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# **British Espionage in the United States:**

## **An Internal Memorandum of the United States Dept. of Justice, February 15, 1921.**

**by M.J. Davis**

Internal Bureau of Investigation report, parts of which were excerpted in MID document 9944-A-178; NARA declassification NND740058, dated Oct. 26, 1988. From a photocopy in the Rick Spence collection. This version from an undated photocopy of a photostat in the Tim Davenport collection, uncertain origin, probably via Rick Spence.

NOTE: Material appearing in the aforementioned report forwarded by J. Edgar Hoover to W.W. Hicks of Military Intelligence Division appear here in regular type, sections of the Davis report which Hoover had deleted from the version submitted to Hicks appear here in bold type.

*CONFIDENTIAL [FILE] FOR OFFICE.*

**In re: Investigative activities of British Govt. in the U.S.**

**This memo is written pursuant to conference and request of Mr. G.F. Ruch.**

**My acquaintance with the fact that the British Government has maintained in this country an under-cover investigative force dates back to about the first part of 1918. I have always assumed that this Department was acquainted with this. In fact I know that the officials in charge during the 1918 period were — however, after going over the matter with Mr. Ruch, I have been requested to outline the following facts.**

It is of course public that the British maintained an extensive secret force in the United States during the war, particularly with relation to German activities. After the signing of the armistice, when radical outbreaks were occurring throughout the world, the British

officials in New York turned their attention to the war aftermaths, which, presumably affected Great Britain and her possessions, even though the specific acts occurred within the United States.

There are several classes of investigation which the British were, and I assume still are, particularly interested in. These included Sinn Fein activities, Hindu activities, Negro activities (especially as they affect and became part of the activities of all darker peoples), International radical organizations and individuals, and radical affairs of all kinds in the United States.

In the NY office of this Bureau I was stenographer and sole assistant to Mr. R.W. Finch, who was charged with the handling of all radical matters. He was the sole investigator of those cases, [for] which I handled the inside detail. In a city of some 5,000,000 population, including all nationalities, the radical proposition continued to grow by leaps and bounds, until, during the first of 1918, it became practically impossible to carry on the New York end without additional help, which was never forthcoming. During this time, and up to the first of October 1919, *not one under-cover man* was in our employ at NY in the now famous Bolshevik circles. The then Supt. DeWoody assumed a policy of isolation and indifference toward radical activities, which was presumed to reflect the Washington policy under Mr. Belaski. The fact was, nevertheless, nothing was done to build up a radical division for future work; in fact, any barriers were thrown in its way from time to time.

In due course the radical work became all-paramount and as it was essentially *international* in its basis and scope, some outlet or inlet for the important foreign connections at NY had to be established. For this I presume it was but natural for former Agent Finch to turn to the British Provost Marshal's office, where it was found that an abundance of current material was always kept on hand regarding radicals both abroad and in the United States. So far as I know, personally, no one ever questioned where the British obtained their information, or, in fact, their right to collect it, in view of its international nature and the fact that the British were looked upon as an ally. I do know, however, that not only did Mr. Finch, but also other agents of the Department of Justice in New York, both on radical and German matters, regularly cooperate with the British authorities, but that the US Secret Service, then under our present Asst. Director [Frank] Burke

(who is personally acquainted with Col. [Norman G.] Thwaites), the MID, then under Captain Trevor, the ONI, the Federal Reserve Board through a Miss Seward, the War Trade Board, and several other investigating agencies also were on very friendly terms with the British Provost Marshal in New York in the matter of cooperation. Col. Thwaites once told me, in a rather amused manner, that he had as many as four requests in one day for identical information from as many different US bureaus.

In the spring of 1918 a Mr. Robert Nathan made his appearance at the British office in New York. No one seems to have been able to learn his true status or mission. He appeared, however, to be an experienced diplomat, highly educated, a world traveller, and holding a rather important place with the British Government. He made no concealment of the fact that he was interested in radical activities, and within a short time he was introduced to both Mr. Finch, who was then in charge of the Radical Division of this Bureau, in New York City, and ~~Agent Davis~~ myself by Division Superintendent DeWoody, who requested that they cooperate with ~~Mr. Nathan~~ him. From that time on, always by previous appointment, he made regular trips to the New York office, where he was permitted to read over current literature, such as magazines, newspapers, circulars, and at times reports bearing more or less directly upon activities in British possessions, principally among revolutionists. At times, in reciprocity, he would follow these cases out and furnish a report upon the foreign angle of the matter. In other instances he would make direct requests for information concerning individuals or organizations, which, in continuance of a longstanding practice of the office, was complied with. Within a short time Mr. Nathan voluntarily started bringing, on each trip, half a dozen or more reports on various international phases of the radical situation. These gradually broadened into complete and exceptionally intelligent reports upon radical activities right in New York City. His reports were, of course, always embodied in regular form at NY and sent to the Washington office. I have located in the old files here in Washington several samples of such reports furnished by Mr. Nathan, which have been shown to Mr. Ruch. ~~It appears that at this time the English were much better informed on radical activities in this country, at least in New York, than the United States Government.~~ I might add that, to the embarrassment of this Department, the English were, at that time, much better informed in

radical circles than was the US Government, at least in New York. While Mr. Nathan did not so state, it was a simple matter to observe that his data was coming from a regularly employed force of under-cover informants in New York.

I do not know whether Mr. Nathan enjoyed at other Governmental departments the privileges granted him in the NY Office; I have, however, personally seen him several times in conference with Capt. Trevor in the office of the MID there. The fact was, tho, his visits to the NY office continued without hindrance, thru the regimes of Superintendents DeWoody, Haggerson, Baker (Acting), and [William M.] Offley, until, in July of 1919, Mr. Offley recalled the privilege because of the publicity given Mr. Nathan in connections with the Lusk Committee. Each of these Superintendents knew Mr. Nathan, and never objected to his visits.

