

DISPATCH		CLASSIFICATION SECRET	PATCH SYMBOL AND NO. EGPA-23231
TO INFO	Chief, EE COS, Germany		HEADQUARTERS FILE NO. 32W-006-0022
FROM	Chief of Base, Frankfurt		DATE SEP 2 1958
SUBJECT	Operational/CATARSI/CABATON Progress Report 1 May to 8 August 1958		RE "43-3" -- (CHECK "X" ONE)
			<input type="checkbox"/> MARKED FOR INDEXING
			<input checked="" type="checkbox"/> NO INDEXING REQUIRED
ACTION REQUIRED	See paragraph 2 below		<input checked="" type="checkbox"/> INDEXING CAN BE JUDGED BY QUALIFIED HQ. DESK ONLY

REFERENCES:

- Summary: During the reported period we have acquired three additional agents which definitely come within the scope of the project. We also have recruited one more who will probably be assigned to live drop responsibility in CABATON. We are developing a greater capability for handling mail from Communist areas, and are moving towards a system of drops that should continue to widen this capability. We can currently absorb with this project 2 telephonic out-outs, 7-9 channels from non-Communist areas, and 3 or 4 channels from the European Satellites.
- Action required: Assignment of CABATON cryptonyms to CARLFIN and Identity 1, and dropping of one person as a prospective agent (section 8).
- Progress towards fulfilling Project Objectives: This project is designed to provide accommodation addresses, telephonic out-outs, and post boxes rented by bona-fide German nationals -- all to help fulfill the clandestine communications needs of operations run by FOB and to satisfy requirements levied upon us by other bases and stations. In this regard, we commenced the reported period with five active assets -- CABATON 1, 5, 7, 9 and 20. We now have eight and there is a good prospect of recruiting three more before the end of the month of September. So far, all requirements levied upon FOB during the reported period for accommodation addresses have been fulfilled.
- Agent Performance: (Case Officer []
Alternate [])

A. CABATON 1

- Operations being serviced by agent: Emergency communication for []
- Performance: The attempt to persuade CABATON 1 to move into an apartment that was to be used as a listening post was reported in EGPA-21167, dated 7 April 1958. His unwillingness to cooperate on this assignment was due to the reluctance of his wife to undertake such a responsibility, and probably also to some extent to the fact that they have a very pleasant place now and are reluctant to leave it. However, he continues to be willing to cooperate on accommodation address work.
- Finance: He continues to get paid DM 100 per month. Actually this, as in the case of many other agents, binds him pretty securely to us. This significant regular income, which is not subject to taxes, is of great importance to the agent -- as was demonstrated on 24 July when the agent expressed an urgent need to get in touch with the case officer []. It turned out that he was going on leave to Spain for four weeks. Part of his urgency was connected with the desire to have the address covered while he was away, but perhaps equally important was collecting his salary.

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office or mail to his home. Reserve system has also been arranged.

B. CABATON 5 (Case officer: [redacted]
Alternate : [redacted])

(1) Operations being serviced by agent: CARET, CARLI 1, CABATON 19 (infrequent), CAELFIN. In addition, CAYORN goes through a post box rented by CABATON 5 but serviced by [redacted]

(2) Performance: Subject is the most active agent in CABATON. She seems to enjoy the work and to look forward to carrying on with it for a long time. For instance, she and her family will have to move soon to a suburb of Frankfurt. However, she remarked to her regular case officer, [redacted] that since there were parks there to meet in, there should be no trouble in carrying on with the work as long as [redacted] had a car. This is probably another example of how this type of agent becomes dependent upon us for the regular tax-free pay which is considerable by German standards and which would be painful to lose.

(3) Finance: The salary continues to be DM 100 per month.

(4) Security: At the end of June two special delivery letters from the CARET operation went astray. They went to agent's husband's office by mistake when agent was on vacation. However, they were filled with clippings and no really sensitive material. Agent was able to explain the incident logically. She said they were for CABATON 8 who was in PEPRIME. CABATON 8 is actually a close friend of CABATON 5 and the explanation, although it did not have to be pushed very much, was adequate for the situation. One of the best features in the security of this agent relationship is that [redacted] is known to agent's family in alias, and there is a rather natural cover relationship well established.

(5) Plans: When agent moves to a new address, we expect to continue to use her. All that will be necessary will be a slight shift in communications. Additional capacity: One at the most - non-Communist area.

