

TOP SECRET//COMINT//X1

(U)Cryptologic Almanac 50th Anniversary Series

(U)Betrayers of the Trust: Joseph Sidney Petersen

(U) This is the first of three articles that will be appearing throughout the year concerning employees of the National Security Agency who, for one reason or another, betrayed their trust before 1965. Of the four people discussed, only one was arrested, tried, convicted, sentenced, and imprisoned. That one was Joseph Sidney Petersen

~~(U//FOUO)~~ Joseph Sidney Petersen was born in New Orleans in 1914. He attended Loyola and St. Louis Universities, receiving an M.S. degree, specializing in physics, mathematics, and chemistry. In 1941, as a result of taking an Army correspondence course in cryptanalysis, he was offered a civilian position by the Signal Intelligence Service (SIS), the predecessor of the Army Security Agency (ASA). He worked initially on the Japanese diplomatic problem until 1943, when he transferred to the Japanese army problem.

(TS//SI) After 1945, Petersen served as a machine consultant on several cryptanalytic problems, initially as liaison with IBM in all areas of ASA. From 1946 on, he was a research analyst with access to [REDACTED]

(b)(1)
(b)(3)-50 USC 403
(b)(3)-P.L. 86-36

[REDACTED] In late 1954 he was assigned as a technical consultant on all Far Eastern problems. He was serving in that capacity when security investigations caused his removal from NSA.

(b)(6)
~~(U//FOUO)~~ Security's attention was first directed toward Petersen in September 1953 as a result of allegations [REDACTED]. The information obtained was minute, fragmentary, and consisted of unconfirmed allegations. At this point, the decision was made to call the FBI into the case. Further information obtained was still fragmentary and confusing but created enough suspicion to bring on a full-dress security investigation.

(b)(1)
(b)(3)-50 USC 403
(b)(3)-18 USC 798
(b)(3)-P.L. 86-36

(b)(1)
(b)(7)(C)
(TS//SI) The most important items which emerged from the investigation were that Petersen had made references to having [REDACTED] in his possession at home, that he was frequently associating with [REDACTED] the chief of [REDACTED] at the Netherlands Legation, and that this association appeared to be semiclandestine. An interview with a former roommate of Petersen confirmed his association with the Dutch. The roommate had been present when [REDACTED] brought [REDACTED] COMINT material to the apartment for Petersen to study.

(b)(1)
(b)(7)(C)

~~(C//SI)~~ Petersen's relationship with the Dutch began with the assignment of Colonel Jacobus Verkuyl to the Signal Security Agency in 1942. Colonel Verkuyl was a member of the Dutch COMINT organization and, until Batavia (in what is today Indonesia) fell to the Japanese in 1942, had been in charge of the Netherlands COMINT group there. He had been evacuated to Australia and then to the U.S. He was assigned very limited duties with SSA, but at one point was Petersen's supervisor. During the next two years, they became friends. Verkuyl returned to the Netherlands at war's end and was given the job of reestablishing the Dutch COMINT organization.

(b) (1)
(b) (7) (C)

~~(C//SI)~~ According to Petersen, before Verkuyl left, he introduced Petersen to one Giacomo Stuydt, [redacted] as chief of the [redacted] at the Netherlands Legation. A letter exchange was established through Stuydt in which Verkuyl told Petersen about his problems in building up the Dutch COMINT organization. Petersen provided ideas and suggestions and later furnished information, through Stuydt, putting Verkuyl on the right track in his efforts to break certain systems. After Stuydt returned to the Netherlands in 1947, Verkuyl came to the U.S. on UN business and gave Petersen photostats of Dutch intercept and introduced Petersen to [redacted] as his new contact. He also formally offered Petersen a job in the Netherlands organization which Petersen said he rejected.

~~(TS//SI)~~ Meetings between [redacted] and Peterson were arranged by telephone and took place usually in a restaurant or automobile. Their frequency varied from twice a week to once in several weeks. Although Verkuyl passed some information to Petersen, most of the flow was in the other direction. Petersen forwarded [redacted] [redacted] involved in problems of interest to the Dutch COMINT organization.

