

*What OSS Black Chamber?  
What Yardley? What “Dr.” Friedman?  
Ah, Grombach?  
Or  
Donovan’s Folly*

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**Abstract.** Evidence from NARA records indicates that an attempt to establish an Office of Strategic Services (OSS) “Black Chamber” in 1941-2 was unsuccessful and that rather incongruous connections with Elizebeth Freidman (and with a man who became one of the OSS’ most influential enemies as well as the head of the secret Pond intelligence agency) shaped its history. The documents also throw new light on the relations between the OSS and Herbert Yardley, Rosario Candela, Ruth Wilson, and other cryptologists.

**Keywords** FBQ, COI, OSS, Donovan, Elizebeth Friedman, Yardley, Candela, Bellmore, Reseda, Grombach, Coast Guard, G2, Delafield, Double Transposition, One-time Pads, Strip Ciphers.

**PART I High Hopes In Washington, Then New York**

The Federal Bureau of Investigation’s J. Edgar Hoover was angered when he learned that America’s President Franklin Roosevelt, under prodding from representatives of Britain’s intelligence establishment, was considering creating yet another American intelligence agency, perhaps one with the power to direct all the others. Hoover and the leaders of the United States’ military and State Department’s intelligence organizations remained apprehensive although the president gave a somewhat bland name to his new agency, calling it the “Office of the Coordinator Of Information” (the COI), and in mid-1941 appointed a New York WWI military hero, lawyer, and politician, William “Wild Bill” Donovan, as its leader. Although Donovan seemed a safer choice than did the intelligence dilettante Vincent Astor, concerns remained because the agency reported only to the White House and because Donovan was a man of great ambitions. His energy and visions, the intelligence professionals feared, might mean his new agency would do much more than ‘coordinate’ the information provided by the older intelligence groups.<sup>1</sup>

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<sup>1</sup> Among the many works on the early years of the OSS are: [24], [60], [61]

As 1941 progressed, the practiced intelligence men saw many of their suspicions confirmed. Donovan created an early version of a think-tank at the Library of Congress with the aim of providing the only official stream of important intelligence to the White House. The nation's greatest scholars from the most liberal universities were to turn the raw intelligence of the other agencies into 'strategic' intelligence. Then, Donovan assembled writers, newsmen, and émigrés for branches dedicated to worldwide propaganda efforts, ones that some worried would not defer to the policies of the State Department or the needs of the military. Donovan also gathered agents to conduct espionage in foreign nations, perhaps even in America, and he began to form groups to wage guerilla warfare. He had plans for his own small 'navy,' and there were increasing numbers of indications that he was, as feared, about to attempt to direct the activities of the military's intelligence groups although they had already created their own committees to synchronize their activities.<sup>2</sup>

All that, the close ties between Donovan's agency and British intelligence, and Donovan's penchant for publicity, caused increased anxiety among intelligence old-timers such as those at the FBI, the Army's MIS/G-2, the Navy's ONI, the State Department, and even the Federal Communication Commission and the Treasury Department. The concerns grew as word leaked-out that Donovan was about to build his own international communications system.<sup>3</sup>

However, all the agencies, especially the military's, had little choice but to cooperate with Wild Bill. He had the direct support of the White House. The president made that obvious when he immediately appointed his son to be the COI's representative to the army, navy, and other relevant branches of the government. When the then Marine Corps Reserve Captain James Roosevelt requested men and resources, even generals and admirals found it very hard to refuse him.

Nevertheless, providing Donovan with equipment, specialists, diplomatic cover, and experienced managers irked the military and the civilian agencies. They saw inefficiency and duplication in many of the COI's efforts at a time when they were trying to prepare for the coming war. Other things alienated the likes of J. Edgar Hoover, the State Department's Adolf Berle, and the influential officer in the Army's intelligence branch, General George V. Strong. One of Donovan's early policies was most exasperating. He had brought many inexperienced people from America's social and intellectual elite, as well as many on the political and ideological 'left,' into his agency. They were of a different mindset than the bureaucrats and professional military officers who tended to be from, at most, a middle-class and, usually, a politically conservative background. James Roosevelt was part of that circle of the COI community that led critics of

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<sup>2</sup> Useful on these points are: [6], [10], [22], [56], [61], [63].

<sup>3</sup> See, [19], [23, p, 348]

the new agency and its successor, the Office of Strategic Services, to call it the “Oh So Social” agency.<sup>4</sup>

The COI’s opponents were not always correct about the attitudes of the elite newcomers. For example, although a Groton and Harvard graduate, James wanted action, not just a managerial desk-job. Almost as soon as he began his COI work, he sought a transfer to the regular Marine Corps to create a special warfare unit. Meanwhile, certain that the United States would soon be in a fighting war he wasted no time in tackling the responsibilities Donovan had set for him. He wanted to leave Washington with a clean administrative-plate.

One of his most important assignments was to create the COI’s own independent and secure communications network. James’ immediate goal was to build cable and radio links between the COI’s Washington and New York headquarters and the London office Donovan hoped to have in operation before the end of 1941. Next, would be a connection to the anticipated COI center in Egypt. Then, systems that allowed communications between Washington, the COI’s other envisioned major centers, and its field agents, were to be established.

A secure link to London was vital because England was supplying much of the COI’s information, because the COI and Britain’s intelligence agencies looked forward to many joint projects, and because Donovan foresaw London as the hub for all his agency’s European operations. Of course, the COI had to be sure the link was safe from enemy eavesdropping. Because it was to carry great secrets, it had to have the best code and cipher systems as well as skilled cryptographers, courier services, and the most powerful cable and radio transmission and receiving facilities. The system required the highest possible level of security because it would be carrying strategic messages, not just the kind of low-level tactical information that needed protection for only a few days.

James Roosevelt knew he had a formidable assignment because each of the components of the desired COI communications system was in short supply. All of the nation’s intel-agencies were competing for cryptographers, radio operators, and cryptographic and electronic equipment. The military services, the FBI, and even the Federal Communication’s Commission (FCC) were expanding their interception and codebreaking groups. The State Department and the military were already gaining control of the nation’s private radio and cable facilities, so the politics of obtaining a share of the transmission and receiving services seemed a special hurdle. James also correctly feared that it might take the COI months to locate and train civilian cryptographers and operators.<sup>5</sup>

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<sup>4</sup> [53]

<sup>5</sup> On these points, see: [6], [7], [8], [10], [57], [59], [60], [61].

However, Roosevelt thought he had an answer to the challenge of setting-up at least the beginnings of a system by the end of December 1941: he would commandeer the people and resources he needed from one of the existing government code-communications agencies.

James had influence and power but not enough to demand the use of the assets of the two relatively large crypto-communications agencies in the nation, the army's SIS and the navy's OP-20-G. Both were struggling against potential enemies' vital military and diplomatic networks and both were finding it hard to maintain their own communication systems as war neared. Furthermore, both agencies had political power and both could argue their work was so critically important that their commanders should allow them to refuse even a James Roosevelt demand. James concluded that at least in this case, admirals and generals might block him.