(6) Commo: Agent to case officer: Call on operational phone signal for contact. Case officer to agent: Telephone call to home telephone or mail to home address signals contact.

C. CABATON 7 (Case officer: [redacted]
Alternate : [redacted])

(1) Operations being serviced by agent: RUMANIPLE emergency commo.

(2) Performance: Excellent. Although she is well along in years, she gets out in the weather immediately whenever there is any activity for her to take care of. She has a strong sense of the importance of what she is doing and is very diligent in fulfilling her duties.

(3) Finances: She continues to receive DM 100 per month.

(4) Plans: She will be gone early in December since CABATON 8 is taking her to PEPRIME for permanent residence. Therefore, the planning involved for CABATON 7 is primarily in terms of finding a replacement. Additional capacity: None.

(5) Commo: The same type as for CABATON 5.

D. CABATON 8 (Case officer: [redacted]
Alternate : [redacted] (wait as yet))

(1) Operations being serviced by agent: None. As will be

(3) Finances: None.

(4) Plans: [] had the connection with CABATON 8. We hope to make contact with her while she is in Germany in order to get a few more leads from her before she returns to PEFRIME. When she does, the CABATON 7 and 8 chapter is finished. Capacity: None.

(5) Commo: Contact is made by [] with help of CABATON 7 when CABATON 8 is in Germany.

E. CABATON 9 (Case officer: []
Alternate : [] - soon to be
changed to [])

(1) Operations being serviced by agent: ABECHAMP 21 (a CART operation).

(2) Performance: There are no complaints on this score. The operation CABATON 9 is servicing was dormant for a long time. Now it is active, and she notifies the case officer [] promptly whenever anything comes in. Transfer is generally accomplished in a cafe where [] and agent have coffee and the material is exchanged inside a magazine.

(3) Finance: Agent continues to be paid DM 100 monthly which is sufficient to keep her interested, although by German standards she is a wealthy and successful woman.

(4) Plans: The case to which Subject is assigned at present precludes her use for any other, since it is highly sensitive and highly productive. The vulnerability of the double agent who is using her as an address is such that he might conceivably blow the address to the opposing service. If the case continues or comes to a "clean" conclusion, we may then consider giving the address to another operation. Additional capacity: None at present.

F. CABATON 19 (Case officer: []
Alternate : none at present - soon to be
turned over to [])

(1) Operations being serviced by agent: None.

(2) Performance: The last meeting with Subject was described in EOFA-19692, dated 17 January 1958. [] at that time made arrangements to get in contact with Subject again. It is probable that contact will be re-established early in October of this year to tie him into the project. At that time he will be handed over to [] in January he was apparently ready and willing to get to work as an accommodation address.

(3) Finance: There has been no expenditure here since Subject was given a retainer of DM 50 in January.

(4) Plans: Here is a person who could be used to receive mail from the Ostzone. He is located in the Hannover area, placing him well out of the more or less suspect Frankfurt area. He can forward mail he receives to another CABATON drop located in or near Frankfurt. Additional capacity: One or two from Satellite area.

(5) Commo: Adequate commo, including reserve system and two-way communication with the case officer must be firmly established.

G. CABATON 20 (Case officer: [])

(3) Finances: Only expenses on the rare occasions when he receives a letter.

(4) Plans: There are currently no plans for making this person witting or extending the scope of his responsibility. Agent is handled by DIZTAG case officer in FOB. Additional capacity: None.

H. CABATON 21 (Case officer: [redacted] to be
Alternate : [redacted] (to be
[redacted] on alternate))

(1) Operations being serviced by agent: None.

(2) Performance: As will be remembered, this agent was turned over to FOB by HARVARD when he was resettled in Western Germany subsequent to services rendered BOB. On 25 August he obtained a post office box for our use in Wiesbaden. However, he cannot yet provide a residential address because he has not yet acquired a permanent place to live. He was scheduled to move into a permanent place in June 1958, but the realtor to whom he paid key money turned out to be a swindler, and is now being prosecuted by the criminal police in a publicized court action. Case officer has read the correspondence and seen accountings of the agent pertinent to the proceedings. It is believed he will come through when his problems are straightened out. It had been hoped that by this time he would have given us a usable residential address and a telephone for out-out purposes as well as the post office box. The failure on the first two points has been due to circumstances noted above.

(3) Finances: Agent is receiving DM 100 monthly.

