain and Russia played leading roles.

He stated that in the Embassy the meetings of the All Union Communist Party of Bolsheviks, which is known in the Embassy as the Provisional Union, discussed such matters. They were likewise discussed in the meetings of the Komsomols (Young Communist League), which is known in the Embassy as the "Sports League," and there was also considerable loose talk in the Embassy itself. From these incidents, Guzenko understood that the Soviets considered all such conferences as merely "talk fests" which served only to conceal from the Anglo-American powers and from the rest of the world the actual plans of the Soviets. Anything of a material nature which could be gained by the Soviets through such conferences was, of course, all to the good and would not have to be gained by force of arms.

14. *(Continued)*

He stated that he had been told that the Soviet Union's budget for war, which would include intelligence activities, appropriations for the Red Army and Red Navy and for war production, would be greater during the coming year, which was ostensibly a year of peace, than it had been last year during a year of actual warfare.

He further stated that he had been informed that the Soviet Union was not converting its factories to consumer goods production, such as the United States and Canada had announced those countries were doing, but, on the other hand, the Soviets were increasing their war potential by setting up additional plants devoted solely to war production in Siberia. He stated that he was informed that the Soviets would continue to increase their industrial production for war and would obtain consumer goods from factories in the satellite states of Eastern Europe and through purchases in the Western Hemisphere.

Guzenko stated that the Soviets before the use of the atomic bomb were confident that within ten years their military potential would enable them to conquer the world. Since the atomic bomb has been used by the United States, they have set their calendar ahead and have instructed all espionage agents to make the obtaining of the complete construction plans of the bomb itself the No. 1 espionage project. They have issued instructions that this information should be obtained by the end of this year, 1945. Guzenko stated that the last message received at the Embassy from Moscow before he left on September 5, 1945, was stressing the necessity for obtaining the atomic bomb before the end of this year.

He was asked whether this meant the Soviets had set their calendar up the full ten years. He stated he did not know, but that he was merely telling what he knew.

Guzenko stated that all responsible Soviet officials know that the Soviet Union is aiming toward beating the United States and Great Britain in the next war, which will permit the Sovietization of the entire world.

THE IDENTITY OF SOVIET AGENT IN THE STATE DEPARTMENT

Guzenko was questioned carefully regarding the possible identity of the individual in the Department of State under Stettinius who is a Soviet spy. Guzenko stated he did not know the man's name but that he had been told that an Assistant to Stettinius was a Soviet spy. This information came to him in the following manner:

After the arrival of Kulakov in Ottawa in the Summer of 1945, Kulakov and Guzenko got into a discussion on the agencies of the Canadian organization as compared to the United States organization. Guzenko was bearing in mind the

14. *(Continued)*

adverse opinions held by the Soviet inspectors with regard to the American organization in 1944. Kulakov informed Guzenko that although the Canadian organization was closely knit and well operated and most productive, that there were, of course, more agents in the United States and that he had learned in Moscow that an Assistant of Stettinius, then the United States Secretary of State, was a Soviet spy. Guzenko pointed out that this information would necessarily have come to Kulakov's attention prior to May 17, 1945, because Kulakov left Moscow for the United States and Canada on that date. He stated that he did not ask for the name of this individual because Kulakov would have suspected his motives, since it involved an individual who was not being run by Colonel Zabotin.

Guzenko pointed out that the Soviets were frantic to obtain the secrets of the atomic bomb and that an incident had been reported in the press recently which appeared to him to have been inspired by a Soviet agent. This Soviet agent might not necessarily be the same one to whom Kulakov referred, but on the other hand, it had all the earmarks of the technique used by Soviet political espionage agents. He referred specifically to the announcement made in London by Stettinius that the atomic bomb should be turned over to the Security Council of the United Nations. Guzenko suggested that if the Bureau could determine who suggested to Stettinius that this statement be made, the Bureau might be able to identify a Soviet agent, if not the Assistant to Stettinius referred to by Kulakov.