Roosevelt finally located an agency with a communications group that found it difficult to defend itself by stating that its current mission was as critical as the army and navy's attacks against Japan and Germany's military and diplomatic communications. In addition, a civilian political appointee headed that agency. In November 1941, aware of the existence of the agency's crypto-section after seeing one of its reports by accident, the now hard-pressed James Roosevelt descended upon the Treasury Department with a plan for an immediate solution to the COI's communications problem.<sup>6</sup> The Secretary of the Treasury acquiesced to the demand that his Coast Guard's code and cipher branch devote its energies to establishing the cryptologic foundations for Donovan's communications net; and, to finish that work by the end of the year. Wild Bill may have played a helpful role. He was a friend of the Coast Guard's commander Russell Waesche.<sup>7</sup>

The Treasury's Coast Guard code-communications group had a history almost as long as that of the army and navy's, but it would never reach their size after World War II started. Its life began in the 1920s when the government gave the Guard the responsibility for intercepting ships breaking the Prohibition laws. As the 'rum runners' turned to the use of radio and code systems for their messages, the Guard found it needed to develop a codebreaking capability as well as a network of radio monitoring stations. At the same time, the service realized that it needed to protect its own communications from the increasingly wealthy and sophisticated criminals who seemed to be intercepting the government's orders to its ships and agents. The Treasury Department called for the help of two

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<sup>6</sup> [16, 12-1941]

<sup>7</sup> [5]

of the very few experienced code specialists in the nation, for both codemaking and codebreaking.

William and Elizebeth Friedman began their crypto careers before World War I at the Illinois estate of the millionaire agricultural commodities broker, Colonel George Fabyan. Fabyan was intent on proving that Shakespeare's plays contained a hidden code that showed Sir Francis Bacon had written them. Then, during World War I, the Fabyan group served as a nucleus for training military code workers, which led the military to employ both of the Friedmans in Washington, D.C. Within a decade, William was heading an expanding army crypto-agency while Elizebeth, at times busy with child rearing, found intermittent work with the army, navy, the Treasury and Justice Departments, and the emerging Coast Guard center.<sup>8</sup>

When the navy told the Coast Guard that it must stop relying on its codes because the Guard's use of them could lead to their compromise, the Treasury Department called-on the Friedmans to devise secure new code systems for the 'rum runner' battles and for its other law enforcement branches such as the Secret Service and Customs Bureau. After that, the Customs Bureau and the Guard asked Elizebeth to do more: to begin breaking the smugglers' codes. Although working as only a consultant for the Treasury Department, and with just one assistant, Elizebeth excelled at cracking many basic cryptosystems and gained some notoriety as an expert codebreaker after testifying in several major court cases. Her contributions, and a well-crafted memorandum by Elizebeth, convinced the Treasury Department to establish a small but permanent group under her direction in Washington and to asking her to work full-time with a rather handsome salary, more than twice the national average. They even allowed her to hire and train three young college graduates who became the nucleus for what later became known at the '387' unit. Unlike her husband who was hiring young statisticians from New York for his army crypto-unit, Elizebeth favored Georgetown University law students who lived in Washington, D.C. Most of her new group's work was for and with the Coast Guard, but they may have spent some time attacking other Treasury challenges, including international financial transactions. The Treasury Department seems to have been not too concerned that at least some of its listening-in on radio transmissions might be legally questionable.<sup>9</sup>

With the demise of Prohibition in December 1933, there was less of a workload at Elizebeth's center, but it increased markedly in the late 1930s when, as conflicts in Asia and Europe intensified, the Secretary of the Treasury, Henry Morgenthau, asked Elizebeth, whose official position remained under his

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<sup>8</sup> [15], [16], [20], [48].

<sup>9</sup> [3], [4], [13], [27, boxes 97, 158, espec. 'Farley to Redman'], [28], [45], [46], [62]. Archival series that were expected to have records relevant to the Coast Guard's and the OSS-Grombach crypto operations and personnel but did not contain significant items were: [31], [32], [33], [41]

jurisdiction, to help enforce America's neutrality laws. That work included monitoring the ships of potential enemies and dealing with secret messages to and from Germany and Italy's agents in Central America and South America. Unfortunately, one of the networks Elizebeth's Coast Guard group uncovered was that between New York City, Germany, and Mexico which was being run by Hoover's FBI as a counter-espionage operation. That led to some unwanted publicity and bureaucratic wrangling.<sup>10</sup>

Partially because of the challenging neutrality and Axis spy workloads, Elizebeth was annoyed when James Roosevelt's emissary first contacted her in November 1941 and indicated that Secretary Morgenthau, although his Coast Guard was in the process of being transferred to the navy, had approved of what might mean deferring her regular Guard and Treasury work. At first, however, the COI's task did not seem too much of a burden. Elizebeth and her small Coast Guard crew began assembling the supplies and equipment required for the COI's future code and communications facility. The team gathered, from its own limited stores, special locking envelopes for secret messages, cross section paper needed for encoding and decoding, and the frames used by strip-cipher code systems. Elizebeth also began using what regarded as her unique capabilities to find and evaluate possible employees for the COI's upcoming crypto-home.

However, Elizebeth soon realized that Roosevelt wanted much more--and within a short time. He had a deadline to meet: have an operating center in place by the end of December. Elizebeth was quite putout when, on November 10, she was informed that she had been transferred to James' "liaison office," thus effectively becoming his, not the Treasury's, employee. That order came when she was also carrying deep family responsibilities. Despite being able to afford servants, caring for her husband, who was recovering from a nervous breakdown due to his overwork on important Japanese systems, placed a heavy load on Elizebeth.<sup>11</sup>

With her transfer, she and her team began creating code systems for the COI's own use; and, she even had to search for men to begin the physical construction of the COI's secure communications room. However, those efforts did not satisfy James Roosevelt who was becoming increasingly agitated as the year was ending. On December 2, he summoned Elizebeth to his office for a face-to-face confrontation. After that rather one-sided meeting, marked by Roosevelt's condescending attitude that seems to have offended Elizebeth, she and her entire staff devoted themselves exclusively to the COI's effort, working nights, and weekends. Within a few weeks, they produced special COI versions of traditional hand-based code systems such as double transpositions and strip ciphers. She also

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<sup>10</sup> [6], [25], [16, box 17, file 5], [27, box 97]

<sup>11</sup>. [47], [48].

transferred more scarce parts for devices from the Guard to James as the Coast Guard officer in charge of its intelligence section, Lt. Leonard. T. Jones (whom William Friedman had trained years before) was seconded to the COI to oversee the project. Elizebeth also had to rush to solve a very serious problem, one related to the security of the most important secret messages.

The COI had been promised two advanced automatic encryption machines “from abroad,” probably copies of England’s ingenious TYPEX, but their arrival was delayed. Elizebeth used her connections in the intelligence community to obtain two of America’s most advanced, and closely guarded, machines from the army and navy. If those were two of the few new Swedish designed and manufactured Hagelin devices, or the much, much more sophisticated American-made SIGABA machines, remains uncertain. However, in either case, Elizebeth had to use up much of her goodwill in the intelligence community to obtain their loan. She was proud but unhappy about another service her team had to perform. For much of December they had spent their time encoding and decoding COI’s own first messages.

