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PROJECT OUTLINE

CRYPTONYM AE-BATH
DIVISION SR
STATION MUNICH

HEADQUARTERS CASE OFFICER:

[Signature]
Room No. 1509 J
Extension 3839
Date 4 August 1953

The attached Project Outline is presented for renewal.

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3828
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

CENTRAL INTELLIGENCE AGENCY
CLASSIFICATION Secret
Change to
BY AUTHORITY [Signature]
Date 30/12/53
Office [Signature]

[Signature]
(Division Chief)

31 Aug 1953
(Date)

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RENEWAL REQUEST

1. Evaluation of Information

CAPELIN's information has been of value to this Agency in several aspects of its mission. Within the Agency, CAPELIN's work has contributed to the development and security of positive intelligence operations, psychological warfare projects, and counter-intelligence and counter-espionage cases. CAPELIN has also produced positive intelligence of considerable value to customer agencies, although the production of such intelligence is a by-product, and not one of his targets.

a. Positive Intelligence Operations

CAPELIN's background information on Ukrainian emigre groups and personalities, and his timely reporting on the activities and changing interrelationships of these groups has proved of irreplaceable value to the AERODYNAMIC Section, which considers him the only effective source of such information. His reports on the intelligence activities and potential of various Ukrainian groups also have benefited the AERODYNAMIC Project as well as the CE Section. Through his penetration of the CAVATINA Security Section, he has supplied the AERODYNAMIC Section with valuable information on JAVELIN's activities which information has included important facts which JAVELIN did not reveal to us. He has also been of benefit to the AERODYNAMIC Project and the CE Section by serving as a cross-check on the CASSOWARIES through his long-standing friendship with the principals.

b. Psychological Warfare Activities

QKACTIVE has benefited by CAPELIN's up-to-the-minute reports on the latest maneuvers of the Ukrainian political parties to foil the establishment of a united anti-Soviet block on the basis of the statutes of the QKACTIVE-sponsored committee. CAPELIN has contributed to the security of the QKACTIVE committee by passing to us CI information on suspect employees of the committee. CAPELIN also contributed some timely information on the activities of the SPD, (Socialist Party of Germany), designed to discredit one of the KUGOWE projects.

c. Counter-intelligence and Counter-espionage Cases

CAPELIN has produced CI information on the activities of the German intelligence organizations and of the Yugoslav Intelligence Service (YIS). His primary target is, however, CI/CE information on Ukrainian emigres. His knowledge of Ukrainian groups and personalities has proved invaluable in developing leads on Ukrainians.

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connected with CE cases, and he himself has produced CE leads as well as CI information on emigres. His penetration of the CAVATINA Security Section has been of particular value to the CE Section, by providing not only information on CAVATINA's CE activities, but also an opportunity to direct or influence those activities in certain instances.

d. Positive Intelligence Production

Through his friendship with an employee of the IIS, CAPELIN procured a series of reports on strategic industries and political personalities in Czechoslovakia and Poland which were given a high evaluation by the Polish and Czech reports sections.

2. Expenditure and Security Risks

The CAPELIN project is run with a modest expenditure of time, funds, and comparatively little security risk. CAPELIN is visited approximately twice weekly by his case officer at which time CAPELIN submits written reports, supplemented by oral explanations. As both CAPELIN and CAPELIN 2 provide their own housing and have regular employment outside their operational work, time-consuming administrative details are virtually eliminated. The total financial expenditure for the fiscal year 1954 will not exceed the allotted \$8,000.00, which amount makes provision for the recruitment of sub-agents. The direction which must be given CAPELIN in order for him to produce with maximum efficiency places him in a position to know our CE/CI interests in the Ukrainian emigration only in general terms. However, he is not informed on specific cases or projects, as he is seldom given specific targets other than name traces which are so voluminous as to be misleading rather than indicative. As CAPELIN has usually been handled by one case officer, used a safe house for meetings only during 1951, and has never been introduced to other agents, he has been exposed to a minimum number of persons and installations of this Agency. Moreover, it is extremely unlikely that he would disclose information he may have gathered concerning this organization as he is not known to be associated with the AIS and his personal safety would be endangered should his connection with the AIS be disclosed and come to the attention of the CAVATINAS.

3. Operational Planning and Development

For the past five years, CAPELIN has produced voluminously and well on general CE targets, CE leads and CI/CE reporting for the AERODYNAMIC Section. During the period under review, CAPELIN has been directed to develop his reporting of CE leads and to provide detailed data on all Ukrainian personalities of CE interest. In accord with our direction he has greatly increased both the production and potential production in his

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penetration of the CAVATINA Security Section. While continuing these activities throughout the next year, CAPELIN will be directed to report systematically on the RIS penetration of the Orthodox churches. He is extremely well-informed on this subject, has submitted reports on it irregularly in the past, and is in a good position to obtain more data regularly. The development of this phase of his activities is the only change contemplated at present, although new targets may be assigned CAPELIN in accord with opportunities which arise in the future.