(4) Plans: Agent will service mail box and notify case officer by telephone or forward correspondence to a box in Frankfurt, depending on the nature of the cases involved. Additional capacity: 2 or 3 from non-Communist areas, at P.O. box, and 1 or 2 additional from non-Communist areas when permanent home address established.

(5) Commo: Agent reaches case officer via a post box in Frankfurt or in emergency has telephone number. Case officer reaches agent by letter to agent's home address, or may also reach him by letter to post office box. Meetings are held in Wiesbaden. A complete set of reserve communications has been established to provide for accidents to case officer or other contingencies.

I. CARLFIN (Case officer: [redacted]
Alternate : None as yet)

(1) Operations being serviced by agent: None.

(2) Performance: Until early in August 1958, this agent was employed driving a beer truck in the Stuttgart area. He was not at that time in a good position to function as an accommodation address. Now, however, he has one of the best potential accommodation address arrangements this case officer has ever seen. He has become the manager of a "sportlerheim" near Stuttgart. He and his wife are resident managers of a gaststätte located on the grounds of a sportverein. The gaststätte consists of a restaurant that will seat about 150 people on the ground floor of the building. Agent and his family live on the top floor. In the basement are bowling alleys, showers, and dressing rooms. Outside are two football fields, a good running track, a camping ground, six or eight good tennis courts, and an Olympic style swimming pool, complete with Olympic diving platforms and a diving pool. The total area of the sportverein is equivalent to about six standard American-size football

job, and we expect he will soon be put into action.

(3) Finances: In view of his greatly increased potential, this agent has been raised from DM 50 per month to DM 100 per month. In line with FROB 1473 and DIR 32718 dated 22 July 1958, we plan to advance Subject a loan of \$280 to cover his current indebtedness which he otherwise must under regular arrangements pay off at high interest. The loan will be retired by withholding DM 50 of his salary per month.

(4) Commo: Agent uses CABATON 5 as a channel to the case officer at present, while case officer reaches agent by mail to agent's residence. Meetings may be held either in agent's home town of Boeblingen or in Frankfurt. At present there is no reserve system. This will be instituted at the next meeting.

(5) Plans: It is planned to use agent as a forwarding point for mail which should not go direct to Frankfurt. Furthermore, the sportverein provides possibilities for meetings in the Stuttgart area. Traffic at the sportverein is heavy, and cars with German plates do not attract attention in the large parking area. Furthermore, a considerable number of Americans from a nearby military caserne also use the facilities of the sportverein and Americans do not attract undue attention. Additional capacity: 3 or 4 from Communist areas.

J. IDENTITY 1: (Case officer: []
Ref: DIR 27182 Alternate : None as yet) [] []

(1) Operations being serviced by agent: None.

(2) Performance: Agent is perfectly willing to serve as an accommodation address and telephonic cut-out. He may soon be put in as telephonic cut-out for CADASTRE. He is an independent American businessman in Frankfurt. In the meantime, he has been serving as a valuable source of operational data and a spotter of potential agent material.

(3) Finance: This agent will accept no compensation but he has asked that if he should become persona non grata in Germany as a result of his activity on our behalf, we take care of the transportation of himself, his wife, child, and household goods to PEPRIME. A separate dispatch on this subject follows.

(4) Commo: Meetings are signalled telephonically and are held in places frequented by Americans. Cover is adequate since agent and case officer have overt business together in regard to church activities, and agent is case officer's insurance agent.

(5) Plans: This agent can serve where it is necessary to use an American name and address, and these occasions sometime arise as in the case of CADASTRE. However, he is also a fruitful source of spotting information of various kinds. He has pointed to two good prospective agent recruits so far -- one American and one German. In addition, he has given us a lead to an apartment in Vienna which is owned by an American businessman in Germany and is only rarely used by him. When all the details on this are in hand, a complete report will be sent on to Vienna. Additional capacity: Telephons cut-out for one European op plus commercial address for limited use.

K. Prospective Recruits:

(1) Identity 2: (Case officer: []
Ref: Subject of FROB 1755, 8 August 1958
[] as had a three hour conversation with this

This individual has actually been recruited by the case officer. We are now in the process of gathering complete PRO I and II information. At the moment her living situation does not make her a very good accommodation address since relatives would also see the mail. Therefore, we are not certain that she will ultimately fall within the province of CABATON. It may be more desirable to put her in CACHIN or into some other position for FOB operations. Capacity: 2 from non-Communist areas to P.O. box.

