

PROJECT ACTION				ACT CRYPTONYM CATOPHAT			
	TYPE OF ACTION	<input checked="" type="checkbox"/> X	FI/CI	CA	OTHER		
	NEW PROJECT APPROVAL	DIVISION European					
	AMENDMENT NO.	FIELD STATION []					
	<input checked="" type="checkbox"/> X RENEWAL FY 1968-69	BRANCH German			DESK External		
	EXTENSION	CASE OFFICER				DATE Dec. 1967	
	TERMINATION	ROOM NO. 4C44	BUILDING Hqs.	TEL. EXT.	RED 1582	BLACK 7858	
CONCURRENCES OF DIVISIONS							
ORGANIZATIONAL ELEMENT	TYPED NAME (and signature)	DATES		MEMO ATTACHED			
		IN	OUT	YES	NO		
C/E/G/Ext	[]		11/20/67		<input checked="" type="checkbox"/>		
C/E/G	[]	6 Dec 67	8 Dec 67		<input checked="" type="checkbox"/>		
AC/E/CR	[]	11 Dec	15 Dec 67				
C/E/BF	[]		15-December-68		<input checked="" type="checkbox"/>		
C/E/K	[]		18/12/67	18/12/67	<input checked="" type="checkbox"/>		
C/E/FI/CI	[]	19/12	21/12		<input checked="" type="checkbox"/>		
EUR/COPS	[]						
DC/EUR	[]		27/1/67				
CONCURRENCES OF OTHER COMPONENTS							
ORGANIZATIONAL ELEMENT	TYPED NAME (and signature)	DATES		MEMO ATTACHED			
		IN	OUT	YES	NO		
SB/O/EU	[]						
DECLASSIFIED AND RELEASED BY CENTRAL INTELLIGENCE AGENCY SOURCE METHOD EXEMPTION 3828 NAZI WAR CRIMES DISCLOSURE ACT DATE 2007							
APPROVAL							
PERIOD		AMT THIS ACTION	FY	TOTAL AMOUNT			
FROM 1 Oct. 1967 TO 30 Jun 69		\$	1968	\$			
APPROVING AUTHORITY				1969			
Chief, EUR				DATE 31 Jan 1968			

SECRET

PROJECT APPROVAL NOTIFICATION

PROJECT	<input type="checkbox"/> CA	<input type="checkbox"/> PROPRIETARY
CATOPHAT	<input checked="" type="checkbox"/> FI/CI	<input type="checkbox"/> SUBSIDY
		<input checked="" type="checkbox"/> DIRECT

ACTION		AREA
<input type="checkbox"/> NEW PROJECT		DIVISION
<input type="checkbox"/> AMENDMENT		EUR
<input checked="" type="checkbox"/> RENEWAL		BRANCH
<input type="checkbox"/> TERMINATION		German
<input type="checkbox"/> EXTENSION		DESK
<input type="checkbox"/> OTHER		External
	CASE OFFICER	EXTENSION
	[]	7893

AUTHORIZATION			
APPROVING AUTHORITY	TOTAL AMOUNT APPROVED	FY	AMOUNT
Chief, EUR	[]	196 8	[]
PERIOD OF APPROVAL		196 9	[]
FROM 1 Oct 67 TO 30 Jun 69	FINANCIAL CODE SYMBOL	8136-300	

CONDITIONS OF APPROVAL

[]

SIGNATURE	DATE
<i>[Signature]</i>	21 Jan 1968
MPS/BG	

DISTRIBUTION											
1	FINANCE DIVISION	1		1	BUDGET DIVISION	1	OPERATING DIVISION CHIEF OF SUPPORT	1	CASE OFFICER	f	MPS/BG

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CATOPHAT PROJECT RENEWAL

IDENTIFICATION

1. CATOPHAT is the cryptonym assigned to the Soviet Embassy located near Bonn, West Germany. Project CATOPHAT is an operation directed by the German Station against the Embassy and its personnel. Of the 89 Soviets assigned to the Embassy during the past year, 37 are diplomatically accredited, 43 are carried as employees, and 9 are Soviet journalists accredited to the press corps. In addition, about 25 wives of these officials work full or part-time at the Embassy installations.

