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
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2 November 1953

MEMORANDUM FOR: Chief, Plans/FI

SUBJECT: Project AE-BATH (Renewal)

1. PURPOSE: Project AE-BATH is designed to produce: (a) CI/CE information on two Ukrainian nationalist groups in Germany; (b) positive intelligence on other Ukrainian groups in Germany and Western Europe; (c) information on RIS penetration of the Orthodox churches; and (d) miscellaneous CE and other support activities.
2. PERSONNEL AND COVER: CAPELIN, the principal agent, is a Greek Orthodox priest who was born in 1912 in the Ukraine. He has been cooperating with U. S. Intelligence since 1947. He has natural cover for his activities as a priest of the Orthodox Church. CAPELIN and his wife wish to migrate to the U. S. at some future date. CAPELIN/2, a Ukrainian emigre, assists CAPELIN as translator and informant. Various other informants and sub-agents provide CAPELIN with information.
3. HISTORY: Project AE-BATH was approved for \$5,400 on 4 August 1952. The only changes made in the project since that time are minor modifications of its objectives: (a) there will no longer be any attempt to collect information on Polish groups, and (b) more emphasis is being placed upon RIS penetration of the Orthodox churches. CAPELIN will continue his penetration of the Yugoslav Intelligence Service, but only as a by-product resulting from a personal relationship with a YIS officer.
4. APPROVAL PERIOD AND COST: Renewal is requested for the period 1 August 1953 to 31 July 1954, for \$8,000. This figure is broken down as follows: Compensation, \$5,000; operational and travel expenses, \$3,000. This Agency is committed to arrange U. S. visas for CAPELIN and his wife at some future date, and to pay for their passages to the U. S. Funds for the passages will be requested when necessary, and will total about \$2,650.
5. EVALUATION OF INTELLIGENCE PRODUCTION: In June 1953 RQM/IA waived an audit in view of the large number of CE reports emanating from AE-BATH, and recommended that STC review the project. In addition, SR Division states that AE-BATH has produced highly valuable CE and operational information, and has contributed extremely useful positive intelligence as a by-product.
6. SENIOR STAFF RECOMMENDATIONS: STC/SPB, FI/OPS, and FI/Plans/Cover concur without comment. STC/SIB concurs and notes that CAPELIN has relatively tremendous potential, and if properly handled should supply good CE information.

APPROVED:  
C/Plans/FI

 Acting Chief, Projects ST/PLANS/FI
DATE: 3 Nov 1953

cc: STC/SPB; FI/OPS; Chief/FI; RI for Vital Records

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