Her discontent over that and other aspects of the some six weeks of work for the COI was evident in her letter to William Donovan four days after Christmas, 1941. Her language reflected her feeling that he and Roosevelt had put too much pressure on her staff and that there had been inadequate recognition. Surprisingly, her letter intimated that she resented that she was not, she thought, to be chosen for any high position in the new COI center.<sup>12</sup>

She indicated her discomfort over what she seemed to consider many insults from the Oh So Social COI through her signature on the letter. She included something never before (or after) seen in her correspondence, “Dr.” Elizebeth Friedman. The use of the academic title was a flag that she, too, was of high status. Biographers have known that she received a bachelor’s degree in English Literature from a small college in Michigan, but what institution awarded her a doctoral degree that gave her such high academic honors has remained a mystery until recently when it was discovered that her small alma mater had awarded her a purely honorary degree in 1938.<sup>13</sup> What James Roosevelt or Donovan composed in response to Elizebeth’s December 1941 declaration remains unknown. Roosevelt probably did little because he was about to leave for his new regular Marine posting.

There was something besides the COI burden that had been irritating Elizebeth. She did not want to go with the Coast Guard if the plans to shift it to the Navy Department were fully implemented. She was “very rebellious and gloomy” about the proposed move to the Navy. Her repeated pleas about that reached Henry Morgenthau in November and December, leading to high-level

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<sup>12</sup> [16, box 17, file 5]

<sup>13</sup> Information on the honorary degree supplied by E. Smoot.

department conferences considering her requests for transfer back to the Treasury Department. Morgenthau had already lost a tug-of-war with the navy over the rest of his crypto organization so it was difficult for him to decide against Elizebeth. He had to do so for political, as well as technical reasons. Elizebeth would have been even more upset if she had known that James Roosevelt had attempted in mid-December, without telling her, to have her permanently shifted to the COI, leaving the rest of her team in the hands of the navy.<sup>14</sup>

At the end of December, Elizebeth immediately returned to the Coast Guard's jurisdiction, just as its transfer from the Treasury Department was completed. Elizebeth and her codebreakers became adjuncts to the much larger group at OP-20-G. Her qualms about being under the navy's control may have eased when she learned that her group won the right to monitor many of the circuits used for enemy clandestine (spy) messages. Clandestine networks had always been the Coast Guard's specialty. This 'spy' task also allowed her to work closely with British codebreakers, including Oliver Strachey, the expert England assigned to Canada when England forced the American, Herbert Yardley, from his crypto-job in Ottawa because of security concerns.<sup>15</sup>

Meanwhile, as 1942 began, the COI's Coast Guard man, Lt. Jones, had assumed hands-on responsibilities for the development of the tiny COI communications center in Washington, as well as for the Guard's larger all-source intelligence organization. Donovan and Roosevelt did not leave Jones alone while he awaited his return to full Guard duty, however. They assigned higher-level COI communications policy responsibilities to a new group of men. Wild Bill, knowing that James was heading for the special Marine assignment, had asked him to find officers to look after the developing Washington effort's relations with other agencies, and to oversee all the other communications projects.

James found another New York, Oh So Social, blue blood to handle some of the COI's communications liaison problems. John White Delafield came from an impressive New York colonial heritage. He had a prestigious education, had distinguished himself in New York City's world of finance, and had a record of service in the state's military communication section. In late 1941, he began to assume responsibility for a few of James's duties.<sup>16</sup> One of his first liaison challenges was to ensure that the COI would have its very own permanent copies of America's highest-level and most secret encryption devices. Delafield may have made a political blunder during his pursuit. Instead of going to the army and requesting those SIGABA machines, he went directly to the Secretary of War and

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<sup>14</sup> [29, Boxes 57 & 97], [30, box 115, '387' history] [44, Vols. 457, 473, espec. Group Meeting, 11-4-41]

<sup>15</sup> [16, Box 6, File 7, 'from Strachey'], [29]

<sup>16</sup> [35, box 177]

persuaded him to promise the delivery of four copies of them by the end of 1942. In military and bureaucratic circles, ‘going over one’s head’ was an insult.<sup>17</sup>

About the same time, Donovan discovered a full replacement for James Roosevelt. The new man was also a New Yorker, but one who was much less socially prominent than Delafield. Donovan picked the Brooklyn newspaper publisher, reserve officer, and old friend, M. Preston Goodfellow (who the army intelligence branch’s G-2 had previously ordered to act as liaison to Wild Bill) as his trusted highest-level assistant and gave him power over many vital projects, including all the COI’s communications ambitions. Goodfellow took the initiative and, as he always did, avoided bothering Donovan with details. One of those particulars became critical to the history of the COI’s code efforts, as well as to the relationship between it and the other intelligence agencies.

As 1941 was ending, Goodfellow independently selected yet another New York army reserve officer to manage the next step in the COI’s code-communication programs. The man Goodfellow chose was less than a full member of the traditional social or educational elite--he certainly was not of the political or ideological ‘left’. He was also one of those military men who thought the British were herding the United States into World War II; and, he was one of those who deeply hated the Russian Bolsheviks.<sup>18</sup>

John V. Grombach was, like Goodfellow, a man of action who did not always worry about bureaucratic niceties. Perhaps that was because he was the son of an adventurous man engaged in wide-ranging foreign trade who was also the French consul in New Orleans, Louisiana. His family was not rich as John was growing up but was affluent enough to provide him a solid education. However, John, although multi-lingual, was not destined for scholarly domains. He became a proficient boxer and fencer and all-around athlete recognized, even in his youth, by national amateur athletic organizations. That did not mean that he was socially ‘proper’. For example, as a young man he worked as a bouncer in New Orleans houses of very, very low reputation.<sup>19</sup>

His choice for college reflected his early goal to have a life of action and adventure. An elite eastern liberal arts college was not his preference. Although not a citizen, the Virginia Military Institute (VMI) accepted him. The institute was and is famous for generating patriotic American military leaders. John spent some years there, quickly earning the nickname “Frenchy” because of his accent. Then, he managed to gain an appointment to the West Point Military Academy. With that offer of a free education and a military career, John finally renounced his French citizenship and became an American.

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<sup>17</sup> [43, reel 42, frames 163-7]

<sup>18</sup> [9], [14, Carter Clarke correspondence] [39, Introduction], [58]

<sup>19</sup> [2], [39, espec. series 12], [58]

Grombach did well at West Point, especially as an athlete. He even represented the Point at the Olympic Games. Nevertheless, just as he was about to graduate in 1923 he became involved in an affair that, like much of his life, had more than a touch of intrigue. The commandant called him to a secret meeting with himself and the highest-ranking official of the army, General John J. Pershing. Then, just one day before graduation, the commandant announced that John had too many demerits for graduation, although he did not truly deserve them. The Point gave him a degree, but not full military recognition. Despite that, the army secretly awarded him a commission, just as it assigned him to an undercover operation in New York to investigate corruption in the service. Then, he was assigned to more army intelligence (MIS/G-2) work. For example, the army posted him to the critical Panama Canal Zone to search for spies, and then detailed him to be an intelligence officer in France. Meanwhile, he continued his involvement in sports and the Olympics and served as a liaison between the army and the entertainment industry. Soon retiring from the regular army, he began a highly successful career as a New York City radio producer, fight manager, and international businessman. He was also close to becoming a millionaire by the end of the 1930s because of his forty percent ownership of a French shipping company that traded between Marseilles and France's colonial empire in the Far East.

