

The Office of Naval Intelligence in World War I: Diverse Threats, Divergent Responses

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During the late 19th century, naval intelligence became an urgent requirement as the Industrial Revolution changed the nature of the global security environment on land and sea.

Between 1917 and 1919, the Office of Naval Intelligence (ONI) operated a multifaceted intelligence organization and was far ahead of its bureaucratic rivals, the still nascent FBI or US Secret Service, in a wide range of intelligence capabilities. It operated intelligence and counter-intelligence programs both at home and abroad and pursued sophisticated joint operations with other government agencies.

In key US industrial and scientific facilities, such as the Sperry plant in Brooklyn, New York, ONI gathered intelligence and detained suspects in cooperation with local police agencies. It also worked to impede German smuggling operations by disrupting financial networks. Efforts to develop a foreign intelligence capability, including collection and analysis, however, were less successful.

Examination of ONI during World War I offers a perspective into several aspects of American intelligence history, such as homeland security operations and intergovernmental bureaucratic politics among military, civilian, and nongovernmental agencies.

The ONI case also suggests the United States did have the organizational framework and ideological orientation to develop an effective in-

ternal security organization along the lines of the United Kingdom's MI5 (The Security Service). However, ONI's clear rejection of nonmilitary intelligence functions in the postwar period was a major inflection point in the evolution of US intelligence organizations.

ONI and the American Intelligence Community, 1914–18

The Office of Naval Intelligence was the first agency of the US government organized specifically to collect information on foreign threats. During the late 19th century, naval intelligence became an urgent requirement as the Industrial Revolution changed the nature of the global security environment on land and sea. In the case of the latter, ships rapidly switched from sail to steam and rifled steel cannons increased engagement ranges to miles rather than yards. In 1882, General Order 292 established an Office of Naval Intelligence attached to the Bureau of Navigation. The primary function of the new office was the selection and assignment of naval officers to US embassies in London, Paris, Berlin, Vienna, and St. Petersburg.¹ This program was steadily expanded, and by 1900, ONI could draw on a network of roughly 15 full-time attachés, each with a small staff, to collect and translate foreign

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newspapers or conduct private investigations.

Early ONI assignment and training procedures were haphazard, with naval attachés dispatched to foreign capitals with only rudimentary language skills and no clear understanding of intelligence methods or critical information requirements. In the early decades, naval attachés collected large amounts of open-source information on naval ship designs, new armaments, and political developments, but the ONI organization lacked a coherent internal structure to analyze and disseminate the information. A major hindrance to ONI's development was the perception, generally accurate, that command positions on major warships offered the best way for officers to gain promotion quickly, leading most ambitious or skilled officers to avoid assignment to ONI.²

In the decade prior to World War I, ONI gained in importance as US naval strategists began preparing detailed war plans, especially focusing on Japan's growing strength in the Pacific. ONI benefitted greatly from a reorganization of the Navy's command structure in 1915 that established ONI as an independent department answering to the newly created post of Chief of Naval Operations (CNO).³

Vying for Primacy

At the start of the war, ONI was the largest US intelligence organization, with a global network of personnel and preexisting connections to intelligence agencies in foreign

countries. After 1914, and particularly after the United States entered the war in 1917, multiple US executive agencies vied for counterintelligence primacy. With no clear bureaucratic guidance, the State Department, Treasury Department, Attorney General, US Army military intelligence, and ONI all expanded their intelligence operations.

The Department of State had bureaucratic prestige and an existing global network to undertake an integrated intelligence program, and in 1916, it established an office—under a chief special agent to the secretary of state—with the mission of providing security for American diplomats, exchanging interned enemy aliens, and conducting investigations of foreign espionage.⁴ After the passage of the Travel Control Act in May 1918, the State Department also had control over the issuance of US passports and visas, a vital first step in any counterintelligence system.⁵ Factors working against the State Department were a limited staff and an institutional culture centered around a politically appointed elite with little inclination for intelligence “grunt work.”

