

22 September 1953

TO : Chief of Mission, Frankfurt  
SUBJECT: CADORY/CART  
Investigation of CADROWN

I. INTRODUCTION

1. Pursuant to instructions from the Chief of Mission, I flew to Berlin on the afternoon of 16 September 1953, to review the status of the CADROWN investigation undertaken by the CADRAIN Section of BOB and to make recommendations to COM relative to the proposed move of CADROWN headquarters from Berlin to the Heidelberg area.

2. On the evening of 16 September and on 17, 18, and 19 September, I had the opportunity to discuss the CADROWN problem fully with Chief, BOB; Deputy Chief, BOB; [ ] Chief of CI/CE Section of BOB; and with the CADRAIN personnel concerned with the case, including [ ] CADROWN case officer; [ ] CADROIT case officer who is assisting on the CADROWN investigation; and [ ] Chief, CADRAIN. I also read the American files on CADROWN, and I had access, limited by time only, to the German CADROWN files, currently and temporarily in the custody of CADRAIN.

3. The attitude of BOB/CADRAIN has been most cooperative and cordial. Questions have been answered freely and promptly, and I am satisfied that no attempt has been or will be made to hide the true facts.

4. I assume that the history of the CADROWN project is sufficiently well known and that a detailed description of the purpose and nature of the project is not required.

II. BACKGROUND

1. CADROWN has been reviewed on several occasions in the past. Reviewing personnel included [ ], [ ], [ ], [ ], and various Headquarters personnel, in addition to the case officers connected with the project, including [ ], [ ], [ ], and the present CADRAIN staff. It is unfortunate that these reviews consisted only of the debriefing of the American case officers and of a rather cursory review of the American CADROWN files and the CADROWN accounting. The conclusions of these various reviews can be summarized as follows:

"CADROWN

Distribution:

- 3 COM
- 3 BE
- 2 BOB
- 1 CI/CE
- 1 CD

"CADROWN is set up and run along professional lines. The accounting is satisfactory and the books are thorough and neat, reflecting proper managerial approach to the expenditure of funds."

A. At any rate, after each successive review, CADROWN was continued without appreciable organizational, operational, or administrative changes.

B. Indication of an awareness that the conclusions on CADROWN should not be considered definitive may be found in a memorandum by [ ] (EGBA-1703, dated 28 November 1952) in which he writes: "Conclusions on CADROWN are tentative, based on debriefing of the case officer and study of incomplete files. Based on these, it is believed that the Apparatus is basically sound and professional. There is no evidence of padding. Accounts, personnel files, assessment and screening procedures are believed to be satisfactory."

2. Another more energetic investigation of CADROWN was undertaken after the assignment to Berlin of [ ]. The investigation was given added impetus by a series of arrests suffered by CADROWN in the summer of 1953. These arrests hit especially hard those CADROWN groups connected with the radio infiltration program; however, other groups were also affected and the extent and timing of the arrests raised serious doubts about the essential compartmentation and security of CADROWN as a whole. (A detailed analysis and chronological review of the arrests is currently under preparation by CADRAIN and the Frankfurt Headquarters Agent Review Section.)

3. In contrast to previous reviewers, I had the "benefit" of concrete indications concerning lack of compartmentation in CADROWN. Further, the recent arrests brought about a change of relationship between the American and German personnel of CADROWN, giving us considerable access to CADROWN German files and to CADROWN Headquarters personnel, in place of the previous exclusive case officer/chief agent relationship. Also, the recent arrests as well as the TP-3 incident caused a change in the attitude of the chief agent [ ], resulting in a certain loss of self-confidence, critical self-examination, and an increased receptivity to our suggestions and requests.

4. It is, I believe, due primarily to the factors described under 2 and 3 above that my findings and conclusions differ from those of the previous reviews.