OBJECTIVES

2. To develop controlled assets and operational situations leading to direct staff officer contact with target Soviet Embassy personnel for assessment, elicitation and possible recruitment or defection.

3. To acquire counter-intelligence information on the Soviet Embassy and its personnel in order to monitor and, wherever possible, to neutralize Soviet clandestine activity in West Germany.

4. To conduct operations against the Soviet presence in West Germany in order to collect political, economic, military, scientific, and technical information on the Soviet Union and particularly regarding its objectives, relations, and activities toward, with, and in West Germany.

CHANGES

5. Expansion and refinement of Project CATOPHAT are the only changes anticipated for the coming year. During the past project year, six new agents were recruited. In project year 1967-68, the German Station plans to expand its operations against the Soviet presence in West Germany

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and hopes to recruit additional new CATOPHAT assets. Therefore, it is estimated that \$14,970 will be needed to carry out the plans envisioned during the next project year. A major portion of this \$7,000 increase over the previous year will be used to pay new agents.

INTELLIGENCE PRODUCTION

6. The major product of this project has been, and will continue to be, operational and counterintelligence information. The German Station estimates that 60% of the PCS complement at the Soviet Embassy in Bonn are intelligence officers, an estimate supported by both the West German Federal Intelligence Service (BND), and the Federal Office for the Protection of the Constitution (BfV). Not all Embassy personnel are accessible to CATOPHAT agents, but significant operational information is being obtained through contact and association with those members of the Soviet representation who are reachable.

7. One positive intelligence report, a useful and interesting delineation of a KGB officer's requirements for information on the German Socialist Party (SPD), was disseminated during the past project year. Positive intelligence will doubtless remain limited, but an effort will be made to increase it.

EFFECTIVENESS

8. During the initial project year, CATOPHAT assets reported on their contacts with 15 members of the Soviet representation. The biographic and assessment data which they provided, added to information obtained from other sources, has given the German Station a better understanding of the organization, personalities and activities of the Soviet Embassy. This effort has revealed a number of Soviet contacts who warrant continuing development and assessment, has identified other Soviet officials who appear to be worthwhile targets if suitable access for contact and assessment can be developed, and has indicated certain situations and circumstances under which non-official, social contact with some of these targets may be possible. A number of leads to new CATOPHAT agents also were spotted as the result of this activity.

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PERSONNEL

9. CATOPHAT personnel comprise twelve controlled assets selected from American, German, and third-country nationals in witting contact with target personnel to whom they have natural access.

10. Annex A summarizes the current status and access of all CATOPHAT assets.

PROBLEMS

11. There are no outstanding problems.

LIAISON

12. The recruitment of CATOPHAT-8, a Dutch National, was coordinated with the Internal Security Service of the Netherlands, but the management of Project CATOPHAT and all its agents is unilateral.

13. The following liaison coordination involves only the target, not the project:

(a) The BfV maintains counterintelligence coverage on the Soviet Embassy and provides the German Station with identities, photographs, residence addresses, local travel, and license plate numbers of both privately registered and official vehicles. In addition, the BfV provides the German Station with the results of their physical surveillance of Soviets involved in BfV double-agent operations, and with observation post coverage of the Soviet Embassy. The German Station's excellent liaison relationship with the BfV is an important aspect of operations against the Soviet target and is expected to continue as in the past.

(b) Telephone tap coverage on the Soviet Embassy, which had been terminated after the arrest of Heinz FELFE, was reinstated by the BND in April 1965, at the instigation of the German Station. This coverage is controlled by the BND which shares the product with the German Station, the BfV, and the British and French Intelligence Services.