4. Agent Performance, Production, Security and Cover

CAPELIN has a natural cover for all his contacts as an Orthodox priest with the official title of Chancellor of the Orthodox Autocephalic Church of Poland in Germany, and as a representative of the World Council of Churches in Munich. As a former collaborator of the CAVATINAS and a personal friend of the CASSOWARIES, he has no difficulty maintaining close contact with both groups. He also has a long-standing friendship with [] who works for the IIS in Munich, and has kept in touch with German intelligence officers through connections established during his war-time work with the Germans. He has a wide circle of friends throughout Ukrainian emigre circles, and can obtain information on or an introduction to almost any Ukrainian without arousing the slightest suspicion. As CAPELIN himself would suffer serious consequences should his connections with the AIS become known, or should his various intelligence contacts be revealed to each other, his personal security is extremely good. As previously stated, CAPELIN's production is voluminous and pertinent to his targets.

5. Finances

Approximately \$4,200.00 has been expended on this project during the past fiscal year. An allotment of \$8,000.00 has been made for the next year which includes the salary of CAPELIN 2, who translated non-sensitive reports from Ukrainian or Polish into English, and a sum for the recruitment of sub-agents, which may be necessary for the expansion of CAPELIN's activities.

a. Compensation for agent personnel	\$ 4,992.00
b. Operational and travel expenses	<u>3,000.00</u>
	TOTAL \$ 7,992.00

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6. Commitments

Headquarters has authorized payment of passage to the United States for CAPELIN and his wife in the event of their emigration, for which action has been initiated under Section 8, PL 110.

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PROJECT OUTLINE

CRYPTONYM AE-BATH

PART I

1. Area of Operations:

Headquarters will be in Munich, Germany. Area of operations will be concentrated in Western Germany, but will extend throughout Western Europe wherever applicable.

2. References:

CAPELIN has provided CI/CE information on the CASSOWARIES and CAVATINAS for Project AERODYNAMIC for the past five years. He has also provided information on the activities of German and Yugoslav Intelligence Services, passed CE leads, and supplied background data on Ukrainian personalities and groups of CI/CE interest to this organization.

3. Aims:

- a. CI/CE information on the CASSOWARIES and CAVATINAS.
- b. Information on the background, activities and contacts of Ukrainian emigre personalities, political, cultural and social groups in Western Europe of general CI/CE interest.
- c. Development of leads and basic information on matters of specific counter-espionage interest.
- d. Information on RIS penetration of the Orthodox Churches.
- e. Special assignments, e.g., name traces, character studies, etc., concerning Ukrainian and Russian emigres in Western Europe.

4. Personnel:

CAPELIN: Principal agent.
CAPELIN 2: Translator and informant

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5. Cover:

CAPELIN has natural cover as an Orthodox priest with the official title of Chancellor of the Orthodox Autocephalic Church of Poland in Germany, and as a representative of the World Council of Churches in Munich. As a former collaborator of the CAVATINAS and a personal friend of the CASSO-WARIES, CAPELIN has no difficulty maintaining close contact with both groups. CAPELIN also maintains friendly contacts with [redacted], who provides information on IIS activities, German intelligence organizations, and leftist Ukrainian groups and personalities.

6. Contact and Communications:

The case officer contacts Subject at home by phone in Ukrainian as a parishioner calling his priest, refers in a prearranged call to one of the several previously agreed meeting spots where he picks up Subject the following day in a German licensed vehicle. His present German landlady knows that CAPELIN is a Greek Orthodox priest and requires a quiet, private room in which to study and write without interruption. CAPELIN is in possession of an office telephone number contacting the case officer in an emergency. New quarters are now under construction for occupancy in mid-August 1953. Contact and communications will continue as above.

7. Control:

On 28 July, 1952 CAPELIN and his wife were recommended for entry to the United States under Section 8, FI 110. However, CAPELIN has agreed to remain in Germany for an indefinite period to work for the AIS. He permitted his visa to the United States to expire in August 1952, and, consequently, the entrance of CAPELIN and his wife to this country is subject to the control of this organization. Furthermore, this organization controls CAPELIN's escrow dollar account in the United States (see paragraph 11).

8. Special Equipment:

CAPELIN has been provided with an Ukrainian typewriter and an Unikop machine for copying such material as he may possess temporarily.

9. Coordination:

Coordination will be effected with STC, EE and WE whenever required.

10. Timetable:

Reference Paragraph 3, Aims, a, b, and e, CAPELIN has been reporting on these Subjects for the past five years and will continue to do so. Reference Aim c, CAPELIN's reporting and initial development of specific CE leads has been gradually developed over the past two years in accordance with the increasing emphasis on this phase of CAPELIN's activities.

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Reference Aim d, CAPKLIN has supplied infrequent reports on this subject during the past two years and will be encouraged to devote more time to systematic reporting on this field during the next year.

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PART II

11. Estimated Annual Cost:

Compensation CAPELIN	\$2,632.00*
Compensation, CAPELIN 2.. . . .	860.00**
Payment to Sub-agents	1,500.00
Travel	1,000.00
Operating Expenses	<u>2,000.00</u>
TOTAL	\$7,992.00

*\$100.00 per month is deposited to CAPELIN's account in escrow in the United States. The remainder is paid, in the form of 500 Deutsche Marks per month, directly to CAPELIN. In addition to monetary compensation, CAPELIN receives six cartons of cigarettes, two pounds of coffee, one pound of tea and two bottles of whiskey per month.

**Compensation for CAPELIN 2 includes a monthly payment of 300 Deutsche Marks, reimbursement for any operational expenses and small bonuses payable only on special occasions.

12. Special Problems and Commitments

Headquarters has authorized payment of passage to the United States for CAPELIN and his wife. An amendment will be submitted to provide for this expenditure upon termination of Subject's utilization in this project.

Distribution:

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