### III. FINDINGS

1. CADROWN files (American and German) are inadequate and form an insufficient basis for a security analysis of the organization. Essential elements of information to establish "who knows whom"--such as social references, neighbors, relatives, method and channel of recruitments, etc.--are lacking on CADROWN headquarters as well as field personnel. In my opinion, the information presently available is too fragmentary to permit determination of the full extent of compromise within CADROWN. The files are neat,

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but incomplete. Statements to the effect that CADROWN maintains complete files on all co-workers and activities (cf memo dated 14 September from Pepin and Larrison to Whybrow) are not true in fact.

2. We must assume that compartmentation and security within CADROWN are not adequate, for the following reasons:

A. Approximately 50 - 70 per cent of the more important CADROWN personnel came from or were recommended by CADROIT.

B. Similar social and economic background of virtually all CADROWN co-workers in the East Zone.

C. Chief Agent [ ] states that he had difficulty in recruiting couriers; he recognizes that the inadequate courier set-up resulted in undesirable cross-connections.

D. Demonstrated lack of compartmentation in the CADROWN radio infiltration activities, resulting in the arrest or flight of East Zone personnel connected with these activities.

3. Counter-intelligence approach to the CADROWN problem is unsatisfactory, even after the arrests. CI interrogation is lacking, even on former co-workers who have fled to Berlin. Essential questions are not asked, or are permitted to go unanswered. A suspected penetration agent has not been interrogated, even though she is now physically accessible in West Berlin. Double agent proposals, plans for arrests, interrogations, approaches to West Berlin police, etc., were discussed between American and German CADROWN personnel without reference to BOB CI/CE Section. Questionable lie-detector results are not followed up on.

4. Reporting is not adequate, even on matters with obvious security implications. The end-reporting is fine looking but without sufficient substantiating details. There has been a tendency to make the reports and charts beautiful rather than timely and thorough. There has been a heavy emphasis on briefing, rather than on getting the answers to specific questions. This, of course, may be due to the turn-over of case officers as well as to the exclusive case officer/chief agent relationship. The criticism is applicable to the American as well as the German staff.

5. CADROWN Headquarters organization appears to be inefficient and is not in accordance with sound organizational principles. The Chief Agent [ ] established what he apparently considered a centralized structure, yet he had no means of exercising control of operations or communications. He seems to have taken for granted that the CADROWN Headquarters staff would act only and at all times in accordance with his wishes. He assumed also that he would be kept briefed fully and in detail at all times. Subsequent developments did not bear out these assumptions. The current investigation

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by the CADRAIN/BOB staff brings out conclusively that [ ] was not kept informed by his staff and that [ ] in turn, glossed over or suppressed unpleasant news in his reporting to the American case officer. The development and climax of the TP-3 difficulties is indicative of [ ] relative ignorance of what went on in his own shop. Since we were dependent on [ ] for all our information on CADROWN, it is only natural that we were even less informed than he was about the true state of affairs. The lack of typists in the CADROWN Headquarters caused by [ ] admitted prejudice against secretaries resulted in a further cut in the frequency as well as the volume of reporting. East Zone contacts reported orally to Headquarters case officers. There was no operational contact reporting, and consequently no detailed operational review. The chief agent did not want to bother with operational details and delegated full authority to TP-3, who was finally and only recently identified as a psychopathic personality. TP-3 in turn reported to [ ]. Consequently, the chief agent obtained a false picture of his own organization and then, unwittingly, passed this false picture to the American case officers, who had no independent means of verification or control.

6. CADROWN/CADRAIN relations. As mentioned previously, until the security investigations following the recent arrests, the contacts with CADROWN were almost wholly with the chief agent. The exception was TP-3 (since removed from CADROWN) with whom there has been a very limited contact, usually in the presence of the chief agent. For all practical purposes, our contact with CADROWN was through the case officer/chief agent channel. We knew about CADROWN only what the chief agent chose to tell us, orally or in writing, and what the case officers understood and remembered of his remarks. The rapid turn-over of American case officers, some of whose German was far from perfect, did not contribute to the efficiency of the operation. The relative youth and inexperience of some of the case officers also resulted in a disadvantage in dealing with the chief agent, an older, high-ranking military man rather set in his ways. The result was that the American case officers were unduly impressed with the chief agent's age, ability, and military rank. Embarrassing questions were not asked. Every statement made by the chief agent was accepted and reported as fact. It was recognized that the chief agent ran the operation. It is worthy of note that Pepin is the first case officer who showed signs of altering this arrangement. As a result, his relations with the chief agent are worse than those of any of his predecessors.