The Department of Justice's Bureau of Investigation had been created in 1908 to handle both domestic terrorism, specifically anarchists, and criminal violations of interstate commerce. It expanded rapidly after 1914, doubling in size to 200 agents by 1916, in large part because of instability along the US southern border associated with the Mexican Revolution and shipments of weapons to Mexico.⁶ The Achilles' heel

of bureau investigations was, and remains, an institutional structure and work culture based around the pursuit of legal prosecutions, which require information gathered to be both certain and judicially admissible.

The Treasury Department, through the Secret Service, its investigation arm, was also a competitor in the bureaucratic maneuvering in Washington. The politically connected and ambitious Treasury Secretary William McAdoo had a limited staff and resources but assigned Secret Service personnel to trail German diplomats and received presidential authorization to surveil the German embassy.⁷

The military rival of ONI was the US Army's Military Intelligence Division (MI), established on 3 May 1917 as the result of the efforts of the energetic Col. Ralph van Deman as an appendage of the Army War College Division.⁸ Although the Army's bureaucratic position was extremely weak and administratively chaotic, it had legal authority to draft personnel, an advantage that allowed it to grow much faster than other agencies. At the MI's Washington DC headquarters, a massive staff of 1,259 supervised global operations.⁹ Domestic divisions of the MI did exist, but the organization's primary duty was supporting American ground forces in France.

The X factor in the American Intelligence Community was the role of private contractors. The largest private intelligence organization was the American Protective League (APL), founded in 1917 by a Chicago advertising executive. The APL operated a national system of offices staffed by volunteers, generally

upper-middle-class businessmen or professionals who helped government departments gather information on draft dodgers and enemy aliens.¹⁰

While not trained in counterintelligence duties, the APL provided all US intelligence groups with information, especially in the form of background details on suspects. While APL members were not paid, World War I presented a business opportunity for many former law enforcement, private detectives, and retired bureaucrats to form private intelligence companies. The Federal Service Bureau, which former Bureau of Investigation inspector Raymond Horn established, was typical of this type of contractor. Horn offered “to secure prompt and accurate information of value” by developing private intelligence sources in factories and conducting surveillance on designated targets.¹¹

After the war began, ONI was challenged by a wide range of new duties in foreign and domestic intelligence. Wartime conditions hindered the operations of naval attachés, especially those assigned to Berlin and Vienna, and security measures such as censorship eliminated most of the open-source material attachés had relied on. Domestically, ONI was faced with the challenge of working with other US government agencies to maintain peace and stability while multiple nations, international groups, and domestic activists sought to influence policy. The term “domestic intelligence” refers to efforts by US government organizations to gather, assess, and act on information about individuals or organizations in the United States that is not necessarily related to the investigation of a known past criminal act or specific planned criminal activity.

ONI was in a strong position to pursue counterintelligence operations during WWI. It had a strong bureaucratic position, a lengthy organizational history, and a global network of naval attachés.

Despite these difficulties, ONI was in a strong position to pursue counterintelligence operations during WWI. It had a strong bureaucratic position, a lengthy organizational history, and a global network of naval attachés. It was also well motivated to pursue unglamorous jobs such as plant protection because the Navy was the premier “high tech” service during World War I and was heavily reliant on sophisticated equipment. ONI was also well placed to leverage its organizational familiarity with foreign trade networks that, in an era before air transport, was dominated by maritime connections. Like the Army, ONI could also use the draft to fill manpower shortfalls, but, unlike the Army, which had few facilities in major cities, ONI could operate from naval bases already established in all major American harbors.¹²

ONI’s Three Primary Missions

ONI devoted the majority of its time and personnel to plant protec-

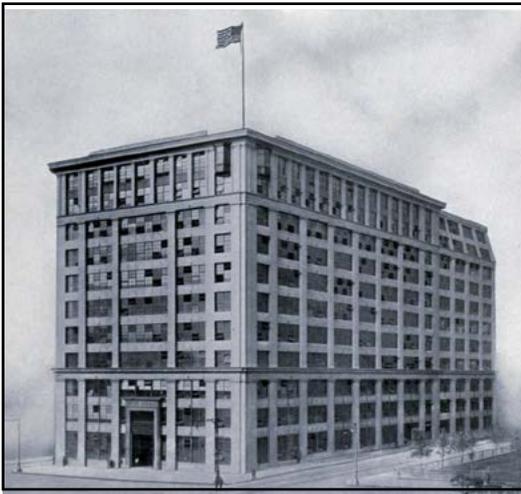
tion, shipping security/antismuggling violations, and nonattaché foreign intelligence collection. As we shall see, ONI had its greatest success in domestic intelligence operations to protect against enemy sabotage or espionage. However, in the third area, methods for collecting foreign intelligence were poorly conceived, horribly executed, and added little to national security.

