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DATE 2007

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17 November 1954

MEMORANDUM FOR: Chief of Foreign Intelligence

SUBJECT : Project AEBATH (Renewal)

1. PURPOSE: To procure information and studies on two Ukrainian Nationalist groups in Germany, on other Ukrainian and Russian emigre activities and personalities and on the RIS penetration of the Russian Orthodox Church.
2. PERSONNEL:
 - a. AECAPELIN, field agent with oral agreement in lieu of contract, 42 year old Ukrainian emigre who has been working for the AIS since 1947.

Cover: Natural, as a priest in the Russian Orthodox Church.

- b. AECAPELIN/2, field agent with oral agreement in lieu of contract, Ukrainian emigre, used as a translator and informant for AECAPELIN.

Cover: Natural, as part time employee of AECAPELIN.

3. PAST APPROVALS:

Action	Date	Officer	Period	Authorization	Spent
Approved	4 Aug 52	ACFI	1 Aug 52-31 Jul 53	\$5,400	\$4,200
Renewal	3 Nov 53	C/Plans	1 Aug 53-31 Jul 54	8,000	6,100

4. EVALUATION:

The Division states that the information produced by Project AEBATH has contributed to the security of positive intelligence operations, psychological warfare projects, CE and CI cases. RUM notes that 18 reports of a CE nature were disseminated to the FBI.

5. REMARKS:

FI/Plans/Projects Branch notes that the transfer of AECAPELIN to Paris is under consideration. It is not known whether this proposed action will affect the project during the approval year.

CENTRAL INTELLIGENCE AGENCY

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6. ACTION AND AUTHORIZATION REQUESTED:

Renewal from 1 August 1954 until 31 July 1955 with authorization to obligate \$7,992 from the DD/P-SR Division budget for fiscal year 1955 and from the budget for fiscal year 1956 assuming that funds are then available to carry the project through its approval period.

Breakdown:	Compensation AECAPELIN	\$2,632 *
	Compensation AECAPELIN/2	860
	Payments to sub-agents	1,500
	Travel in Europe	1,000
	Operating Expenses	<u>2,000</u>
	Total	\$7,992

* \$100 per month held in escrow in US bank. He also receives 6 cartons of cigarettes, 2 pounds of coffee, one pound of tea, and two bottles of whiskey per month, in addition to monetary compensation.

Commitments:

Headquarters has authorized payment of passage to the US for AECAPELIN and his wife, when they emigrate, for which action has been approved under Section 8, PL 110. Emigration is not contemplated in the near future.

7. FI STAFF RECOMMENDATIONS:

RQM makes no recommendations as positive intelligence is limited and a by-product. STC, STC/Si'B, FI/OPS and Plans Branch recommend approval without comment.

Approve Chief, FI Chief, Plans

Date 24 Nov 54

Attachment:

Project Outline AEBATH

FI Staff Coordination:

STC/SPB	- s/	[]
STC	- s/	
For FI/OPS	- s/	
Plans Branch	- s/	
C/RQM	- s/	

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19 October 1954

Project AE BATH (SR) 1 May 1953 - 1 June

1. PRODUCTION

Number of Reports Received: 3 (+ 120 CE)
Number Used in Disseminations: 18
Number of Disseminations: 18

2. RQM COMMENT: Project AE BATH produces CE information which has been disseminated to the FBI and is not subject to customer evaluation or positive production review. As a project it has no positive intelligence objectives, the small amount of positive information received being only a by-product of the principal agent's CE reporting. No recommendation.


CHIEF, RQM

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PROJECT OUTLINE

CRYPTONYM AE-BATH
AREA DIVISION SR
STATION MUNICH

HEADQUARTERS CASE OFFICER:

C
Room No. 1512 J
Extension 3839
Date 1 August 1954

The attached Project Outline is presented for renewal.

GEN. INT. INTELLIGENCE AGENCY
CLASSIFICATION Secret
Changed to
BY AUTHORITY OF
Name SC/3 - 03
Office IS/C/S
Date 13 July 54

David E. Murphy
Branch Chief
C
Chief, Area Operations SR
C
Area Division Chief
4 Oct 54
Date

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1 August 1954

MEMORANDUM FOR: Chief, FI, Plans and Projects Branch

SUBJECT: Renewal of Project AEBATH

1. Evaluation of Information and Performance

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

a. Positive Intelligence Operations

AECAPELIN'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 Ukrainian Section of SR/3, which considers him the only effective source of such information, and to the CE Section. Through his penetration of OUN/B's Security Section, he has supplied the AERODYNAMIC Section with valuable information on BIS activities which information has included important facts which the BIS did not reveal to us.

b. Psychological Warfare Activities

QKACTIVE has benefited by AECAPELIN'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 American Committee for the Liberation of the People of Russia (AmComLib). AECAPELIN has contributed to the security of AmComLib by passing to us CI information and CE leads on suspect employees of the committee.

c. Counter-intelligence and Counter-espionage Cases

AECAPELIN has produced CI information on the activities of the German, Yugoslav, British, Japanese and Vatican Intelligence Services. His primary target is, however, CI/CE information on Ukrainian emigres. His knowledge of Ukrainians connected with CE cases, and he himself has produced CE leads as well as CI information on emigres. His penetration of the OUN/B's Security Section has been of particular value to the CE Section, by providing not only information on OUN/B's CE activities, but also an opportunity to direct or influence those activities in certain instances.