(b)(1)
(b)(3)-P.L. 86-36

~~(TS//SI)~~ On 30 September 1954, the FBI, with Petersen's written consent, searched his residence. Among the items found were letters from Verkuyl and his successor, Spanyaard, requesting information on [redacted] thanking Petersen for information he had provided on [redacted]. There were [redacted] classified U.S. documents found, including a photocopy of a [redacted] codebook; [redacted] encode tables dated October 1952; a 1951 report on the routing of North Korean [redacted] a writeout giving [redacted] pre-1950; two pages of notes on [redacted] dated early 1948; and a 1952 interim report titled "[redacted] Study Report." All of this material was classified TOP SECRET CODEWORD, and Petersen admitted to passing all of it to Verkuyl and Spanyaard through [redacted]. It appears that his motivation was assisting the Dutch COMINT organization because he regarded the Dutch as friends of the U.S. who deserved such help. The fact that such exchange had never been approved by the United States government apparently was immaterial to him.

(b)(1)
(b)(3)-50 USC 403
(b)(3)-18 USC 798
(b)(3)-P.L. 86-36

~~(TS//SI)~~ Based on Petersen's statements and the documentary evidence, it was concluded that he had provided the Dutch with [REDACTED]

(b)(1)
(b)(3)-50 USC 403
(b)(3)-18 USC 798
(b)(3)-P.L. 86-36

(U) There were now two questions: "How much damage did he do?" and "What do we do about it?" As to the first question -- probably very little. The Netherlands would have had no reason to release this information to the other countries, and this major breach of security did not affect NSA's work. As to the second:

(U) Petersen had already been terminated under Civil Service procedures, but it was felt that the offense was so flagrant that the matter could not be left at that. Doing so would set a bad example in the future and -- a major point -- Petersen had a wealth of knowledge that could do the U.S. further harm if he passed it on elsewhere. On the other hand, taking the case to court would risk revealing material that could further damage the security of the U.S. COMINT mission. This required a decision at the level of the National Security Council. The Council agreed that the best interests of the United States required that the case be prosecuted and the risk be taken. As a result of this decision, the FBI formally arrested Petersen on 9 October 1954.

(U) The case was presented to the grand jury on 18, 19, and 20 October. The grand jury returned a three-count indictment; Petersen was arraigned in the Northern District of Virginia and pleaded not guilty to all charges. As a result of a plea bargain, however, before the case came to trial, two of the charges were dropped and Petersen pleaded guilty to a charge of "knowingly and wilfully using in a manner prejudicial to the safety and interest of the United States classified information concerning communications intelligence activities of the United States and foreign governments." As a result of this plea bargain, the prosecution was relieved of the necessity of producing classified documents in open court.

(U) A hearing before the court was still necessary to determine the degree and extent of guilt for the purpose of establishing the appropriate sentence. The bulk of the classified information which had to be discussed was revealed only in the judge's chambers. In the presence of the attorneys for both sides, the defendant, and the expert witnesses for the prosecution, the judge heard the evidence and the rebuttal by the defense. On 5 January 1955, the judge sentenced Petersen to a term of seven years in the federal penitentiary at Springfield, Missouri. He was paroled in 1959, after serving four years of his sentence.

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In the U.S. District Court at Alexandria, Va. last week, Joseph Sydney Petersen Jr., 40, a gangling, cross-eyed former research analyst in the National Security Agency, the Government's topmost secret hive of codebreakers and message-interceptors, pleaded guilty to espionage.

Two months ago, Petersen's lawyer leaked the information that his client, no Communist, was accused of spying for The Netherlands. The Dutch Embassy in Washington promptly admitted receiving secret intelligence from Petersen, but the Dutch said that they assumed Petersen's superiors knew he was passing on the information. This was an odd assumption since one of the secrets the Dutch learned from Petersen was the fact that the U.S. had cracked Dutch codes.