After “Black Tom”: Plant Protection and the Sperry Corporation

During the period of US neutrality, 1914–17, the American defense industry grew as it exported war materials to Great Britain and France. Blocked from purchasing American munitions and supplies, Germany sought to destroy or disrupt the flow of American supplies, often at its source in the United States. In 1915 alone, explosions in 10 US munitions plants and aboard 13 British ships that had sailed from US ports caused widespread concern over industrial sabotage.¹³ Although poor safety

Image below showing damage from the Black Tom Island sabotage of 30 July 1916. Photo: Library of Congress





The Sperry Plant in 1920 and 2010. Photos: Hathi Trust and Internet Archive-Wikimedia Commons.



procedures and untrained workers were most likely the cause of some explosions, several German embassy personnel, with the knowledge and support of Amb. Johann von Bernsdorff, conducted a sabotage campaign aimed at crippling munitions shipments.¹⁴ The most spectacular of German sabotage operations was the destruction of the munitions depot on Black Tom Island in New York Harbor, resulting in seven deaths and the destruction of \$17 million in property (over \$400 million in 2014 dollars).¹⁵

A key facility the US Navy was especially interested in protecting from sabotage was the Sperry Gyroscope Company in Brooklyn, New York. Established by the brilliant inventor Elmer Sperry, by 1917 the company was responsible for numerous Navy contracts and the sole producer of a series of highly sophisticated gyroscopes used for navigation and accurate gunnery operations aboard navy ships.

In early July 1917, ONI ordered Lt. Albert Fish to begin a confidential investigation into the security of the Sperry plant. The facility was seen as particularly vulnerable because of

its urban location and because of its heavily German workforce. Lieutenant Fish began his investigation by establishing an independent office away from both the Sperry plant and nearby Navy facilities.¹⁶ Fish was in a strong position to demand cooperation from the company's founder and president Elmer Sperry because of a clause inserted into all naval contracts that allowed for oversight of all production methods—and the Sperry plant had over \$1.2 million in Navy contracts.¹⁷ The clause read as follows:

*The contractor shall provide additional watchmen and devices for the Navy Department against espionage, acts of war, and enemy aliens as may be required by the Secretary of the Navy . . . When required by the Secretary of the Navy, he shall refuse to employ, or if already employed, forthwith discharge from employment and exclude from his works, any person or persons designated by the Secretary of the Navy as undesirable for employment or work for the Navy Department.*¹⁸

Lieutenant Fish's first action was to compile an extensive system of dossiers on all company personnel, with managers subject to lengthy examinations of their personal history and associations. Based on these documents, Fish identified key individuals who had questionable personal behavior, unsupervised work positions, or family relationships in Germany, Austria, or Russia. The major problem facing Fish was the composition of the workforce, with only 509 workers out of a total workforce of 1,371 born in the United States to US-born parents.¹⁹ Roughly 25 percent of the workforce were non-US citizens, with Germans and Austrians representing the overwhelming majority of this group. Looking at Sperry Company management, Fish concluded that Elmer Sperry lacked both the skills and inclination to handle day-to-day management, which was delegated to Otto Meitzenfield, the plant superintendent. A German immigrant himself, Meitzenfield had been influential in recruiting highly trained German workers to operate the complex machinery.

With a solid understanding of the company structure, operations, and

personnel, Fish proceeded to the second phase of his investigation: focusing on key security risks. In August 1917, he engaged private detectives and local citizens to verify the personal information in the security dossiers, interview family members, and question neighbors about the personal behavior of Sperry employees.²⁰ Common questions during these interviews included details of family members living overseas, personal finances, and political statements. The majority of these investigations turned up nothing substantive, but areas of concern such as frequent contact with foreign nationals or a recent change in spending habits were flagged, marking the subject for further investigation.