7. The American staff connected with CADROWN ([ ], [ ], [ ]) is hard-working and competent. The current difficulties are not of their making and reflect to a large extent the sins of the past. There is evidence that [ ] and [ ] undertook a revamping of the CADROWN operation prior to the recent arrests and that they attempted to obtain more detailed personality and operational information. Unfortunately, the SSD arrests overtook their efforts. It should be remembered that [ ] has been the only full-time case officer on CADROWN for several months. [ ] and [ ]

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have other full-time duties and concern themselves with CADROWN only on an emergency basis. Since the inception of the project, the American staff appear to have been working under too much pressure; they spread themselves too thin. They simply did not have the time to concern themselves with operational details. As a result attempts were made to cut corners; planning suffered first, then security. There has been a concentration on policy, even at the expense of operational details which were usually accepted as reported. With regard to the current investigation, I believe the American staff is most anxious to clear up the situation. The only criticism I could make is that they are somewhat lost in details and do not look at the overall picture of CADROWN organization and operations. Too much time, perhaps, is devoted to the analysis and charting of available facts, with no apparent realization that the available information is insufficient as a basis for sound conclusions.

8. The proposed move of parts of CADROWN Headquarters to a rear base in the American Zone of Germany is sound from a security and strategic point of view and should be implemented under normal circumstances, despite the very considerable additional administrative burden resulting from such a move. At present, however, this move strikes me as undesirable for the following reasons:

A. The American personnel are already badly over-extended. Division between Heidelberg and Berlin would result in a waste of time because of travel, waiting for correspondence, and necessary coordination. It would prevent Everthorn and Pepin from working as a team.

B. Recent developments indicated clearly that the Chief Agent was not in sufficient control of operation. His removal to Heidelberg, even with frequent trips to Berlin, would cut him off from operations even further.

C. There is nobody in the CADROWN Headquarters staff with proven ability to run the Berlin office. It will be remembered that Chief Agent [ ] has picked TP-3 for that position. In light of that experience we should not rely solely on [ ] assessment of the new man. I believe that the designation of a chief of Berlin office should wait at least until [ ] and [ ] had an opportunity to make their own evaluations and choice.

D. A division of CADROWN files and personnel strikes me as undesirable as long as the current investigation is in progress.

E. The main purpose for moving parts of CADROWN Headquarters and files out of Berlin is to prevent their capture in case of hostilities. In view of the present international situation and in light of the available intelligence estimates, I believe we would be justified in taking a calculated risk and leaving the files and personnel in Berlin in the interest of efficiency pending the conclusion of the investigation.

9. The future of CADROWN cannot be determined at the present time. The organization spotted and recruited a great number of well-motivated anti-communist personnel who may represent a considerable wartime asset.

CADROWN co-workers get no financial benefits. CADROWN Headquarters staff draw salaries which are more or less in accordance with what they could earn in private industry. Fiscal control procedures are well thought out and are enforced. One cannot get rich by belonging to CADROWN. There is no evidence of, and little reason for, padding the membership list. The arrests were conclusive, although most unwelcome, evidence of East Zone activities. The assets of CADROWN should be preserved, but it will take a lengthy investigation to establish just which assets remain uncontaminated. It may well be necessary to dissolve CADROWN as an organization and re-recruit certain co-workers on a singleton basis. The first task, in any case, must be a determination of who knows whom. Larrison and Pepin have made a promising beginning toward this end.