U.S. agents also said that the tip-off on Petersen had come via the Baranes spy case (TIME, Oct. 11) in France. The French government, infiltrated by Communists, got some of Petersen's secrets from the Dutch.

Petersen's guilty plea last week was to the charge that he had "used" secret documents "in a manner prejudicial to the safety and interest of the U.S." (i.e., he had stored the papers in his apartment). By admitting guilt on one count of his indictment, he would avoid a trial that might, according to a top official, probe embarrassingly into details of an "emotional involvement" with a person to whom he fed information. In return, the U.S. agreed to drop two other counts, thus saving itself and The Netherlands the further embarrassment of having to prove that Petersen acted "to the advantage of a foreign nation."

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(U) Betrayers of the Trust

(U) Joseph Sidney Petersen went to prison in 1959 for four years for his crime of giving classified information to officials of a foreign government (see our earlier Almanac article). During the four years after his release from prison, three more NSA employees betrayed their trust for various reasons. None were ever tried. These three were William Hamilton Martin, Bernon Ferguson Mitchell, and Sergeant First Class Jack Edward Dunlap. SFC Dunlap will be the subject of a later Almanac item.

(U) In the Case of William H. Martin and Bernon F. Mitchell

(U) In discussing Martin and Mitchell with people who knew them, the most common words used in characterizing Martin was “arrogant,” “not wholly normal,” and “rather irresponsible”; Mitchell was described as “naive” and “perverted.” Both men, however, were recognized as “brilliant.”

(U) William Martin was born in Columbus, Georgia, in 1931, but his family moved to Washington State when he was fifteen. He was a brilliant student, and consideration was given to his skipping high school completely and entering a program for gifted children at the University of Chicago. His principal recommended against this, however, and Martin went on to complete three years of high school in two years. After a year of college at Central Washington College of Education in Ellensburg, he joined the Navy and was cleared for work in cryptology.

(U) Bernon Mitchell was two years older than Martin and was born in Eureka, California, on the Northern California coast. After graduation from high school, where he displayed an interest in science and mathematics, he entered California Institute of Technology. After a year and a half of college, he enlisted in the Navy, where he was cleared for cryptology.

(U) The two men met when they were assigned to cryptologic work at Yokosuka Naval Base in Japan and, during their four-year tours there, became firm friends. At the end of his tour, Mitchell returned to the U.S. and studied mathematics at Stanford University. Martin stayed on in Japan, working for the Army, then returned to major in mathematics at the University of Washington. The two were approached separately by NSA in early 1957 and were hired as GS-7 mathematicians, reporting for duty in July 1957. After attending NSA training in the summer, both men studied at George Washington University in the

autumn. On 27 January 1958 both reported for duty to the Office of Research and Development (R&D).

(U) Martin so distinguished himself in his work that the head of R&D approved him for a one-year graduate scholarship at the University of Illinois. This was later extended for another year, and he commenced his studies at Illinois in September 1959. Later that year, in violation of NSA regulations, the two men travelled to Cuba. Martin had associated with a communist at Illinois, and both Martin and Mitchell had been known to express strong anti-American political feelings. There have been reports that both men had been members of the Communist Party since at least 4 February 1958, when membership cards were allegedly issued to them. While in Mexico, the two men visited the KGB officer at the Soviet embassy and offered their services. They agreed to work in place at NSA, but within a few months requested exfiltration to the Soviet Union.

(U) In June 1960, after Martin returned from Illinois, both men applied for annual leave for June 24 to July 11 to visit their parents on the West Coast. In fact, they purchased one-way tickets to Mexico City on Eastern Airlines Flight 305, leaving National Airport on 25 June. From Mexico City they flew to Havana on 1 July, and then went on to Russia, apparently on a Soviet trawler. On 26 July the Office of Personnel was notified that they had apparently disappeared. On 1 August the Department of Defense announced their unauthorized absence and admitted a few days later that they had probably gone behind the Iron Curtain.