Grombach continued his participation in athletics, as both a competitor and as an official, and became a major figure in the prestigious New York Athletic Club and in Olympic circles. As a result, he knew a wide spectrum of New York's leading citizens and many influential Europeans. His radio and sports promotion businesses were especially important to his later career in undercover work. He was also an active member of the army reserve and was associated with New York's National Guard; and, he seems to have done intelligence work at home and abroad for those organizations and the State Department during the 1930s. Significantly, he had developed an interest in cryptography and cryptanalysis, even publishing a paper on the subject of cryptophony in an army journal in 1940. Because of his radio work and his interest in secret communications he probably knew of and met many of those civilians on the East Coast who had an involvement in codes, such as Rosario Candela, Fletcher Pratt, and the maverick codebreaker, Herbert Yardley.

When the army called Frenchy back into regular service in October 1940, he was immediately sent to its Command and General Staff school, indicating that he was destined for a high-level position. His first significant posting was to the staff of the Military Intelligence Service (MIS) as well as to the Office of the Chief of Staff. However, soon after that, Preston Goodfellow asked his friend Grombach to "temporarily" move to the COI and take charge of the next phases of its communications ambitions. Goodfellow thought John had the perfect

background for those initiatives: radio, espionage, and cryptology. Although Grombach and his superiors were making other plans for the use of his talents at conspiracy, he could not refuse Goodfellow's request.

Like Donovan, Grombach was a man of great ambitions. While Mrs. Friedman, Lt. Jones, and John Delafield were struggling to establish the Washington communications center, Grombach began to implement his own ideas for the COI, ones that were grander than what James Roosevelt had envisioned. Goodfellow and Grombach launched into a project to allow the COI to collect its own radio intelligence, to decrypt and interpret it, and to have its own worldwide transmission system. In addition, they desired a much larger and more advanced communications processing center than the fledgling one in Washington, D.C. Grombach's new center was to be in New York where there were better radio facilities and a bigger pool of expertise than in the still semi-rural Washington, D. C. area.

Although the COI was a secret organization, and although Grombach was an experienced intelligence man, his new project did not remain hidden for long. Creating a New York City 'front' organization, the Foreign Broadcast Quarterly (the FBQ), which would disguise expenditures and provide a cover story for the planned take-over of the National Broadcasting Company's international radio station on Long Island, did not fool many within the other government intelligence agencies.<sup>20</sup>

There had been growing unhappiness with the COI as word leaked out about the treatment of Elizebeth Friedman but antagonisms within the intelligence community reached a critical level in January 1942. The crisis was a result of rumors spreading through Washington that the COI was about to create its own codebreaking group and its own systems to tap international radio transmissions. Reactions were strong because of more than Donovan's feared imminent invasion of the domains of the army and navy codebreakers, as well as those of the Federal Communications Commission's new international radio monitoring systems and its Radio Intelligence Division that sought-out covert radio transmissions in America. Worse, there were credible reports that a man named Herbert O. Yardley was to head the COI's systems. The anticipated choice of Yardley caused the most anger, and justifiably so.<sup>21</sup>

Herbert Yardley, the founder of America's first government non-military codebreaking agency, what he called his "American Black Chamber," had once been a revered figure in the intelligence community but after his 1931 book revealed to the world that America had broken into the secret systems of many nations he became a pariah. The army's renowned cryptanalyst, William F. Friedman, once a friend and colleague, came to loath Herbert. Although not as

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<sup>20</sup> [36, boxes 39 & 118]

<sup>21</sup> [23], [24]

vocal about their feelings, the navy's code-men and women did not want him back in the intelligence fold. The concerns about Yardley were so great that in the early 1940s J. Edgar Hoover's FBI agents and the military agencies were keeping a watch on him.<sup>22</sup>

Some of Yardley's behavior in 1941 intensified the concerns. He was desperate for work after his return from temporary code jobs in China and Canada and he correctly sensed that all the government agencies had at least unofficially blacklisted him. As he vainly sought employment in the United States, he even asked for Eleanor Roosevelt's and, ironically, J. Edgar Hoover's help. Both adroitly dodged his requests. Yardley had an even greater adversary than Hoover by the early 1940s: the British intelligence establishment. Given the close ties between Donovan and England's spymaster, William Stephenson, observers like Hoover wondered why the COI's men would even begin to consider Yardley for any sensitive position.

The rumors about a new COI Black Chamber and Yardley were partially true. Grombach had immediately launched a search for the resources and staff needed for the first phases of his communications visions. He may have made a try, as had James Roosevelt, to use the Coast Guard's cryptographers, even though they were now part of the navy. It is certain that early-on Grombach created ill feelings between the COI and the navy. He made no other attempts to commandeer resources from the military. He turned to the civilian sector--although it had almost no experienced codebreakers or intelligence analysts and few available radio operators who could intercept and transcribe voice and telegraph messages.

With a generous budget in hand, Grombach first contacted his friends in the radio industry, asking for the names of radio operators, recording engineers, and knowledgeable communications managers. He asked the Federal Communications Commission to provide a list of all licensed foreign-born radio operators, and he asked the ham radio, amateur cryptologic organizations, and even contract bridge and puzzle groups, to advertise that government jobs would be available. He also notified organizations of former navy and merchant ship radiomen. Of interest, he did not seek out college-trained mathematicians.<sup>23</sup>

Grombach, although he had once testified against the two major radio networks in congressional anti-monopoly hearings, gained the cooperation of the executives in the private radio and radiotelegraph corporations.<sup>24</sup> They let him know about available personnel and facilities around the country. However, Grombach put an emphasis on finding people within the New York City region because he was sure that the huge radio and intercept facilities of RCA-NBC at

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<sup>22</sup> [20], [49]

<sup>23</sup> [35, box 587]

<sup>24</sup> [4], [40, box 2 folder 20]

Bellmore, Long Island would become the central home of all the new COI services. Gaining personnel from New York would save time and the necessity of finding housing for what he thought might become a staff of hundreds in the FBQ's facilities. However, Grombach knew enough about the demands of short wave reception and transmission to realize that Bellmore could not be the COI's only major American radio site. He explored the idea of a station in Florida while he had his radio industry friends in Hollywood, California intensify the search for a location there and the personnel needed to fulfill COI's missions in the Pacific and Far East. He then contacted the Federal Communications Commission, Canadian agencies, and even his contacts in the Free French movements, for worldwide lists of radio stations (legal and illegal) that Bellmore and California should plan on intercepting.<sup>25</sup>

Grombach worked hard, but it took time to bring together even a skeleton crew. The first hurdle was the haggling over the contract with the giant RCA Corporation for the use of the site at Bellmore and the construction of additional huge antennas. He spent more time negotiating the agreement for forty acres in the Topanga Canyon in California for what became known as the Reseda Station. Then, were the negotiations that would allow the COI a ready-made small core of intercept operators, translators, and analysts. NBC eventually agreed to allow the COI to take-over its foreign radio newsgathering personnel at Bellmore. Grombach then searched for others who had worked for newspapers that had been tapping the short wave broadcasts of foreign nations. He also spent much energy persuading high-level managers and engineers from NBC's network headquarters in New York, and from RCA's communications division in the West Coast, to change careers. He searched for translators, including those who knew Korean, Japanese, and Chinese. Grombach's greatest hurdle, however, was finding cryptologists and cryptanalysts the military services had not yet recruited.<sup>26</sup>

Another serious problem delayed Grombach's progress. All the COI personnel had to have security clearances. The background checks used-up much precious time. It took until late April 1942 for the military and civilian security agents to investigate just half of Grombach's growing list of 250 candidates. Meanwhile, the COI's older center in Washington was facing its own difficulties and, to Donovan's embarrassment, he had to endure the army and navy's code-communications centers processing the COI's messages.

