

12 December 1967

MEMORANDUM FOR : Deputy Director of Central Intelligence

SUBJECT : Herbert O. Yardley : Chronology

1. In light of the charges that Yardley collaborated with the Japanese in cryptographic matters, I have tried to ascertain whether Yardley ever was actually in Japan from the time that he ceased working for the State Department until the end of World War II. There seems to be no question that, in June 1930, Yardley sold certain information to the Japanese for the sum of \$7000, but this transaction appears to have taken place in Washington.

2. The so-called "American Black Chamber" was closed down as of 30 October 1929 at which time its budget support from the Department of State was terminated.

3. In approximately June 1930, Yardley sold the Japanese Embassy in Washington the information that the U. S. had broken the Japanese codes and read their messages for a considerable number of years, together with his methods of solution. The Japanese sought Yardley's assurance that he would not make this information available to others. (It is not clear whether Yardley gave such assurance; if so, he breached it by publication of The American Black Chamber.) As of June 1931, the Japanese were still studying the material which they had purchased from Yardley, with no indication of further personal contact.

4. David Kahn, in his book The Codebreakers, states that the Depression cost Yardley almost everything he owned, that by August 1930 he had been forced to sell his real estate holdings, and sometime later was seeking to borrow funds. In any event, by this time Yardley had returned home to Indiana. Early in 1931, Yardley commenced writing his book The American Black Chamber, against which the publisher gave him an advance of \$1000. Yardley states that he completed the book in seven weeks, including a condensation for three articles in the Saturday Evening Post. (Two of these articles appeared in the Saturday Evening Post of 4 and 18 April 1931 and one on 9 May 1931. They were so well received that he published a more general article in the Post of 21 November 1931.) The American Black Chamber was published on 1 June 1931.

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5. The American Black Chamber must have brought Yardley some financial assistance for Kahn reports that the original edition sold some 18,000 copies and a reissue by Blue Ribbon Books comprised 4500 more. About 5500 copies were sold in a British edition, and there were French and Swedish translations as well as an unauthorized Chinese edition. According to Kahn, the book sold over 33,000 copies in Japan, presumably in translation. The American Black Chamber created a sensation in Japan as well as a certain amount of political uproar. Kahn, after studying the State Department files in the case, writes that the Japanese Foreign Ministry "sought to tar Yardley with the statement that at the time of the [naval disarmament] conference [1921-22] he had visited the Japanese embassy in Washington and stated that Japan's cipher telegrams were all deciphered and then proposed to sell the translations. Mr. Yardley is such a man' -- unquestionably false." (p. 363).

6. From 1931-33, Yardley seems to have remained in Indiana where he wrote The American Black Chamber and worked on attempting to develop a commercial secret ink. In 1932, he published a second book entitled Ciphergrams.

7. In 1934, Yardley published two adventure novels, The Red Sun of Nippon and The Blonde Countess. After the latter novel appeared, Yardley was hired by M-G-M as a technical advisor on a movie based on The Blonde Countess. This movie, starring William Powell and Rosalind Russell, appeared in the fall of 1935. (Erroneously dated by Farago as 1937.) The movie was called Rendezvous.

8. It appears from the above that one can account for Yardley's time from the fall of 1929 to the fall of 1935, but from then we have a blank until sometime in 1938. In that year, Kahn writes that Yardley took a brief fling in real estate speculation in Queens, New York, and then went to Chungking to do cryptographic work for the Chinese. He evidently returned to the United States sometime in 1940, and a CIA employee recalls talking with him in Washington late in 1940. He also seems to have taken a fling at the restaurant business in Washington at that time. Mr. Woodrough states that Yardley has definitely been placed in Washington in March 1941. Subsequently he went to Canada to work on cryptographic matters. Yardley is reported to have been forced out of Canadian employment, probably about September 1941, and later on in that year he sought employment with the OSS. Having been turned down by OSS, Yardley spent the rest of the war working in the Office of Price Administration.

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9. On 30 September 1941, British Ambassador Craigie in Tokyo sent a cable to Foreign Secretary Eden in London (repeated to Washington) which was decrypted by 3 October 1941. Accompanying the decryption in the files of the Japanese Ministry of Foreign Affairs is an additional note in Japanese, referring to the above cable, and commencing "A message decrypted (KAIDOKU) by Yardley ... ". This reference is unexplained.

10. Ladislav Farago, in his book The Broken Seal, first publicly surfaced the fact that Yardley was in contact with the Japanese. However, he erroneously places the date in the fall of 1928 rather than in 1930. He states correctly that the price for Yardley's sellout was \$7000 but then adds that the Japanese promised him additional funds if he continued to work for them. According to Farago, the deal also included solutions for breaking the British Foreign Office codes and an agreement to cut back on his own work on the Japanese codes. This latter is inaccurate as the American Black Chamber had closed several months before Yardley approached the Japanese, and he no longer had access to Japanese messages.



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