5. Finance: Expenses for the project at the present time are well within the budget approved for the project year. We have regular salary expenses of DM 600 per month. This will naturally increase with the employment of more agents in the project. There is only one major change from the financial point of view now in prospect. This is the commitment we would like to make to Identity I, which is mentioned in the discussion of his performance in the preceding section of this report. Such a commitment will probably require amendment of the project.

6. Commitments: No commitments have been made aside from salary payments.

7. Security: There are no special problems here. The operation continues to be completely compartmented with no principal agent involved. However, the institution of safety signals and similar precautions becomes increasingly necessary with the expansion of operational activity under several different identities in a relatively small area. There have already been emergencies where this was necessary.

8. Prospective Developments and Planning: This project began under the auspices of FOB/German Branch and primarily serviced their needs. At the present time agents being serviced by the project are the following according to operating Branch or Base:

- (a) FOB/German: CARET, CADORM, RMANIPLE
- (b) FOB/GE: ABCHAMP 21
- (c) FOB/SAT: One DIZTAG agent
- (d) FOB/Special Operations: CARLI 1, CABATON 19, CARLFIN
- (e) Other Bases or Stations:

Resources other than CABATON: FOB/SOV is still providing their own accommodation addresses, recruited primarily by their principal agents. They are not yet using CABATON. One of the obvious reasons for this is their access to persons who regularly receive mail from the USSR.

Other mail and telephonic resources of FOB are:

- (a) Post office box addresses provided by CALLIKAK
- (b) Military cover unit APO addresses
- (c) Post office boxes obtained individually by staff members under aliases
- (d) Occasionally general delivery where case officer picks up mail under alias
- (e) Centralized telephone information.

The CALLIKAK post office boxes are adequate for some kinds of low level and developmental activity, but are serviced by German nationals who are CALLIKAK employees and out of our control.

The military cover unit addresses are useful for some types of correspondence, particularly where a staff member wants to establish his bona fides under alias and receive mail in developmental stages of an operational relationship. To improve the efficiency of mail flow to these

undersigned obtained one of those currently in use. Each time it requires a backstopped false residential address in the FOB area, and all boxes are now released by one official in the central post office. He sees all applicants and hears every story.

General delivery is sometimes effective. However, the case officer must know fairly accurately when mail is to arrive. Furthermore, if it stays in the post office more than ten days, it goes to the dead letter office and may be opened.

We have procured a list of all of the new coin-operated long distance telephones in this area indirectly through CALLIKAK-Bundespost liaison, and are now confirming the locations by direct investigation for publication to the Base. Use of these phones enhances communications security in that the caller does not have to personally file his call with an operator as is usual in this country.

Plans for expansion: We have been attempting to get into sufficiently good shape to take care of such requirements as those predicted in EGPA 4828, dated 13 March 1958, where they predicted they might require six live drops and four post office boxes before the end of 1958. In any event, we must keep well ahead of the demand because of the time required to spot, investigate, and develop mail assets.

We are aiming at acquiring a sufficient number of assets in the Frankfurt area to take care of mail within Germany, and to acquire outlying live drops in other sections to receive mail from Communist areas which will in turn be relayed to selected drops or post boxes in the Frankfurt area. CARLFIN and CABATON 19 represent a start in that direction.

Prospective Recruits: Immediate prospective additions to the CABATON resources include Identities 2 and 3. One other is the subject of EGPA-21821, 16 May 1958. However, no approach to this project has yet been attempted. The subject of FROB 9992, 28 Feb. 1958, was being considered as a CABATON candidate. However, subsequent developmental contact has proven that he discusses all decisions with his wife, and will not make a move on anything until he gets her approval. She is a German national and in turn takes all matters up in a kind of "family council," consisting of her father and brother. Therefore, the first step in recruitment of this man would have automatically exposed the move to three other persons over whom we have no control. We are dropping him from any consideration for this or any other clandestine job in view of the foregoing considerations.

Policy regarding cryptonyms: As soon as possible we would like cryptonyms for CARLFIN and Identity 1. However, we are not asking for cryptonyms on anyone else until they are actually brought into the project.

CABATON 2 through 4 were never recruited and probably never will be. The reasons for CABATONS 10-18 no longer being in the picture have been adequately covered in the renewal request (EGPA-21821) of 28 Feb. 1958.

Approved: [Signature]

Attachment: Identity List

SECRET

IDENTITIES TO EGFA-23231

Identity 1: William D. Hardy []

Identity 2: Elfriede KOCH

Identity 3: Ingrid HOCKEMALD []

SECRET