Although Grombach had diligently labored on his personnel wish list, it was not until May that he could make the initial hires of department heads for Bellmore. As a result, it was in June that he had his first bare-bones staff at the Maple Avenue facility. The Reseda center was much further behind schedule, partially because of the need to construct new buildings and improved roadways

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<sup>25</sup> [37 boxes 47 & 53]

<sup>26</sup> [26], [37]

to the remote site, which, unknown to Grombach, was close to an American Nazi stronghold the FBI seized just after the declaration of war against Germany.

Grombach's list of potential employees for his Foreign Broadcast Quarterly operation, especially the first twenty on the list, reveals both his social connections and his priorities. First on the roll was Mortimer Smith. He was a West Coast NBC/ RCA chief engineer and short wave expert. Next, were the seven men with foreign language and analysis skills that were to make up the core of the Bellmore translation-editing section. They had been at Bellmore during the two years when NBC was using short wave intercepts for its own news service. The group was interesting, especially because it included Stefan Jean Rundt and Alexander Barmine. Rundt was from a rich and aristocratic Austrian family, one of whom had achieved prominence as a political philosopher but who fled to America to avoid persecution because he was 'on-the left' and Jewish. Stefan, raised in Europe, had been an international banker, then an American newsman whose revelations about the kind of radio eavesdropping the FBQ planned to do would not please the COI. In addition, he had yet to become a citizen.<sup>27</sup> Alexander Barmine was another foreigner, an important one. Like Rundt, he would have a fascinating and surprising future. Barmine was a Soviet general and intelligence agent who defected to the West in 1937. He became a source for American intelligence and one of the most vocal and, at times, embarrassing critics of Bolshevism--especially after Russia became a WWII ally.

The American authorities had arranged for Barmine's job at NBC, and for the security vetting he needed to work for FBQ. However, the COI's investigators denied Rundt a clearance and Grombach had to eliminate him from his list. Ironically, Rundt became an important figure in Donovan's London intelligence center. Among other things, Stefan advised the squads formed to assassinate German leaders in 1944; he became one of the major figures in the economic reconstruction of liberated Austria; and, he developed into a respected world economic policy guru during the cold war.

After the ready-made translation and editing staff came two codebreakers Grombach wanted to hire. Despite all the rumors, Herbert Yardley was not at the top. Number 9 on the great list was Rosario Candela--Yardley was number 10. Surprisingly, in spite of the intelligence community's distaste for him, Yardley received a security approval.<sup>28</sup> Candela was a shoe-in for clearance. A naturalized immigrant, he had an outstanding reputation as an architect and was a 'figure' in New York City's social and arts worlds. Although an amateur, he had written a well-received book on a particularly difficult, but old, cryptanalytic problem. Of as much significance, in 1941 he was conducting popular evening classes in cryptography at New York City's Hunter College. There was another person in

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<sup>27</sup> [35, boxes 84 & 666], [54]

<sup>28</sup> [39, entry 12, box 21], [25]

the New York area who was high on Grombach's list of cryptologists: Ruth Wilson, who was regarded a professional cryptologist. She was at number 14. She had worked at Yardley's New York City Black Chamber until the government closed it in 1929. She retired to become a wife and mother at a lovely home in Scarsdale until Grombach's men contacted her.

Among the remaining security-cleared names on Grombach's inventory of possible COI codebreakers were several other New Yorkers. Joseph Weintraub was one of RCA's international communications code experts. The fiction writer and future historian, Fletcher Pratt, had recently written a basic but comprehensive and popular survey of cryptanalysis.<sup>29</sup> Three young men with bridge and puzzle skills, and who may have taken Candela's class at Hunter, were quite close to Pratt's position on the list. Further down, and among those whose security-check processes had not begun by mid-1942, were the bridge-master Geoffrey Mott-Smith and the nationally recognized bibliographer of cryptology, David Shulman. Perhaps because the military crypto-agencies had already claimed their services, two of New York's Hunter College mathematicians who had proven expertise in cryptology, Lester Hill and Louis Weisner, were not among Grombach's 'chosen'.<sup>30</sup>

There was a surprising and significant name at place 25 on Frenchy Grombach's initial personnell wish list, Lt. John Delafield. He was the New York army officer who Roosevelt had brought into the COI to handle the politically delicate liaison duties for the Washington communications center. Although that center remained in a precarious state, the COI was willing to let Delafield take a slot in Grombach's Black Chamber. He was to be part of its code section and its head of security. That indicates the hopes placed on the Bellmore-Reseda projects to develop into the COI's all-purpose communications centers and, perhaps, Donovan's desire to have someone to keep a close eye on the operations.

By May 1942, Grombach could no longer wait for the completion of the security checks and told the newly hired division managers to begin selecting their crews. Candela had some twenty-five slots to fill. In mid-June 1942, there were some seventy people working for the FBQ, including drivers for the luxury station wagon that went to-and-from Grombach's own office in New York City. There was also a cook, a dozen guards, some fifteen radio engineer-monitors, and a well-paid private executive secretary for Grombach. In addition, there were two high salaried people in Bellmore's Intelligence and Records section. George Maher was a newsman who had been at the New York Daily News' radio listening post. The other member of the analysis team was Margaret Kearney. She had been a rather famous radio actress. To Candela's dismay, he had found only

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<sup>29</sup> [52]

<sup>30</sup> [55]

six people for his cryptologic section and his search for remainder had bogged-down.

Unfortunately, the May and June hiring had not proceeded quite as planned, nor had Grombach's vision for his role in the COI's operations. Problems developed partially because Grombach's superior, Preston Goodfellow, had waited until late April to inform Donovan of the progress on the new COI communications ventures. That was a mistake that changed the history of Donovan's Black Chamber.

## **PART II Dashed Hopes In New York, A New Role For Washington**

In response to his April 1942 memo to General Donovan about the establishment of a New York based COI Black Chamber, Goodfellow received friendly but firm orders from Wild Bill: do not hire Yardley in any capacity, do not use Grombach! Donovan told Goodfellow that Yardley was in such bad standing with the military and the State Department that having him on-board would destroy COI's critical relationships with them. Grombach, he said, was also a political liability who had and would continue to alienate those the COI depended on for its men and supplies.<sup>31</sup> Goodfellow had to try to obey Donovan's orders. Not hiring Yardley was a relatively easy task; dealing with Grombach was a much more difficult one.

Donovan may have sensed something else about Grombach. Since early 1942, Frenchy had become involved in a very secret army intelligence and State Department effort to create a covert intelligence agency to compete with at least the COI's human espionage operations. Thus, while working on the Bellmore-Reseda project, Grombach, under General George Strong's orders, began forming the super-secret espionage agency he later called, "The Pond." The Pond was an ultra hush-hush organization within the army's secret MIS division. Grombach's colleagues in the MIS/G-2 branch were told his organization's job was only to coordinate with the FCC and the censorship office.<sup>32</sup> Of importance, the army did not ask the navy to share in the Pond's work.