The third phase of the investigation was in-depth surveillance of high-risk targets, using private investigators working in shifts. The New York Police Department (NYPD) greatly assisted ONI efforts by lending the services of a German-speaking detective to the surveillance operation. The detective entered bars or restaurants in the German immigrant community wearing plain clothes and engaged the subjects in conversation or a game of cards.²¹

During the investigation, Lieutenant Fish also used passive defense measures to strengthen the physical and information security (InfoSec) procedures at the Sperry plant. To protect important documents and blueprints, Fish arranged for a large safe to be installed in the plant's primary design room. An armed guard controlled access to the safe and any employee wishing to use a document needed to sign the item in and out.²² In addition to the regular watchmen responsible for protecting the plant,

During the investigation process, Lieutenant Fish also used passive defense measures to strengthen the physical and information security (InfoSec) procedures at the Sperry plant.

Fish arranged for five Navy personnel to be assigned to the Sperry plant security team. Unlike the civilian watchmen, the Navy personnel were armed and reported directly to Fish.²³

Supporting the investigations was a network of informants developed among plant workers. Although his presence was not officially announced, Lieutenant Fish was known at the plant, and several workers volunteered to provide information if they saw anything illegal or unpatriotic. Although Fish had initially planned to use bribes to gain information from within the factory, this was not necessary. Many of the informers at the plant appear to have been motivated by a strong dislike for Meitzenfeld, who was nicknamed "the Kaiser" for his domineering style and temper.²⁴ Moreover, Meitzenfeld had promoted a large number of ethnic Germans to foreman and management positions, causing discontent among many workers.

With a solid network of informants, an ONI staff of 17, effective liaison with the NYPD, and a methodically collected intelligence database of potential security threats, Lieutenant Fish asked for permission to arrest workers on precautionary security charges. Since ONI's evaluation of what constituted threats to the Sperry plant was not sufficient to bring direct charges, Fish identified only foreign nationals who could be detained for violations of immigration procedures and presidential directives. The specific charge used to detain the suspects was Article 4 of Presidential Proclamation 1364

from 6 April 1917, which stated, "An enemy alien shall not approach or be found within one-half of a mile of any . . . workshop for the manufacture of munitions of war or of any products for the use of the army or navy."²⁵

After receiving authority from the ONI office in Washington DC, Lt. Fish coordinated the arrest of 96 workers in the early morning hours of 27 September.²⁶ As a result of excellent surveillance work and using the resources of 250 police officers in 30 vehicles, all of the targets were seized with no reports of escape or resistance.

ONI operations at the Sperry plant demonstrated a highly methodical and apparently successful counterintelligence operation. While the scale of the detentions might appear excessive, all ONI actions between July and September 1917 were conducted in a logical, phased process and, in the threatening times, were seen as legitimate. The *New York Times* lauded ONI for identifying the "nests of Teuton Troublemakers."²⁷

A special characteristic of the ONI operation at the Sperry plant was the use of "private contractors" ranging from unpaid plant informants to "trailing men" (surveillants). The small size of the federal government before the New Deal often required the use of short-term private contractors to fulfill government responsibilities. Many criticized the practice because of the potential for fraud and abuse of power, and in 1893, Congress passed the so-called An-

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ti-Pinkerton Act, which banned any individual employed by the Pinkerton Agency or “similar organization” from employment by the federal government.²⁸ In spite of this statute, most government agencies, including the Navy, continued to use private detectives. In 1913, the Navy used the Burns Detective Agency, famous for tracing stolen jewels, to find stolen blueprints of the USS Pennsylvania.²⁹

From a counterintelligence perspective, Lieutenant Fish’s investigation set a high standard for internal security measures. It systematically collected information, analyzed the data to identify key threats and protect primary targets, and, only after review by higher headquarters, arranged for arrest by police services. It highlighted ONI’s ability to design, manage, and coordinate all aspects of a counterintelligence operation and, within 60 days, ensure the security of a key strategic production facility.

