

**THE BRITISH  
HISTORICAL SOCIETY  
OF PORTUGAL**

THIRTY SECOND ANNUAL REPORT  
AND REVIEW 2005

Quinta Nova  
Carcavelos  
2777-601 PAREDE

## THE AZORES, ALLIED SECRET OPERATIONS AND WORLD WAR II, 1939-1944

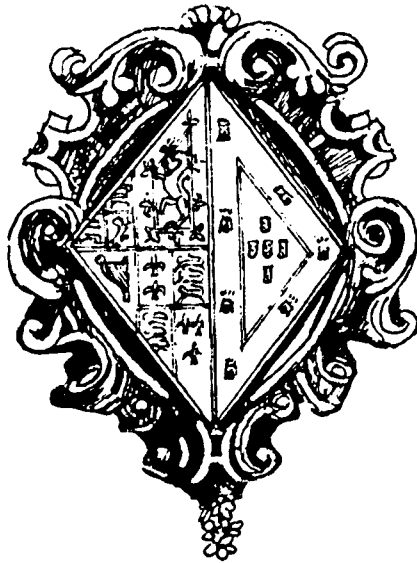
A Paper previously presented  
by Professor Douglas Wheeler

Prior to the treaty between Portugal and Great Britain which permitted the arrival of British Forces in the Azores in October 1943 (and the secret insertion of American troops soon thereafter) the United States mounted an extensive intelligence operation in the Azores.

Douglas Wheeler, Professor Emeritus of the University of New Hampshire presented a paper at the international seminar on the 60<sup>th</sup> anniversary of the agreement between Portugal and the United Kingdom for the use of bases in the Azores. The seminar was held in the Senate chamber of the Portuguese Parliament in Lisbon.

The Azores are considered an integral part of Portugal but during WW II the area was administered from Lisbon and had been since the uninhabited islands were found during the Age of Discovery. The Professor's focus was on the Allied intelligence operations during the period 1940 - 1944 with emphasis on the period 1941 - 1943.

According to Professor Wheeler the number of International Intelligence services operating in mainland Portugal reached a zenith in the summer of 1942 with 54 or 55 services reporting to 35 or 36 countries. In the case of Great Britain there were MI 6, SOE (Special Operations Executive), MI 9 (Escape and Evasion) and the Foreign Office. The United States relied on diplomats, military attachés and the FBI under cover as legal attachés. After June 1942 these collectors were joined by the OSS (Office of Strategic Services) under the command of General William Donovan. There was a link: between the OSS and the BSC (British Security Coordination) located in New York.



This is the background of a recent book of fiction entitled *The Company of Strangers* written by the Portuguese resident Robert Wilson. Professor Wheeler also delivered a paper on the same subject entitled *A Place in the Sun for Shady People* to the Society for Spanish and Portuguese Historical Studies held in Madrid on 3<sup>rd</sup> July 2003.

Professor Wheeler points out that during WW II the Azores were considered strategic to control of the Atlantic and the islands were a potential base for an attack on America by land or sea. Also it was part of the Portuguese government's escape plan in case of an armed invasion of continental Portugal. Portugal's government feared either a German invasion or a German bombing attack each time Portugal made any pro-Allied moves. The fear of invasion was an ongoing fear in Lisbon into the fall of 1943 when the base deal was consummated with Britain and American Forces arrived in the Azores.

The paper focused on the Allied intelligence operation in the Azores which was dominated by BSC and OSS. This aspect has been little studied by scholars even though it was an important hidden aspect of making the 1943-44 Azores base operations a success.

Further Professor Wheeler says that the story of this operation begins with a prominent Portuguese businessman, José Bensaude, BSC (a branch in essence of MI 6) and William Donovan of the OSS and personal contacts made in New York City in 1940. The kick off was the entry of José Bensaude's son, José Maria, into the US Army before Pearl Harbor in December 1941.

The Professor found it appropriate to review the history of the Bensaude Jewish family which emigrated from Morocco in the 18<sup>th</sup> century. The patriarch, Abraham Bensaude, arrived on *São Miguel* in 1819. He established a commercial company which soon dominated the Azorean island economy in agriculture, export-import and transportation. Before WW II, José Bensaude born in 1893, had established himself in business in New York City as a shipper and

export-import entrepreneur. The large and distinguished family with residence in Portugal and the US made commercial inroads in the US. By the late 1930s José was not only a prominent businessman in New York but also was named Portugal's representative to the New York World's Fair of 1939.

When José's son joined the US Army the father wanted to do his bit and contacted the BSC and through them William Donovan, soon to be the head of OSS. Donovan was interested in the two Bensaude shipping and export-import companies, *Flomarcy* and *Companhia Carregadores Açoreana* because he appreciated he appreciated the importance of the Azores in the Atlantic defence of the US.

Between December 1940 and June 1941 Portugal responded to the potential dangers of foreign invasion of the Azores by dispatching an important portion of the Portuguese army and army air service from the continent to the Azores. In 1941 Donovan worked to include the Azores in a future Atlantic US defense system by establishing a secret stay behind organisation with the purpose of preventing or slowing a German invasion and occupation of the Azores.

Donovan was impressed with Bensaude's enterprises in the Azores and through them set up an "extensive penetration operation" working for the Allies. The basic context of the Azorean operations was the battle of the Atlantic. The major allied goals were to safeguard Britain from possible German naval and air attacks based in the Azores and to combat the German U-boat destruction of Allied shipping. Other functions included support for the arrival of British and American forces, the use of an Azorean shipping line for the transport of troops and supplies, the establishment of a local airline to sport U-boats and rescue victims of ships sunk by U-boats. Bensaude also bought a B-17 to be used by the OSS.

At this point in time all the operations of OSS and BSC in the Azores have not been documented and there is an opportunity for further research. There is documented evidence of Bensaude's

role in supplying logistics, funds and intelligence in surveillance over neutral shipping between North America, the West Indies, Spain, Portugal, Europe and Japan. Ross-Smith, Bensaude's contact in BSC, managed to recruit and run hundreds of secret agents who worked on neutral merchant and passenger ships in the Atlantic and into the Mediterranean. The agents were known as ship observers and they supplied intelligence to MI 6. Bensaude also provided payments to British secret agents in occupied Europe.

It is documented that the OSS provided more than \$3 million to Bensaude for the purchase of shipping and planes in the Azores. At one point, Donovan of the OSS handed the head of *Casa Bensaude* the sum of \$1 million of secret, unvouchered funds. In a footnote to this transaction the Professor mentions that because of the unaccounted money the US IRS filed action against the Bensaude enterprises after the war for tax evasion. The suit was pending in the US courts until the 1980s.

The Germans were not inactive in their intelligence efforts. Wheeler reports that some weeks before October 1943, through penetration of Portugal's Ministry of Foreign Affairs in Lisbon, the Germans were aware of the final stages of the Azorean base deal.

The Professor said that while negotiating the treaty for bases Britain's military leadership had in place "Operation Brisk" for the capture of the Azores by force with 130 landing craft. The planners expected and presumed "no prolonged resistance" by the Portuguese. If diplomacy had failed, the decision to proceed with "Operation Brisk" was to take place no later than August 1943. As it happened, British forces moved into the Azores in October 1943, with the consent of the Portuguese authorities.

James Reston, in the *New York Times*, wrote that with the war favouring the Allies, Salazar judged that the Allied power to protect Portugal if necessary was greater than the German's power to attack. So Salazar sealed the deal.

The question presented by Professor Wheeler was what would have happened had Britain and the US invaded the Azores when shipping losses began to approach catastrophic proportions in mid-1942 instead of waiting until 1943?

--ooOoo--