~~Mr. Nathan continued to visit the New York office of this Bureau, until May 1919, when former Agent Finch resigned and we were in receipt of confidential information that Mr. Finch cooperated with Mr. Nathan very extensively, subsequent to his resignation from the Department of Justice and during the time he was in the employ of the Lusk Committee where Nathan apparently found a better source of current material. Mr. Nathan remained in this country until July or August of 1919, at which time he hurriedly left for England and was succeeded in this country by Colonel Thwaites. I should add that Mr. Nathan really made his last extended visit to the radical division in NY in about May 1919, when former Agent Finch resigned, as there was no one in charge of the work after that to receive him (I was still a stenographer). Nathan did, however, make occasional visits to Mr. Offley, for various information, which thru Mr. Offley and in his private office, were communicated to him by me. This was between May and July 1919. I learned later, however, that during this period Mr. Nathan had transferred his attention to the Lusk Committee, thru Mr. Finch, where he perhaps found a better source of current material. These are the main details concerning Mr. Nathan, for he hurriedly left for England sometime in July or August, 1919.~~

[SUBHEAD EXPUNGED]<sup>1</sup>

[DATE EXPUNGED] the New York Office was given permission to employ [NAME EXPUNGED]. He was an excellent investigator, reliable and hardworking, and soon raised himself to a rather important position in [ORGANIZATION EXPUNGED].

When Mr. Offley came to New York [DATE EXPUNGED] to succeed Mr. Haggerston, he immediately instructed the radical division to "cut down" on expenses, [DESIRED CUTBACK EXPUNGED] being one of his first and principal demands. As you know, this was done, with the result that [CONSEQUENCE EXPUNGED]. Without attempting to make excuses for former Agent Finch, I firmly believe that his motives in [FINCH'S ACTIVITY, e.g. GOING TO WORK FOR NATHAN AT BRITISH INTELLIGENCE, EXPUNGED] were of the best and bases as follows: It was known generally that the [FIVE LINES OF RATIONALE EXPUNGED].

The Sinn Fein situation here was one which it also seemed natural for the British to be interested in. I know none of their informants, but am aware that their knowledge of Irish activities in this country is very close. There was, in 1918, a very nasty Irish situation in New York, involving the O'Leary faction, which included Liam Mellows, Dr. McCarton, Justice Cohalan, et al, who in turn connected with a gang of Irish Seamen who roomed on the riverfront in New York, and were employed regularly to transmit code messages to and from the US and Ireland. For this work Agent P.J. Fergus of Chicago was brought to New York, where he worked under-cover. I distinctly recall Supt. DeWoody consenting to have Mr. Nathan read every one of Fergus' reports. Incidentally, a Sinn Fein code message was taken from the person of one of these seamen in England upon Fergus' information. This code, or a copy of it, is in the Washington files. Also, I personally know that Agent [Frank] Faulhaber (Green), while with the Secret Service under Asst. Director Burke, was in constant touch with Col. Thwaites on Sinn Fein matters.

The Negro situation in this country is another matter which has received no slight attention of the British. One day in New

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<sup>1</sup> Material marked as "Expunged" has been blacked out of the photocopied document by the FBI as part of the declassification process for this document, which was formerly stamped "Secret."

York, while a voluntary informant was making his first visit to see Mr. Finch on negro matters, Mr. Nathan came in (he had the habit of walking right into the office without being announced). He took no part in the discussion. This informant, who, after asking for a job with this department, which had to be refused him for lack of funds, as I recall, shortly after went to work for the British Government under Mr. Nathan. He is, to the best of my knowledge, still working for them. He is a white man, and travels under the name of [NAME EXPUNGED]. The information regarding negroes which he submitted to Mr. Nathan, together with data selected by them from negro publications, was regularly supplied the New York office in report form (I have located sample copies for Mr. Ruch, in the Washington files). On one occasion [NAME EXPUNGED] disappeared from New York, (he secretly kept supplying Mr. Finch with data on the side) and when we asked Mr. Nathan regarding him, he said that "the damn fool had unceremoniously left on some sort of a trip." He had returned to New York but a short time, however, when Mr. Nathan supplied a most complete report on negro activities thru-out almost the entire United States. [NAME EXPUNGED] subsequently informed me that this was based on information submitted by him. The presumption is that the British not only financed this trip, but also suggested it.

There are many other situations which I know the British are actively interested in here, such as the Hindus, Japs, in fact more or less all nationalities, for I had occasion to interview on official business a man named Pileanus in New York, who told me he had been employed for a time by the British investigating Lithuanian activities!

Of course I personally have had no dealings with the British in New York since Agent [Charles] Scully took over the work in the Summer of 1919. I feel sure, however, that everyone in New York acquainted with investigation work feels that the friendly cooperation between this Government and what was presumed to be an Ally is not only well known, but actually sanctioned in Washington. I believe that if at this moment something came up in which it was believed the British could assist in NY, an agent would visit them without hesitancy. It can also be easily understood that the practices under one, two, or three successive regimes are carried on continuously until instructions are issued to

the contrary. Therefore, without any specific directions from the Washington bureau, or even an intimation of their general opinion of such cooperation, it is easily understood that such practice will go on indefinitely.

I can appreciate, however, that with the many changes not only in New York but also in Washington of the Bureau officials, such situations should have some concrete or record basis for their information, thus this memo for the file.

Respectfully submitted,

*M.J. Davis.*

*Edited with footnotes by Tim Davenport*

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