10. The operational philosophy of KUBARK must also be re-examined in connection with the CADROWN developments. We must accept the truism that we cannot get something for nothing. We tried to establish a major resistance organization in denied territory, with a peacetime membership of, as it developed, over 500. What did we invest to gain this desirable objective? Not a single case officer with substantive intelligence experience. The original case officer had no intelligence experience whatsoever, but did develop and demonstrate undesirable emotional traits resulting in his removal from the KUBARK. Another case officer was also a controversial figure whose veracity was repeatedly questioned by his superiors. A third case officer was holding his job on a temporary basis only and spoke little German. Now, for the first time in CADROWN history we have two qualified case officers on board. Unfortunately, the arrests by the SSD began about nine months ago. During the crucial build-up of CADROWN, American influence was ineffective or lacking completely. This would not necessarily be tragic but for the fact that the Chief Agent also had no substantive intelligence or security experience. The result: We passed the money and accepted the Chief Agent's reports and charts on faith. The Chief Agent in turn believed his subordinates, among whom there was not a single one with counter-intelligence or security experience. Faith, instead of supervision, control, and investigation has been the outstanding characteristic of the CADROWN project. There was throughout this operation a lack of desire to get at the bottom of things, or a lack of appreciation of the need to do so.

#### IV. CONCLUSIONS

1. CADROWN, the only paramilitary asset of the German Mission, was severely shaken by a total of twenty-one arrests, including seventeen between 21 July and 1 September 1953. These arrests resulted in the complete elimination of the CADROWN radio effort to date. Simultaneously with the arrests, the CADROWN Headquarters staff was torn by internal strife, resulting finally in the removal of the Chief of Operations, TP-3. All these developments indicate the need for a detailed counter-intelligence investigation of CADROWN.

2. Due to various factors enumerated above, KUBARK's approach to the CADROWN operation has been far short of professional. Personnel

commitments

commitments were inadequate, the pressure to produce was too great, alleged results were accepted at face value, and control of the operation was left to the Chief Agent. The resulting loss of adequate planning and operational security is regrettably a matter of record.

3. The evidence available so far does not indicate a high-level penetration of the CADROWN organization. The pattern and timing of arrests indicates that the Soviet Zone security service got hold of one or two individuals. The information extracted from them led to other CADROWN co-workers, their interrogation to additional ones, and so forth. For this reason, the establishment of who-knows-whom is essential.

4. The American case officers presently assigned to CADROWN are qualified and well motivated. Their investigation of CADROWN is basically on the right track. However, they will need additional manpower, especially in the counter-intelligence and security fields. Because of inadequate records keeping in the CADROWN Headquarters, the current investigation is bound to be time-consuming and will require interrogation of CADROWN's Headquarters personnel and East Zone co-workers insofar as practicable.

#### V. RECOMMENDATIONS

1. CADROWN is a major asset and should be preserved, provided the current investigation finds that significant parts of the organization remain uncontaminated.

2. This investigation should be pursued energetically. Additional personnel (at least two case officers, including one CI/CE specialist, plus one file clerk) should be assigned to assist in the investigation, if necessary at the expense of other projects.

3. Control of the investigation should be transferred from CADRAIN/BOB to the CI/CE Section of BOB.

4. All CADROWN operations not directly connected with the investigation should be halted.

5. The proposed transfer of CADROWN Headquarters personnel and files to the American Zone should be postponed until the conclusion of the investigation and decision on CADROWN's future in light of investigation results.

6. The exclusive case officer/chief agent relationship should be abandoned and a counterpart system organized.

7. The American staff should undertake a continuous assessment of the CADROWN staff to avoid a recurrence of a TP-3 type situation.

8. A full-time

8. A full-time CI or Security Officer should be recruited for the CADROWN staff.

9. If CADROWN is to be continued as the major paramilitary asset of the German Mission, qualified personnel must be assigned to it on a permanent basis.

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P.S.

This report was not coordinated with Chief, BOB, or CADRAIN/BOB.