Shipping Control and Smuggling

A corollary to ONI’s involvement in the protection of vital defense industrial plants was the protection of American ships and enforcement of trade embargos against Germany. After American entry into the war, an executive order established the War Trade Board on 12 October 1917 with authority to control all imports and exports.³⁰ The board included representatives of the Departments of State, Treasury, Agriculture, and Commerce and sought to block all shipments to the Central Powers regardless of the type of product. While

not a full member, ONI quickly became a vital source of information for the War Trade Board, supplying background information on ship’s personnel, placing informants on ships suspected of smuggling, and tracking vessels to foreign ports in order to monitor transfers.

A major problem for the War Trade Board and ONI was Germany’s well-developed smuggling network. During World War I, Great Britain’s naval blockade slowly crippled the German economy by restricting all imports. Prior to the war the German economy was a dynamic and integral part of the world economy, but without vital imports of key raw materials and foodstuffs, its war efforts and the domestic political system came under increasing pressure.³¹ American smugglers and agents of the German government used dummy corporations, reflagged merchant ships, transshipped cargoes in neutral ports, and forged paperwork to get around British and, later, US countermeasures.

The most direct method of hindering smuggling was to arrest the smugglers and seize their vessels. Although most smugglers limited their efforts to small loads, several major arrests did occur, including with the seizure of the *SS Ryndam*, which was carrying 750,000 pounds of copper, 250,000 pounds of brass, and 1,700 barrels of lubricating oil to the Netherlands for transshipment to Germany.³² In another case, 1 million rounds of rifle ammunition were seized from a Norwegian ship bound

for Denmark, another major transshipment point into Germany.³³

An indirect but more lasting method of disrupting smuggling was breaking apart the network of financial institutions and brokerage companies acting as fronts for German agents. Despite the possibility of seriously disrupting German operations, the practical details of investigating multiple layers of front companies, maneuvering through legal codes, and tracking international financial transfers proved difficult.

The case of George Mogensen is an example of the difficulties and opportunities ONI faced in creating a proactive intelligence investigation of smuggling. Mogensen first came to ONI’s attention in April 1918 after one of his clerks was reported making large purchases in Barranquilla, Colombia.³⁴ Mogensen was a Danish immigrant who had settled in the United States, and in 1914, he and a French partner, Gerome Dumont, established the United States Brokerage and Trading Company to conduct a general import and export business between Europe and ports throughout the Western Hemisphere. Initially, the two partners invested only \$10,000 but after only three years in business, gross revenue for 1917 was estimated at over \$5 million.

As general manager of the United States Brokerage and Trading Co., Mogensen’s primary business was the shipment of foodstuffs to his home country of Denmark. Mogensen’s father Christian and brother Knud managed the firm’s branch office in Copenhagen. Knud Mogensen was on a State Department watchlist and was denied entry into the United States as the result of his frequent

trips into Germany and the suspicion he sometimes acted as a courier of German dispatches.³⁵

Throughout his business career, George Mogensen developed a network of shell companies that ONI investigators had extreme difficulty understanding. United States Brokerage and Trading had worked around US restrictions on foreign trade by breaking up large shipments into smaller ones under the names of numerous silent partners, often clerks in Mogensen's employ. Mogensen also routed a large number of shipments through Caribbean ports such as Havana, Santo Domingo, and Port-au-Prince in conjunction with non-US trading firms. Mogensen used the South Seas Import and Export Company as the middleman to launder his Caribbean transfers. Mogensen was the sole owner of South Seas Import and Export. Inside the United States, outbound shipments of the United States Brokerage and Trading were stored in the Rose Street Storage Warehouse Company Inc., also owned by George Mogensen.³⁶

Between April and October 1918, ONI—with the cooperation of the Army's Military Intelligence Bureau, the War Trade Board, and the US Attorney's Office—attempted to piece together an accurate picture of Mogensen's commercial activities. In spite of the impressive coordination between the agencies, the network of Mogensen's activities were too cleverly opaque for any clear evidence of illegal activity to be found.