(U) On 6 September, at a very high-profile press conference at the House of Journalists in Moscow, the two men stated that they had renounced their U.S. citizenship and had received Soviet citizenship. They stated that they had defected as a result of their objections to U.S. intelligence methods, including the intercept and decryption of the communications of U.S. allies. They went on to say that they had elected to come to the USSR because their own values seemed to be shared by a greater number of people there. In addition, they thought that the higher status enjoyed by women in the Soviet Union would make Soviet women more desirable as mates.

(U) These statements by the defectors, along with the details they provided to the world concerning NSA organization and operations and their description of NSA's methods of SIGINT targetting of the Soviet Union and the People's Republic of China, electrified the intelligence community, the Congress, and the public. For many in the public, it was the first time they had heard of NSA. As a result, the Committee on Un-American Activities, House of Representatives, 87th Congress, conducted an investigation into "Security Practices in the National Security Agency" which severely castigated the Agency for its security lapses.

(U) As a result of the House investigation, NSA adopted a number of corrective measures.

A full battery of screening techniques was instituted, including examination of an applicant's professional qualifications and mental attributes, polygraph, national agency check (NAC), medical examination, aptitude or achievement tests, and full field background investigation. All job candidates had to pass all of the above except the background check before receiving conditional appointments and were not permitted access to sensitive cryptologic information until the full field investigation had been completed and evaluated. Previously, interim cryptologic clearances could be granted on the basis of just the NAC and the polygraph. Another new requirement was that the Office of Security Services and the Office of Personnel Services be notified of any unexplained absences of employees within two hours of the time the absence without official leave was known.

(U) It is believed that there was very little damage to NSA and the U.S. intelligence effort as a result of the Martin and Mitchell's actions. Most of the information on organization and operations against the USSR and the PRC was undoubtedly already known to the Communists. Since cryptosystems cannot usually be replaced quickly, there is no evidence that the revelations concerning NSA's attacks on the systems of U.S. allies had any effect. The Communist spymasters would undoubtedly have preferred Martin and Mitchell to remain in place as moles, since their information was dated as of the moment they left NSA.

(U) According to the most recent information available, within a year both men asked to leave Russia, but no country would accept them. William Martin died in 1986, and Bernon Mitchell's fate is unknown.

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(U) Update to Martin and Mitchell Article

(U) Thanks to one of our readers, we're able to provide an update to our previous article on Martin and Mitchell. In that article we stated that, as far as we knew, Mitchell's current status was unknown. However, according to a December 2001 message from the American consul in St. Petersburg, reporting information from Mitchell's wife, Bernon Mitchell passed away on 12 November 2001.

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Jack E. Dunlap

Sergeant, United States Army



Jack E. Dunlap, was an United States Army Sergeant stationed at the National Security Agency, who later became a spy for the Soviet Union in the early 1960's.

In order to continue his access to classified information, Sgt. Dunlap applied for civilian employment at NSA. At the time, background investigations were more strict for civilian employees than members of the military. When the NSA began Sgt. Dunlap's background investigation, indications of Dunlap's "high lifestyle" began to emerge. Dunlap's security clearance was revoked on May 23, 1963, and NSA transferred Dunlap to a menial job.

Dunlap committed suicide by carbon monoxide poisoning on July 23, 1963. After the suicide, Dunlap's wife discovered packages of secret materials -- only then did the scope of the breach become evident.



Sergeant Jack E. Dunlap was a NSA courier who allegedly sold secrets to the Soviet Union for three years; he killed himself while under investigation in 1963. Scott Shane, "Some at NSA Betrayed Country," from Scott Shane and Tom Bowman, "No Such Agency," Baltimore Sun, reprint of six-part series, 3-15 December 1995.

Jack E. Dunlap, an employee of the NSA 1958, was found dead of carbon monoxide poisoning - an apparent suicide (see photo below).

He also was a Soviet penetration agent, who had concealed in the attic his house a treasure trove of sealed packets of classified NSA documents bearing on its most secret deciphering and interception operation.