Donovan's April letter to Goodfellow shaped Grombach's future as well as the nature of the new COI Black Chamber. By late May, the COI was telling Grombach that it would no longer need his services. Although he continued through the summer doing some FBQ business, by July Grombach returned to the army to head 'cover' organizations for the Pond such as its Contact and Indoctrination Branch and the Special Services organization. However, he also did undercover work for Goodfellow, which included recruiting a Vichy French

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<sup>31</sup> [43, roll 123 frame 1091]

<sup>32</sup> [40, box 2, folder 20 ], [34, entry 148, boxes 787 & 789]

code and cipher expert who decided to leave his post and work for the Fighting French movement in Washington.<sup>33</sup>

More than Donovan's fears of additional Grombach political gaffs had fueled the COI's determination to rid itself of Frenchy. The lawyer the COI assigned to oversee the FBQ discovered that Margaret Kearney was Mrs. John V. Grombach, that Grombach hired her without security vetting, and that she had no experience as an intelligence analyst.<sup>34</sup> Then, the new COI official, the ex-CBS radio network executive Lawrence Lowman, who had recently been given operational authority over all COI communications projects, became quite displeased when he learned that Grombach was seeking draft deferments for members of his staff although COI policy was to not do so. Lowman, a Yale graduate, was part of the Oh So Social set of the COI, and a stickler for correct procedures. Moreover, from his first days at COI, Lowman had said that he thought the FBQ, Bellmore, and Reseda were superfluous and that he wanted to terminate them all. Grombach had voiced his resentments over that, which he took as a personal insult. Grombach was also under pressure after an outsider wrote to the COI stating that Grombach had not been careful enough and had hired an American Nazi to work as a translator at Bellmore.<sup>35</sup>

By June 1942, there were also emerging conflicts over what belonged to the COI and what belonged to Grombach and the MIS' Pond. The disputes over who had the rights to valuable lists of world radio frequencies suggests that Grombach had more in mind for his covert agency than just running human agents. In addition, there were very tense exchanges over how much recognition Grombach deserved for his Bellmore-Reseda work. He began making repeated and irritating phone calls inquiring just when Donovan would write letters of special commendation about him. There was also friction over Grombach's failure to surrender his security pass for Bellmore.<sup>36</sup>

The nature of Grombach's relations with Donovan's minions in the summer of 1942 added to his original distaste for the COI and its leadership, a distrust that developed into hatred by the end of World War II. One of Grombach's July 1942 letters to Donovan's office clearly reflects his intensifying bitterness. It chastised Wild Bill's organization for wasting his time and, perhaps, a great deal of taxpayers' money. He soon told Preston Goodfellow that being with FBQ was like being in a political "shooting gallery." Grombach also exhibited a touch of paranoia. He complained there must be some unknown person in Bellmore who was seeking-out and reporting untrue facts about him.<sup>37</sup>

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<sup>33</sup> [17 box 1, 12-1942]

<sup>34</sup> [17, box 2, Grombach folder, Lowman-Grombach on Kearney, 6-1942]

<sup>35</sup> [17, box 2, entries for 6 to 8-1942], [37, boxes 11 & 17]

<sup>36</sup> [17, box 2, Lowman-Grombach Correspondence, 7 & 8-1942]

<sup>37</sup> [17, Box 2, Grombach folder, 6-42, 7-3-42, 7-11-42, 7-17-42]

Those reports included accusations that Grombach had arranged for the nepotistic transfer of a COI man to FBQ-Bellmore so the man's wife, who was a secretary there, would be pleased. At the same time, Grombach also began what became his long-term campaign against communism in the intelligence community by feeding lists of 'leftists' in the COI to his army superiors. Alexander Barmine helped him in that. Grombach's distrust of Donovan's organization deepened so much that by 1944 he was accusing Donovan and even some members of the MIS of planting agents within the Pond to destroy its and his reputation.<sup>38</sup>

Before then, Donovan's April 1942 orders to Preston Goodfellow, and Grombach's actions, had shaped the future of the FBQ's hoped-for Black Chamber. First, the codebreakers' leader became neither the experienced Yardley nor the ex-Yardley employee Ruth Wilson. Rather, it was Rosario Candela, who Grombach paid an impressive \$8,000 salary to take the post although Candela had never had practical codebreaking or codemaking experience. His salary was near twice what the leading civilians, such as William and Elizebeth Friedman, received for their work with the military crypto-agencies.

In early May, Candela began his search for a staff. He could not consider Yardley, and Fletcher Platt decided against the job. Candela did get five others from Grombach's security-cleared list, however. The crypto-core of the new Bellmore 'Chamber' began its life with Ruth Wilson (with the second highest salary, \$3,800), the ex-RCA code expert Joseph Weintraub, two young New York City men who had amateur crypto experience, and John Delafield. Candela also hired a secretary for himself. At the end of June, he may have added another young New Yorker with amateur crypto credentials, Melville Abrams. Abrams was number 21 on Grombach's list. Candela then searched for more cryptologists.<sup>39</sup>

The growth in the size of the group turned out to be unimportant. Its members did not have a chance to do either codemaking or codebreaking. The Chamber and almost all the other parts of the FBQ Bellmore and Reseda projects soon received a deathblow because, after a year of frustration, the military agencies won an important political victory over the COI. President Roosevelt agreed to place it under the control of the military's Joint Chiefs of Staff.<sup>40</sup>

There was an immediate reorganization. The COI's role in 'open' propaganda went to the new Office of War Information and Donovan's organization got a new name, the Office of Strategic Services (OSS). The army and navy took Bellmore and Reseda, and they only begrudgingly allowed the FBQ-OSS a one-third share of their listening positions, partly because they found ending the FBQ too legally complicated. In addition, the JCS was able to confine

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<sup>38</sup> [40, including MIS investigations, box 20, 1944-45, 1948]

<sup>39</sup> [35, box 2]

<sup>40</sup> [10]

the FBQ's staffs at Reseda and Bellmore to minor work. The military even ordered the FBQ to yield interception of foreign news and propaganda broadcasts to the Federal Communication Commission's FBIS. There was a partial FBQ victory, however. Although the Joint Chiefs wanted to limit the New York and Hollywood groups to only monitoring the security of the OSS' own communications, weeks of arguments led to allowing Bellmore and Reseda to tap the transmission of unencrypted foreign commercial (business) messages. The JCS' limitations included a ban on intercepting any coded traffic and it issued several pointed remarks to the head of the Reseda station to leave any scrambled-speech problems to the military. Furthermore, neither station was to become a transmitting nor a message-processing facility, the JCS ordered.<sup>41</sup>

The reorganization had been stressful and had an impact on the FBQ's workers. Bellmore shut down for a time in late summer 1942 as it awaited the JCS and its Radio Advisory Board's final decisions. There were even fears that Lawrence Lowman would finally succeed in eliminating Bellmore and Reseda as he concentrated on building-up the old COI's, now OSS', Washington message center. When Bellmore reopened, the OSS was limited to only eight listening positions. Reseda seemed especially ill starved. After several more criticisms of its continued intercepting of coded messages, and its creation of its own translation and interpretation unit in Los Angeles, it endured a flood and had to suspend operations until very expensive repairs were completed. It too, was restricted to just a few listening positions.<sup>42</sup> Of great importance, in mid-1942 the JCS had forbidden every part of the OSS, and thus the FBQ, to engage in any type of codebreaking. Consequently, Donovan had ordered Candela to eliminate his crypto-group within ninety days. Candela did not wait that long, he gave his staff a month's salary.<sup>43</sup>

