

VIP POUCH

DISPATCH

S-E-C-R-E-T

ECFA 24776

HEADQUARTERS FILE NO.

74-6-138/1

TO Chief, SR
EE, COS

FROM Chief of Base, Frankfurt

DATE 12 January 1959

SUBJECT REDWOOD/AEMARSH
Renewal of Project AEMARSH

RE: "33-S" - (CHECK "X" ONE)

MARKED FOR INDEXING

X NO INDEXING REQUIRED

ACTION DESIRED For your information

INDEXING CAN BE JUDGED BY QUALIFIED HQ. DESK ONLY

- REFERENCES
- A. ECFW 7199, 11 July 1958
 - B. ECFA 22859, 7 August 1958
 - C. ECFW 8127, 23 December 1958

1. Transmitted under separate cover is the information required from FOB in order to assist you in processing the renewal of Project AEMARSH. Paragraphs are keyed to paragraph 7(D) of ER 230-620.

2. It should be noted that we intend to employ AEMARSH 15 and Subject of ECFA 21799 during the current project year. It is estimated that the total salary payments for both of these individuals for the balance of the Project year (up to 28 February 1959) will amount to \$350. We anticipate there will be sufficient funds available to cover this amount. If you feel that an amendment is required, we request that you take the necessary action.

APPROVED: 

ATTACHMENT (Under Separate Cover):

Attachment A - Information for Project Renewal, as stated above

DISTRIBUTION:

- 2 - SR w/att
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Separate Cover Attachment A
to EGFA 24776

a. Product measured against expenditure.

This activity has disseminated sixteen positive intelligence reports since 1 March 1958. (ROFs 3359, 3360, 3361, 3363, 3360, 3351, 2990, 2885, 3492, 3492, 3491, 3741, 3740, 3739, 3738, 3727.) It has required approximately 50 percent of the time of one Principal Agent and about 25 percent of the time of one Case Officer. Obligations for the project year through 31 December 1958 are \$ []

b. Extent of the operation toward objectives.

This activity has furthered the Related Mission Directive to the extent that one controlled asset has been established in the USSR ([]).

c. Progress of the operation toward objectives.

The Principal Agent under this Project, AEMARSH 1, has made good progress toward attaining the project objectives, i.e., the collection of intelligence by REDSKIN means. He has interviewed, debriefed, and assessed for possible recruitment, the majority of Baltic leads coming to our attention, submitting over 175 written contact reports in the process. Some of his more noteworthy activities were:

1/11/58

(1) The development, briefing and training of [] who was repatriated to Latvia.

(2) The development and recruitment of [] [] [] [] [] [] [] and [] who have been transferred to Project AECOMPASS.

(3) The recruitment of Subject of DIR 33918 for a mission to recruit controlled assets in the USSR. Although Subject actually performed the intended travel, it was found necessary to discontinue contact prior to her departure.

(5) The recruitment of, and participation in, the training of [] who was a candidate for repatriation to the USSR. Due to personal reasons, however, he finally declined the mission.

(6) The recruitment and development of [] who has agreed to accept a mission to recruit internal assets in the USSR. This case is still pending.

(7) The development for recruitment as a sub-agent the subject of EGFA 21799.

d. Planning for the future.

We plan to place primary emphasis on recruiting internal assets. We feel this can best be accomplished by decreasing AEMARSH 1's work load under Project AECOMPASS since the existing assets under that Project can be handled by other available personnel, and we plan no especial increase in AECOMPASS

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agents. AEMARSH 1 can thus devote almost full time to assessing and developing Baltic prospects for recruitment missions to the USSR. We also plan to employ AEMARSH 15 on a regular basis to spot, assess, and develop prospects for missions to recruit internal assets in the USSR. We expect that Subject of EGFA 21799, when properly developed, will be able to relieve AEMARSH 1 of much of his returnee debriefing tasks. He will not be paid a regular salary.

e. Changes believed necessary.

- (1) The redirection of AEMARSH 1 away from the maritime field.
- (2) The employment of AEMARSH 15 on a regular basis.
- (3) The greater utilization of Subject of EGFA 21799. - []
- (4) The termination of [] []

f. Agent performance.

(1) The performance of AEMARSH 1, with respect to production, has already been outlined in paragraph c above. His security has not been as good as might have been desired. However, in view of his frequent travels and operational contacts it is considered inevitable that he should have become known as an intelligence operative. He has been identified as such by UPSWING and the RIS (under true name). Whether the RIS is aware of the alias he uses for operational contacts is not known; there have been German enquiries regarding this alias. However, they apparently have not connected the name with his true identity. In making contact with a person who is of interest to us, AEMARSH 1 uses various covers depending upon each individual case. When contacting a Latvian who already knows him or whom he is likely to get to know, AEMARSH 1 uses his true name and makes the approach ostensibly on behalf of the "ARCANOE" organization. When contacting an individual such as a returnee or a prospective REDSKIN traveler, it is usually not likely they will ever have occasion to meet socially and he therefore uses a documented alias and the cover for the approach is "free lance journalist". In contacts with maritime prospects he almost invariably uses an alias and the journalist cover, the legend being that he needs material for an article he is writing on living conditions in the USSR; and since the prospect has gone, or is going, to the USSR, AEMARSH 1 would like to interview him for general information. The prospect, if cooperative, is assessed in the process, and development towards eventual recruitment is begun. Under these circumstances, it is felt that his contacts with maritime prospects may eventually make him known in true name to UPSWING, since they are quite active in this field and have many agents already in their employ. His overt position as a collector of information regarding Latvia for the ARCANOE organization is believed to be the main, possibly sole, reason for his compromise to the RIS. For non-operational purposes and any official enquiries AEMARSH 1 is an employee of a backstopped U.S. Army cover unit.

(2) []'s production has been comparatively scanty; two messages were received during Fiscal Year 1958, both of which were purely operational (a third one arrived as this is being written). It should be noted, however, that this agent is still in the process of establishing himself as a bonafide repatriate and will probably require considerable urging on our part before he gains enough confidence to become a regular, fairly frequent reporting source. As far as can be determined, his cover has stood up and his security is not threatened

g. Amount of money obligated and estimated cost. The amount of money actually obligated as of 30 November 1958 (since beginning of FY 1959) is \$ [] [] The estimated cost at FCB for a 12 month period from 1 March 1959 to 28 February 1960 is estimated at \$ [] [] and is broken down as follows:

Salary for AEMARSH 1 ([] [] per month)	\$ [] []
Housing for AEMARSH 1 *	[] []
AEMARSH 1 travel expenses	[] []
Salary for AEMARSH 15 (approximately \$ [] [] per month)	[] []
Operational supplies, gifts, entertainment, phonecalls, and travel of agents other than AEMARSH 1	[] []
Purchase of information	[] []
Safehouse rent **	[] []
Total	\$ [] []

* We are currently committed to provide AEMARSH 1 with housing to include utilities, heating and custodial charges, etc.

** It is intended to establish a safehouse in the Frankfurt area to be used for clandestine agent meetings, and for purposes of training, briefing and debriefing.

h. Status of approved commitments and additional ones contemplated.

(1) Approved commitments in effect with AEMARSH 1 have not changed and remain the same.

(2) It is planned to enter into commitments to engage AEMARSH 15 for a one year period at a salary of \$ [] [] per year.

APPROVED: [] []

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