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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.

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~~(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.

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(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.

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~~(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.

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(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.

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(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] [redacted] codebook; [redacted] encode tables dated October 1952; a 1951 report on the routing of North Korean [redacted] a writeout giving [redacted] [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.

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

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(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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Almanac 50th Anniversary Series

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