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(c) At the request of the German Station, the British Security Service Organization (BSSO) initiated telephone tap coverage on the Soviet Trade Mission in Cologne and the product is made available to the Station. Some insight into Trade Mission-Embassy relationships is provided by this coverage, which is not available from the telephone taps on the Embassy lines alone. Telephone taps were also installed by the BSSO at our request on the residences of two Embassy officials. The product is shared with the British. In addition, audio installations were placed in two residences of Embassy officers. The take of one of these installations is shared with the BfV.

INTERAGENCY COORDINATION

14. In response to German Station guidance, several Department of State officers are cultivating and reporting on a number of the Soviet Embassy officers with whom they are in contact.

PLANS

15. The German Station intends to expand and refine its operations against the Soviet Embassy during the coming year. This will be accomplished through the recruitment and training of additional controlled agents who are attractive to selected Soviet Embassy personnel by virtue of their profession or associations and who can be brought into contact with Soviet officials in a natural, unobtrusive manner. The Station hopes to use these agents not only to collect biographic, assessment, and CI information, but also as intermediaries to introduce Station staff officers to selected Soviets for first-hand operational assessment.

16. Existing CATOPHAT agents are under instructions to develop closer relationships, to entertain Soviets in their homes and generally to ingratiate themselves with their Soviet contacts. CATOPHAT-1 and -2 have made some progress in this direction by developing neighborly contact with Mikhail Ivanovich TEREKHIN, Third Secretary at the Soviet Embassy and suspected KGB officer. It is hoped that this can be developed into a more productive relationship.

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CATOPHAT-3 and -4 will likewise try to develop social relationships with the Soviets living in their apartment building. CATOPHAT-101 also is being trained and briefed for possible use in establishing and developing social contact with selected targets outside the official environment and business routine of the Soviet Embassy. The direction and exploitation of her along such lines will depend on information developed by other CATOPHAT agents and non-project sources.

17. As assessment information is accumulated and operational prospects are evaluated, it is anticipated that certain targets will be dropped and an effort will be made to redirect the access agents toward new targets of greater interest or operational possibilities.

SECURITY

18. Present operational assets (two husband-wife teams and seven singleton agents) of this project are handled by staff personnel under [] cover. CATOPHAT-1 and CATOPHAT-2 are probably witting of this Agency's role because of CATOPHAT-1's past employment with the BfV. CATOPHAT-5 also suspects he is in touch with this Agency. However, the German Station believes there is little risk that these agents could cross-check with one another, and the risk of embarrassment in the event of individual compromise is small. As additional assets are developed, they also will be handled by staff officers under [] cover.

19. The German Station will polygraph CATOPHAT-5 on an appropriate occasion in order to establish his bona fides. CATOPHAT-8 will be given another polygraph examination to clarify several questions concerning his former marriages and some large business debts he has acquired over the years. CATOPHAT-7, who in the course of his duties travels frequently to Moscow; was recruited by the KGB while on a trip in July 1967. Although it was not the desire of the German Station, they knew the KGB would eventually approach subject and briefed him prior to every trip. Upon his return from Moscow subject was given another polygraph examination which indicated no RIS control or that he divulged his association with the AIS to unauthorized persons.

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At the present time, there are no known security problems concerning the other CATOPHAT agents.

COSTS

20. The accumulated field obligations for the CATOPHAT project year from 1 October 1966 through 30 September 1967 amounted to \$5,067.96.