There were many reasons why it would have been inconvenient to arrest and Jack Dunlap. For one thing, he was a liaison with "Staff D" in the CIA, and could expose areas of CIA-NSA cooperation in domestic interceptions that might be deemed illegal. For another, he had been the personal driver, and aide, to Major General Garrison Coverdale the chief of staff of the NSA. General Coverdale, and after Coverdale left in August 1959, Dunlap to the new NSA Chief of Staff, General Watlington. As such, he had top-secret clearance and a "no inspection" status, which meant he could drive off the base with documents hidden in the car and then return without anyone knowing that the material had been removed from the base. Moreover, Dunlap had other high-level connections in the NSA. According to the Carroll Report, which investigated the Dunlap breach, he had helped a ring of officers at NSA pilfer some government property. Dunlap was under interrogation just before he died. His apparent suicide ended the investigation.

Some of it is hearsay, some heresy from un-named sources.

Jack Dunlap was a Boy Scout in New Orleans in his youth. Enlisted and became an Airborne Ranger in the Infantry. Served in the Korean War and received the Combat Infantry Badge (CIB).

The circumstances of his joining the ASA is not known, but is assigned to Det 4 in 57/58 with an unknown MOS. It might have been as a MP. During the 57-58 period there were no known MP's assigned to Sinop. The security for the base was performed by the Turk conscript unit billeted outside the post. It is believed that the name of the blond-haired Hungarian was Alex Klopstock.

Jack Dunlap frequented the beach area at Samsun and enjoyed the Russian females there. After gaining access to operations Dunlap was especially interested in the telemetry signals, etc and on several occasions was seen going into the restricted COMCEN area, but because he was a Senior NCO, no one challenged him and it will NEVER be known if he secreted or photographed anything therein.

Also, many thought it unusual that Jack Dunlap went TDY to Hq's USASAEUR with the CO at Det 4 in 1958 because he was not knowledgeable of the mission as was Sergeant Van Pelt. Sergeant Dunlap shot a wild boar and all the Sinop dogs (except Gimp) with his .45. Perhaps we will find the name of the Major who commanded Det 4 in 1958.

Jack Dunlap was transferred to Vint Hill Farms from Fort Meade after he took a polygraph at NSA. He probably knew that he had flunked and was now in a dilemma. He was seen driving a white Cadillac at

VHFS and would be gone for days before his death in Maryland. At least one person swears that the autopsy of Jack Dunlap would show that he was 'beaten to a pulp' and that a 'snake in the woodpile' was responsible for placing the hose in his car which caused his death.

Jack E. Dunlap he described as a drunken Army sergeant who was recruited strictly for money. Once a chauffeur-courier for the National Security Agency, Dunlap provided NSA documents to the GRU. For his work Dunlap received lavish payments that permitted him a lifestyle of powerboats, fast cars and an expensive mistress.

Dunlap committed suicide when it appeared federal officers were about to arrest him.

Espionage, since it is based on human vulnerability, can penetrate even the most heavily guarded repositories of national secrets.

Soviet intelligence demonstrated this in the 1950's when it recruited no fewer than five different American sources in the ultra-secret National Security Agency (NSA), the unit that supplies the codes and ciphers used by the American government.

One of these KGB spies, Jack E. Dunlap, the chauffeur for the NSA's Chief of Staff, organized a number of staff officers into a larceny scheme, which allowed him access to the highest level cryptography, the "keys to the kingdom," as one military investigator put it. He delivered this material to his Soviet case officer in the Chief of Staff's limousine

(the only car which could leave headquarters without being searched). This human spying made it possible for the Soviet Union to decipher the American data that had been gathered by its technical collection, and also to ascertain many of the targets of American technical collection.



**DUNLAP, JACK E
SFC US ARMY
DATE OF BIRTH: 11/14/1927
DATE OF DEATH: 07/23/1963
BURIED AT: SECTION 43 SITE 976
ARLINGTON NATIONAL CEMETERY**

[Webmaster: Michael Robert Patterson](#)

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