The Bellmore Black Chamber was no more and the Washington communications center was confined to processing the OSS' own messages. Candela and Donovan, embarrassed because most of their codebreakers had left good civilian jobs, tried to find employment for them. They had no success. The army and navy crypto agencies said they had no use for them. In addition, Candela, Wilson, and Weintraub did not want to leave the New York City area. When John Delafield returned to Washington to help revive the communication center there, he also attempted to find positions for his ex-colleagues. Eventually, two Bellmore code alumni worked for the OSS in the communications field. It took some time before the young New Yorker, Harold Feldman, accepted the offer to work in Washington. He was negatively impressed with the work and staff at the center in 1942 and decided to earn his living in New York City

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<sup>41</sup> [37, box 17], [42, srh 325]

<sup>42</sup> [43, reel 42, frames 163-7] [7, box 17]

<sup>43</sup> [5], [8]

composing puzzles. However, when he concluded it was wise to enlist in the army before being drafted, it took only a few days in boot camp for him to realize he had made a grave mistake. He quickly wrote a rather humbling letter to Delafield who immediately had Feldman transferred to the OSS.<sup>44</sup> Another of the cryptomen on Grombach's 1942 wish list, Melville Abrams, eventually migrated to the Washington communications center, perhaps after working with another government agency's crypto team. Several ex-Reseda and Bellmore radio operators also transferred to the OSS, some to do adventurous work posing as Pan American Airline officers while constructing a string of secret direction-finding radio stations across West Africa in order to determine if Germany was establishing submarine bases there.<sup>45</sup>

One of the reasons for so few FBQ code and cipher alumni moving to the OSS was that Delafield soon found that he had little need for any type of cryptographer, even codemakers. The JCS' restrictions limited his code branch to ensuring the security of encoding processes, the unraveling of misread or badly encoded messages, and the training of OSS personnel in the use of codes. In fact, the man who became the closest to being the Washington communication's code expert arrived by chance to fill a position as just a clerk to handle the routing of messages.

Alfred Sheinwold was born in London, the son of Russian-Polish immigrant parents. His mother eventually moved to New York with the children. Alfred worked various jobs, including being a clerk in the Western Union and RCA telegraph offices, while he attended New York's City College at night. He then began a career as a clerk helping contract bridge experts, soon becoming a writer on the subject. He came to know greats in the contract bridge field such as Geoffrey Mott-Smith. However, the early war years were difficult for Alfred and he applied for "any" civil service job. His background in bridge (indicating high-intelligence) and his telegraph-office experience attracted John Delafield's attention and Alfred was hired as a civilian code clerk for the OSS in early 1943, but at a salary of only slightly more than half what Margaret Kearney had been paid.<sup>46</sup>

Alfred had not mentioned it on his civil service applications, but he had attended "college courses in advanced communications techniques," which probably meant that he had taken Rosario Candela's night course at Hunter College. Within a few months after being hired, Delafield found that Sheinwold did have unusual skills. He promoted Alfred to Code Expert, then to Chief of Security, and to Director of Cryptologic Training. The latter position allowed Sheinwold to satisfy one of his friend's long-term ambitions: in 1944, he hired

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<sup>44</sup> [35, box 231]

<sup>45</sup> [35, box 684]

<sup>46</sup> [35, box 702]

Mott-Smith to train those who encoded OSS messages. Alfred also helped his brother to transfer from the army to the OSS code-cable facility in Washington.<sup>47</sup>

Sheinwold's ascent did not mean the Washington center became involved in either codebreaking or codemaking. His job was to ensure the security of the OSS's secret communications and, in 1944, as part of that assignment he made a grand-junket tour of all OSS stations in Europe, the mid-East, and Asia to audit their facilities. However, he did at least help in the only known instance of codemaking in Delafield's branch. In 1944, for the OSS' team that was leading Burmese guerilla forces, he quickly combined a one-time pad additive system with the standard Chinese telegraphic code.<sup>48</sup>

Besides the prohibition against the OSS engaging in codebreaking, another reason for the lack of anything like an OSS Black Chamber in Washington was the JCS' mid-1942 decree that all types of OSS code work were to be under the direction of the army's (not the navy's) code branch, the SIS, where William Freidman had returned after his nervous breakdown. The army had soon exerted its authority, and ordered an October 1942 conference with Delafield and the Coast Guard cryptologic office's commander, and, after that, a series of periodic reviews.

The results of the meetings must have caused some concern within the Friedman household. The army declared the code systems inherited from Elizebeth Friedman's late 1941 efforts (the Coast Guard code systems still in use by it and the OSS) were unsafe and the OSS should stop using them for any valuable messages. There was also a condemnation of one of Delafield's proudest actions. He and Lowman had decided to spend a great deal of money to purchase many copies of the newest Hagelin, now Connecticut-manufactured, automatic encryption machines.<sup>49</sup> The SIS' representative said they were unsafe and the OSS should not use them for 'strategic' information or for any messages sent over the army's communications net.<sup>50</sup> The army then told Delafield's group that it would construct the code and cipher systems the OSS was to use. Soon, the OSS relied upon various logistically challenging and costly one-time pad systems provided by the army.<sup>51</sup>

The army's decrees did not defeat Delafield, or Sheinwold, however. The main Washington center matured in 1944 and 1945 and Delafield even received the Legion of Merit award for his outstanding efforts in Washington as Chief of the Message Center and Chief Cryptologist--and for his work in creating and

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<sup>47</sup> [35, box 542], [37, box 17]

<sup>48</sup> [37, box 47]

<sup>49</sup> [37, boxes 10 & 17]

<sup>50</sup> [43, reel 42, frames 163-7], [37, box 60]

<sup>51</sup> [37, boxes 10, 1, 30,40,47, 60--on SIS orders, Box 60]

maintaining the many other subsidiary OSS message centers.<sup>52</sup> The OSS also held Sheinwold in high regard. When he announced near the end of the war that he was resigning to pursue what became an illustrious career as a contract bridge expert, the agency felt it had lost a man who could be of the greatest value to what seemed to be a coming conflict with Russia.

Grombach's old centers did not survive after WWII. The JCS closed the FBQ, and its stations at Bellmore and Reseda, at the end of the war. Their accomplishments received little notice although they had been intercepting information that would prove of value to the war crimes trials; to the search for hidden Nazi and Japanese assets; and, to determining what the Soviet Union's trade patterns had been during the war.<sup>53</sup>

Meanwhile, John Frenchy Grombach continued with his military intelligence assignment and expanded his super-secret Pond, the spy-agency that only reported to a few special officials in the army and the State Department and, he claimed, the FBI and the White House. At the end of war, the Pond claimed it had some 2,500 human informants run through its centers in New York City, London, Lisbon, Madrid, Cairo, Stockholm, Bombay, and Istanbul.