21. The estimated expenditures for this project for the period 1 October 1967 through 30 June 1969 total
[] An analysis of all proposed expenditures follows:

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	<u>FY 68</u>	<u>FY 69</u>	<u>TOTAL</u>
1. Agent salaries, operational expenses and special bonuses (including Christmas bonuses)			
CATOPHAT-1 and -2	\$1200.00	\$1600.00	\$2800.00
CATOPHAT-3 and -4	345.00	460.00	805.00
CATOPHAT-5	1350.00	1800.00	3150.00
CATOPHAT-7	1875.00	2500.00	4375.00
CATOPHAT-8	1125.00	1500.00	2625.00
CATOPHAT-9	190.00	250.00	440.00
CATOPHAT-10	190.00	250.00	440.00
CATOPHAT-11	1125.00	1500.00	2625.00
CATOPHAT-101	600.00	800.00	<u>1400.00</u>
	SUBTOTAL		\$18660.00

2. Real Estate -- Provision for two (2) safehouses @ \$75.00 per month in specific cases where a safehouse is required for the exclusive use of an agent covered under this project, i.e., CATOPHAT-7

[] [] [] [] [] []

3. Material and equipment: two (2) tape recorders (UHER 400s) complete with case, mike, battery, and charger

[] [] [] [] [] []

4. Miscellaneous Supplies

[] [] [] [] [] []

5. Provision for recruitment of additional agents

[] [] [] [] [] []
[] [] [] [] [] []

GRAND TOTAL (FY 1968 and FY 1969) [] []

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ANNEX A

CURRENT STATUS OF AGENTS

1. CATOPHAT-1. Subject, a 67-year old West German citizen, is a retired staff officer of the BfV with a long history of work against the Soviet Embassy and Soviet Trade Mission targets. His apartment is adjacent to that of a suspect KGB officer, Mikhail Ivanovich TEREKHIN, Third Secretary at the Soviet Embassy in Bonn. Subject and his wife, CATOPHAT-2, act as LP keepers for an audio operation directed against TEREKHIN's apartment. They also have had personal contact with TEREKHIN and his family as neighbors and have provided biographic and assessment data on TEREKHIN as a result of this contact. Subject also functions as a general support asset of the Soviet Branch of the German Station and is used to investigate leads derived from the telephone taps on the Soviet Embassy. Contact is maintained with the agent by a branch officer (in alias) in regular meetings. Subject has an operational telephone number for contacting his case officer as necessary. Subject agreed to cooperate with this Agency because it provided him an opportunity to continue working against the Soviet target in West Germany and because the salary he receives supplements his BfV retirement income. It is anticipated that Subject will provide loyal service as long as the basic interests of West Germany and the United States coincide.

2. CATOPHAT-2. Subject, the wife of CATOPHAT-1, is used as an LP keeper in the audio operation against TEREKHIN. In addition, she observes and reports arrivals and departures at TEREKHIN's apartment.

3. CATOPHAT-3. Subject, a thirty-seven year old West German citizen, is the manager of an apartment building owned by his father-in-law and in his own right is a partner in a wholesale plywood firm. Since at least 1956, the apartment building has been continually occupied by various members of the Soviet Embassy, among them several known and suspect intelligence officers. Subject, who was formerly a support agent for the BfV, was turned over to the German Station for unilateral handling in 1964. Subject provides

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useful operational information on the residences of certain Soviets; and his wife, CATOPHAT-4, reports on their comings and goings. His primary usefulness, however, will come in supporting technical operations against Soviet personnel living in his apartment building. Subject is met regularly by a German Station case officer (in alias) under unspecified [] cover. This agent accepts remuneration and appears to cooperate with the Station out of ideological conviction. During the past year Subject has provided license plate numbers of non-Soviets visiting the building. The people to whom these licenses belong are then checked out as potential CATOPHAT agents.

4. CATOPHAT-4. Subject is the wife of CATOPHAT-3 and, through her husband, reports on Soviet personnel living in their apartment building. In effect, Subject is the actual source of a great deal of the information on the comings and goings of the Soviets since she is present at the apartment throughout the day. She is witting of her husband's contacts with a United States Government organization interested in Soviet Embassy personnel, and cooperates willingly with her husband in gathering whatever information she can. In the past year, Subject has had direct contact with the case officer in charge of this operation. Subject is also attempting to develop a social relationship with the wives of Soviet officials living in the building.