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2. Expenditure and Security Risks

The AECAPELIN project is run with a modest expenditure of time, funds, and comparatively little security risk. AECAPELIN is visited approximately twice weekly by his case officer at which time AECAPELIN submits written reports, supplemented by oral explanations. As both AECAPELIN and AECAPELIN 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 AECAPELIN 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. AECAPELIN 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 OUN/B.

3. Operational Planning and Development

For the past six years, AECAPELIN has produced voluminously and well on general CE targets, CE leads and CI/CE reporting for the AERODYNAMIC Section of S-3. During the period under review, AECAPELIN 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 penetration of the OUN/B's Security Section. He will continue to report 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. New targets may be assigned AECAPELIN in accord with opportunities which arise in the future.

4. Security and Cover

AECAPELIN has a natural cover for all his contacts in the emigration. As a former collaborator of the OUN/B and a personal friend of the ZPUHVR personalities he has no difficulty maintaining close contact with both groups. 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 AECAPELIN 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.

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5. Finances

Approximately \$6,100.00 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 AECAPELIN 2, who is an informant and who translates 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 AECAPELIN's activities.

6. Commitments

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

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YES

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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:

AECAPELIN has provided CI/CE information on the CASSOWARIES and CAVATINAS for Project AERODYNAMIC for the past six years. He has also provided information on the activities of the German, British, Vatican, Yugoslav and Japanese 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, religious, cultural and social groups in Western Germany 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:

- a. AECAPELIN: Principal agent
- b. AECAPELIN 2: Translator and informant

5. Cover:

AECAPELIN 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 AECAVATINAS and a personal friend of the AECASSOWARIES, AECAPELIN has no difficulty maintaining close contact with both groups. AECAPELIN also maintains friendly contacts with [redacted] and elicits from him information on the activities of the German, British, vatican, Yugoslav and Japanese intelligence organizations and leftist Ukrainian groups and personalities in Western Europe.

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6. Contact and Communications:

The case officer contacts AECAPELIN at home by phone in Ukrainian as a parishioner calling his priest, refers to one of the several previously agreed meeting spots where he picks up AECAPELIN the following day in a German-licensed vehicle. AECAPELIN is in possession of an office telephone number which he has been instructed to use in contacting the case officer for emergency purposes.

7. Control:

On 28 July 1952 AECAPELIN and his wife were recommended for entry to the United States under Section 8, PL 110. However, AECAPELIN 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 AECAPELIN and his wife to this country is subject to the control of this organization. Furthermore this organization controls AECAPELIN's escrow dollar account in the United States (see paragraph 11).

8. Special Equipment:

AECAPELIN has been provided with an Ukrainian typewriter and an Unikop ("autostat") 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, AECAPELIN has been reporting on these subjects for the past six years and will continue to do so. Reference Aim c, AECAPELIN's reporting and initial development of specific CE leads has been gradually developed over the past three years in accordance with the increasing emphasis on this phase of AECAPELIN's activities. Reference Aim d, AECAPELIN has supplied infrequent reports on this subject during the past three years and has been encouraged to devote more time to systematic reporting on this field during the next year.

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PROJECT OUTLINE

CRYPTONYM AE-BATH

PART II

11. Estimated Annual Cost:

Compensation AECAPELIN	\$2,632.00*
Compensation AECAPELIN 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 AECAPELIN's account in escrow in the United States. The remainder is paid, in the form of 500 Deutsche per month, directly to AECAPELIN. In addition to monetary compensation, AECAPELIN receives six cartons of cigarettes, two pounds of coffee, one pound of tea and two bottles of whiskey per month.

**Compensation for AECAPELIN 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 AECAPELIN and his wife. An amendment will be submitted to provide for this expenditure when it becomes necessary.

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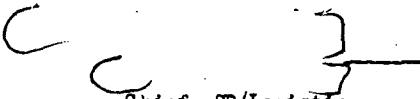
MATERIEL AND FACILITIES REQUIREMENTS ANNEX

PROJECT AERATH - FI

There are no materiel or facility requirements for this project as submitted for renewal for the period 1 August 1954 thru 31 July 1955.


SR/3 Logistics Liaison Officer

Concurrence:


Chief, SR/Logistics

4 October 1954

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