Grombach had early-on recruited intelligence contacts in several European nations, including Hungary and Sweden and by the end of the war, he said, he had agents in thirty-two nations. He also courted 'assets' in the United States including ex-communists such as the writer Ruth Fischer, but his focus was on businessmen and corporations with international connections. Those businessmen included agents of the OSS who Grombach began recruiting in 1944. When Donovan learned that Grombach was raiding his agency, he composed a stinging letter to the JCS damning the illegal breaching of the agreement that the OSS would have a monopoly on foreign espionage. It was only advice from his most trusted aides that such a protest might anger the White House that stopped Donovan from sending it.<sup>54</sup>

While he was building a postwar Pond Grombach increased his anti-Soviet and anti-Communist activities in America. One of his FBQ employees proved of special importance to that and to his anti-OSS crusade in the United States. Alexander Barmine, who had been fired from Bellmore in late 1944, was secretly rehired by the OSS. It feared him becoming a 'loose cannon' if he was left without supervision--and a steady income. Barmine was also becoming part of the influential Oh So Social set: he would marry into the Roosevelt family. Despite being an OSS employee, becoming a member of an ultra-liberal family and, later, becoming a CIA man, Barmine remained a source of information for Grombach. His heated and highly public condemnations of the Soviet Union and

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<sup>52</sup> [37, boxes 17, 47]

<sup>53</sup> [37, boxes 34, 136], [36, box 118], [43, roll 123, 1945 entries]

<sup>54</sup> [38, box 10], [37, box 346]

its espionage networks in the United States reinforced Grombach's predilections.<sup>55</sup>

Grombach used information from Barmine and his contacts to help end the OSS as well as to criticize those within the army's MIS who had ignored his wartime warnings about Soviet espionage and horrors such as the massacre of Polish officers in the Katyn Forest. Grombach had more direct and significant influence over the OSS' fate. As the war was ending, President Roosevelt considered whether he should continue any agency such as the OSS. He placed one of his White House military advisors in charge of an investigation, one that came to rely upon people such as Frenchy Grombach and his friends in the military intelligence agencies. The resulting Park Report was a devastating criticism of Donovan and his Oh So Social and supposedly 'leftist' agency's record. The consequence was the downfall of the OSS when the war ended, with its remaining parts divided between the army and the State Department.<sup>56</sup>

Grombach's Pond also faced serious threats, but because it had a much lower profile and because the army and the State Department supported it through secret funds and special arrangements, it survived during the immediate post-war years--but as an even less visible organization than before. Grombach, who had formally retired from the regular army (but kept his closest associates voluntarily working for his 'private' organization) also fought-off an attempt to merge the Pond with its new versions of the OSS, the Central Intelligence Group and, then, the Central Intelligence Agency.<sup>57</sup> In addition, the politics of American intelligence soon led the army to end its financing, provision of services, and liaison with the Pond. That was partially due to Grombach's accusations of communist influence within the army's intelligence branches.

For some years after that, the State Department supported the Pond and its cover organizations, such as the Universal Services Corporation and World Trends. Then, the new Central Intelligence Agency used Grombach's now private Pond as a contractor. Following that, American and foreign corporations, ironically including one owned by one of the greatest liquor magnates (rum-runners) of the 1930s, Louis Rosenstiel, financed Grombach's continued intelligence work as he became an even more important Olympic official and a sports author.

Before then, during World War II, the Pond had its own secure communications system based on army and State Department systems. After World War II there are suggestions that Grombach tried to build yet another partial version of a Black Chamber, at least one that created code systems for his later Pond(s). Some documents recently made available at the United States'

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<sup>55</sup> [11], [37, box 36]

<sup>56</sup> [60]

<sup>57</sup> [40, boxes 2, 4 127], [39, boxes 20 & 28]

National Archives throw some light on those war and postwar efforts, and on the question of why Grombach later cited three men on his 1942 FBQ personnel list as being part of his secret organization.<sup>58</sup>

The Pond and army G-2 archival documents contain only two mentions of the Pond's own communication system during World War II. They indicate that the organization did have a small staff in Washington that handled coded messages and that the Pond used a codebook. The archive's files also indicate that, surprisingly, Grombach's host organization, G-2, had itself failed to convert to the secure one-time pad systems of encryption.<sup>59</sup> The documents also suggest that the wartime Pond did not engage in any significant codemaking or codebreaking. And they do not indicate any gathering of radio intelligence. However, the collections yield more on the long puzzling question of the roles of Herbert Yardley, Rosario Candela, and Fletcher Pratt in the Grombach organizations.<sup>60</sup>

During World War II, one of Grombach's foreign sources was a Paris politician who the police later discovered to be a serial killer. In Grombach's 1980 book about him, *The Great Liquidator*, Frenchy gave thanks to a dozen American's who had worked with the wartime Pond. Most were reserve or National Guard army officers, but on the list were Candela, Yardley, and Pratt. However, the documents in Grombach's archives collection and those in the OSS and army's files contain no indication of employment of Yardley and Pratt during World War II and, as discussed, Candela was active for less than three months.<sup>61</sup>

However, there are suggestions that at least Candela became a consultant and provided a system Grombach used after the war. When he could no longer rely upon the army's codes and communications systems, but needed to be able to send his agents' messages through State Department facilities without its personnel knowing their contents (with exception of Grombach's WWII ally Fred Lyon), Frenchy called-on some of his codemaking friends. The evidence in the Grombach files at the National Archives is not conclusive, but enclosed in a folder from Candela's 1948-9 architectural firm is a long draft description of a Kalenda literal grille system and memoranda indicating that the postwar Pond's representatives employed it. Samples of the pads of large sheets (as large as typing paper) the representatives used accompanied Candela's instructions. There are indications that Grombach planned to use two other systems, ones, oddly enough, condemned by the army during World War II. There are long, but not truly professional, draft descriptions of a double transposition system (dated

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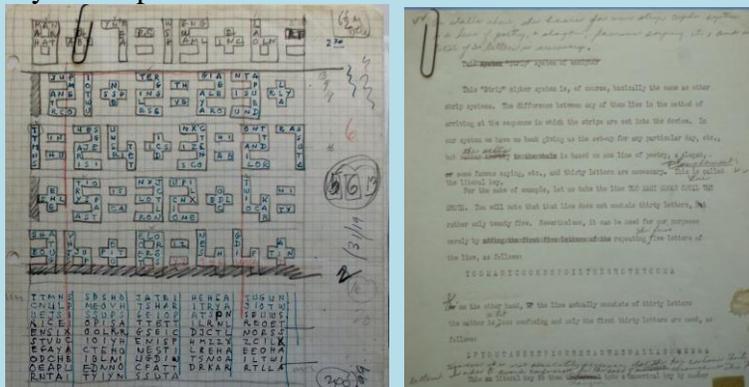
<sup>58</sup> [17, 8-11-1942]

<sup>59</sup> [40, 9-1946]

<sup>60</sup> [40], [39]

<sup>61</sup> [8] On Yardley in general and on the possible Grombach connection: [1], [12], [21], [23], [24], [50]

1946) and a strip cipher system (undated). Grombach seemed to have made notations on both the drafts. However, the only name attached to either of the drafts is “Hall.” Pratt or Yardley might have written them, but there is no proof they did so. There are letters to and from Fletcher Pratt but they are about the book publishing business, not cryptology. Of significance, there are no mentions of Herbert Yardley in any of the postwar documents.<sup>62</sup>



There is also no indication that the postwar Pond ever used more modern and secure systems, such as one-time pads or automatic encryption machines. It seems that Grombach’s advisors, whoever they were, looked to the early 1940s for their codemaking ideas, just as Grombach in 1941 had bypassed the potentials of mathematicians for modern cryptanalysis.

In sum, there never was a new or old Donovan or Grombach American Black Chamber.

### About the Author

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<sup>62</sup> [39, boxes 11,17,26]

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