Unable to find treasonable or even criminal activity, ONI worked with the US Attorney's Office to find evidence of improper bookkeeping and breaches of the tax code. It uncovered

ONI sent more than 85 nonofficial cover (NOC) agents—those not protected by diplomatic immunity—to locations as varied as China, Denmark, and Japan, but the overwhelming majority went to countries in the Western Hemisphere.

paperwork showing the sale of coffee to a Mr. John Jacobson in Aux Cayes, Haiti; the sale was technically illegal because Jacobson had been restricted from doing business in the United States and Mogensen's Company was registered in the United States. In addition, Navy investigators found a discrepancy between the sale price of the coffee listed in the records of the United States Brokerage and Trading and US tax records.³⁷

ONI also acted to disrupt Mogensen's operations if the legal charges failed. In conjunction with communications companies, it blocked overseas messages Mogensen tried to send to his branch offices in Copenhagen and Paris.³⁸ The use of deliberate censorship to harass and disrupt was in the grey area of ONI's legal authority, but war censorship was common at the time and it does appear to have been effective in significantly hindering Mogensen.³⁹

The US Attorney's Office did eventually take up the case of Mogensen and his violations of the War Trade Act.⁴⁰ This was met with a furious rebuttal by Mogensen's attorney, Frederick Czaki, a well-known and politically connected business lawyer.⁴¹ Czaki was ultimately successful in getting the charges dropped because of the incomplete nature of the evidence. ONI's rapid demobilization after the end of the war in November 1918, which scattered the primary investigators across the country back into civilian life, also hindered the trial.⁴² In a separate legal case in

1919, Mogensen's partner, Gerome Dumont, was convicted of defrauding the US government by conspiring to divert large amounts of government rail freight and report it stolen.⁴³

While ONI's efforts do appear to have imposed substantial costs on Mogensen's activities in terms of time and money, the inability to achieve a conviction was indicative of systemic issues with interagency coordination, the difficult transition from intelligence to judicial systems, and ONI's trouble understanding business activity. The failure to achieve a conviction undoubtedly was dispiriting for ONI officers but many of the tactics ONI used against Mogensen were effective in reducing smuggling operations into Germany.

Foreign Intelligence Collection

The third aspect of ONI efforts was foreign intelligence collection in areas not actively engaged in conflict. This program was separate from the attaché system and sought to collect information on German espionage networks and the potential of ethnic-Germans to support German operations. Although it was creative and interesting, the practical value of the intelligence collected in foreign areas was extremely limited. The high value ONI placed on these operations is reflective of biases towards high status operations rather than a rational evaluation of practical utility.

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by diplomatic immunity—to locations as varied as China, Denmark, and Japan, but the overwhelming majority went to countries in the Western Hemisphere.⁴⁴ The threat of German activity in the Western Hemisphere was complex, with political instability in Mexico, the presence of large German immigrant communities in South America, and widespread smuggling in Central America and the Caribbean. ONI NOC agents attempted to integrate themselves into local communities, gather information and report to headquarters but were not tasked to undertake any kind of covert action or contact with local government.

The case of Edward Breck is indicative of larger patterns of foreign intelligence operations. Breck had previously served the US Navy by providing reports from Spain during the Spanish-American War. He entered ONI service in February 1917 and was dispatched to Brazil the fol-

lowing month. On paper the opportunity of sending a highly qualified, independent agent to conduct intelligence work that naval attachés could not conduct seemed ideal. Breck was well educated, had traveled widely, and spoke German, Spanish, and Portuguese fluently.⁴⁵ The cover developed for Breck was that he was “Dr. Ernst Brecht,” an independently wealthy “traveling professor” with pro-German sympathies.

The intelligence mission assigned to Lieutenant Commander Breck was to evaluate the potential for pro-German Brazilians to influence foreign policy or provide support to Germany. Brazil had attempted to remain neutral during the war but after German submarines sunk several Brazilian ships, most notably the ship *Parana* in April 1917, Brazilian public opinion shifted in support of joining the war against the Central Powers. Breck’s arrival in Brazil coincided with a period of extensive political maneuvering as prowar politicians, especially Brazilian President Venceslau Bras, organized political support against pro-German leaders, most notably ethnically German Foreign Minister Lauro Müller.

Complicating Breck’s mission was the uncertain communications system. Operating independent of the US embassy and therefore unable to use diplomatic communications services, Breck was forced to use Western Union to send reports to the ONI office. And because of the encoding, his reporting created a security risk because it would have been highly unusual for a foreign traveler to send encoded messages to the US

Navy telegraph office. Moreover, because Breck had to do the encoding himself, the messages per force were extremely short and had many small errors that could have hindered the operation.⁴⁶ Breck mailed longer reports to the Navy attaché at the American embassy in Rio de Janeiro for inclusion in diplomatic pouches; it could take more than three weeks for these reports to reach ONI headquarters. Along with the formal reports sent through the Brazilian mail service, Breck enclosed personal correspondence to his wife with full names, addresses, and personal information.⁴⁷ Both of these methods exposed Breck’s association with the ONI, and even the most basic counterintelligence operation could have discovered that association.

Upon arrival in Brazil, Breck energetically tracked wild rumors of Germans establishing secret bases, supplying U-boats, and storing arms for an insurrection. Some of the more outlandish claims involved the building of a secret German U-boat base upriver in the Amazon jungle.⁴⁸ Much of Breck’s reporting appears to be unsolicited political and diplomatic advice rather than anything resembling an intelligence report. He frequently noted that Brazilians were “hypersensitive” to social norms and status and felt it would be helpful if an American admiral arrived in the area.⁴⁹ That Breck appears to have lied about his ability to speak Portuguese and was forced to find English-speaking sources of information also hindered his investigations.⁵⁰

ONI Director Roger Welles had instructed Breck to avoid unnecessary exposure, but upon arrival in Brazil he decided to announce himself to the British in order “simplify



Lcdr. Edward Breck, undated. Library of Congress, Harris Ewing Collection

the work, and probably save much time and money” and, he reasoned, “in any case the U.S. and Britain would probably be allies soon.”⁵¹ After meeting the British naval attaché, Breck gullibly agreed to follow some of the “good leads” the British officer had given him and share information.

The one systematic aspect of Breck’s misadventures was the way in which he addressed his finances. In his letters Breck is careful to continually ask for large amounts of money to ensure his ability to mix with high society and entertain. Entertaining prominent Germans appears to have been the primary method of Breck’s intelligence collection. “I am laying plans to get in more closely with the aristocratic element, the headquarters of which is the Deutscher Club,” he reported. “The chief interests seem to be wine, women, and horses, with some gambling thrown in. A little bird shooting also takes place also (sic).”⁵²

Breck’s other primary investigative technique was reading German-language newspapers. He argued that although ethnic Germans in Brazil were not well integrated and there was no real chance of significant violence, nevertheless the German-language newspapers were a “real German menace to Brazil.”⁵³ He believed closure of the outspoken German-language newspapers would send a signal to the population and eliminate the trouble of “loud-mouthed” agitators.

After four months of investigation, Breck was able to report that fears of German-inspired violence in Brazil were unfounded. As he put it, “I have not been able to discover the actual existence of a single wireless

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plant, a single collection of arms and ammunition for war purposes of any account, or of any naval base for provisions or ammunition.”⁵⁴

Enclosed in this final report was a newspaper clipping from a Brazilian English-language newspaper reporting that a US naval officer using the name “Ernest Brecht” was engaged in spying on Brazil’s German community. The English paper was reprinting an earlier article in the German-language *Urwaldbote* (Jungle Courier), which had interviewed many of the Brazilians that “Professor Brecht” had contacted and found that he had repeatedly tried to induce them to make statements supporting the Central Powers and the kaiser. Astoundingly, Brecht appears to have contacted the *Urwaldbote* newspaper to demand a retraction. “The gentleman assured us very volubly that he has only the most friendly feeling for the German colonists,” the *Urwaldbote* wrote, “but we do not believe him.”

Based on this newspaper clipping, it appears that from his earliest arrival in Brazil, Breck had been identified as an agent of the American government engaged in espionage. His official reports contain little real information and are, for the most part, filled with rumors and speculation inferior in quality to any local newspaper.

Although to an intelligence analyst the adventures of Edward Breck appear incompetent, amateurish, and a waste of time and resources, in postwar correspondence Admiral Welles gave great praise to foreign intelligence collectors and

Edward Breck in particular. When writing close friend Adm. Austin Knight, Welles stated that during the war, Lieutenant Commander Breck traveled to Buenos Aires and joined German clubs and was convincing, valuable and “a perfect wonder” of an agent.⁵⁵

Organizational Change and the MI5 Model

After the Armistice was signed on 11 November 1918, ONI quickly relinquished all major responsibilities in plant protection and shipping security. After Admiral Welles was reassigned, the new ONI director, Adm. Albert Niblack, made decisions strongly favoring attaché activities over domestic intelligence operations. “It has been the aim of the office to use only reputable business methods and avoid anything savoring of ‘gumshoe’ methods,” he wrote



Albert Niblack as a commander. Undated. Library of Congress, Harris Ewing Collection.

In congressional testimony, Niblack explicitly said that he would forgo many of ONI's wartime functions . . .

in 1920. "This point can not be too strongly emphasized."⁵⁶ The clearest manifestation of this approach can be seen in the rapid contraction of ONI headquarters staff from over 300 officers in late 1918 to 24 by July 1920. All branch offices closed in December 1918 regardless of the status of investigations.⁵⁷

In congressional testimony, Niblack explicitly said that he would forgo many of ONI's wartime functions even if it meant relinquishing the large budgets and staff that went with the domestic counterintelligence mission:

*One of the great things I have had to contend with has been to get the Office of Naval Intelligence away from some of the wartime activities which grew up and which had to do with enemy agents. I have done my best to unload that . . . my endeavor has been to get back to the old-fashioned system with a naval attaché who is a member of the Diplomatic Corps and who conforms to all the conventionalities.*⁵⁸

By dropping ONI's counterintelligence mission, Admiral Niblack moved from a budget of over \$1 million per year allocated for fiscal year 1918/19 to only \$65,000 projected for 1919/20.⁵⁹

Whatever the explanation for Niblack's unloading of counterintelligence, he may well have protected

the Navy from the kind of condemnation Attorney General Mitchell Palmer would eventually suffer for his actions in 1919 and 1920 against perceived internal enemies. Niblack's shrinkage of ONI functions to core functions of technical collection was in this sense a "safe bet" that maximized long-term organizational security over short-term budgets.

Implications for US Intelligence

ONI's operations during World War I demonstrate that in its early years the US intelligence apparatus was highly fluid, with shifting boundaries of authority and objectives defined by intelligence organizations themselves. In spite of press attention to the "confusion and impotence of the spy-catchers," no agency established a strong bureaucratic claim to the domestic intelligence role.⁶⁰ Despite operations ranging from the protection of defense industrial facilities, commercial surveillance, and foreign intelligence collection, ONI essentially rejected these functions.

The Navy's decision not to maintain the large intelligence posture it had created during the war, especially for domestic and commercial surveillance, represented a clear difference between the US experience and those nations that adopted a dedicated domestic security service. Before 1918, ONI and MI5 shared roughly equivalent roles and similar military structure and operating procedures.⁶¹ The

greatest difference between the two appears to be the level of political support and personal encouragement given to MI5 by Winston Churchill, who at various times filled the role of home secretary, first lord of the admiralty, secretary of state for munitions, and secretary of state for war. Churchill's use of MI5 in each overlapping area appears significant in allowing a steady expansion of MI5 functional boundaries. In addition, MI5's first chief retained the post from 1909 through 1940, ensuring a stable organizational system.

In contrast, ONI functioned within a military structure that had clearly defined areas of specialization. US Navy officers had no specialized career track for naval intelligence, and ONI was often headed by officers destined for early retirement. Rapid turnover among ONI staff and the retention of a traditional Navy promotion track ensured that no ambitious officer would seek an ONI posting.

The experience of ONI during World War I demonstrates that the US intelligence system had the potential to evolve along lines similar to MI5, with ONI as the nucleus. Instead, domestic "intelligence" functions would grow within the FBI and eventually a US intelligence community would emerge that maintained an almost sacrosanct distinction between organizations responsible for domestic security functions and those with foreign intelligence responsibilities. The decision marked, in my judgment, a key moment in the evolution of US intelligence.



Endnotes

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