5. CATOPHAT-5. Subject is a forty-one year old German citizen who is an employee of a quasi-official economic research study center. His political affiliations are with the German Social Democratic party and he has in the past been an SPD Bundestag candidate. Operational Approval was granted in August 1965 for use of Subject; however CI Staff felt at that time that several points had not been completely resolved with reference to Subject's bona fides, particularly regarding his former Communist Party candidacy. The field, therefore, plans to schedule a polygraph examination of Subject at an appropriate occasion, in order to resolve the points in question. Subject has contact with several members of the Soviet Embassy on whom he has provided personality, biographic, and assessment information. He has also reported on the

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German-Soviet Friendship Society and its relations with the Soviet Embassy. A German Station case officer (in alias) meets regularly with the agent under unspecified [] cover, although the agent suspects that he is in touch with the Agency. The agent receives payment for information and services rendered and signs receipts in alias. Specific financial terms have been agreed upon and a Memorandum of Oral Commitment is being processed. Subject has recently supplied information on the plans of the Soviet-owned Narodny Bank in London to open a branch in Frankfurt, Germany. He supplied information for the one CATOPHAT-originated intelligence report that was disseminated during the past project year.

6. CATOPHAT-6. Subject is an Austrian-born American citizen in his late thirties, who has failed to complete his medical studies at Bonn University. He has been recruited to report on his Soviet neighbors. He is currently undecided as to whether he will stay in his present residence or leave it, but as long as he stays he will report on his associations with his neighbors. Despite his indecisive character, he has been faithful and responsive to our direction. Subject is paid \$50.00 a month, which will be raised to \$100.00 if he develops a productive Soviet relationship.

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CATOPHAT-7. A French citizen in his early twenties, married to a German national and a resident of Germany, CATOPHAT-7 is in frequent direct business contact with three Soviet Trade Mission officials by virtue of his job with the Deutsche Reisebuero. In his capacity as tour guide, he visits the Soviet Union several times a year. Anticipating the likelihood that the KGB might attempt to recruit him, CATOPHAT-7 was given regular defensive briefings on how to deal with such a situation.

While on a visit to the Soviet Union in July 1967 the predicted recruitment effort was made. CATOPHAT-7 was threatened with dismissal if he did not cooperate because the Soviets could choose to inform his firm that he would no longer be permitted to accompany tourist groups to the Soviet Union. As instructed, the agent agreed to collaborate. In September 1967 he again met with his Soviet Case Officer in Moscow and was instructed to cultivate Americans for the purpose of bringing himself to the favorable attention of one of the U.S. intelligence organizations. Specifically he was asked to cultivate Gaither Stewart, Chief of the European Section of the International Book Exchange (under the direction of TPLINGO) in Munich and Petr Pavlovich Shouvoloff associated with RUSSKAYA MYSL (of AEEGGHEAD) in Paris.

CATOPHAT-7's Soviet Case Officer also speculated about the possibility later of arranging meetings in East Berlin whenever his business requires him to travel to West Berlin. The Bonn Station hopes the agent eventually may be turned over to a Soviet Case Officer in West Germany.

Bonn has no intention of engaging in a prolonged and fruitless double agent operation. CATOPHAT-7 is little better than a marginal source of operational information. For the present, however, he is useful and contact with him will be maintained for as long as his usefulness remains. That he is a French citizen does not especially complicate our relationship with him. He is a German resident and is married to a German national and he has no special ties to France and no connection with the French intelligence services.

CATOPHAT-7 was polygraphed after his July 1967 "recruitment" by the Soviets and the examination verified the accuracy of his account of the incident.

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8. CATOPHAT-8. Subject is a 43-year old Dutch citizen who is engaged in the export-import business in Duesseldorf. Operational Approval was granted in June 1967 for use of Subject as a reporting source on Vladimir Illich TSYGANOV, First Secretary/Counsellor at the Soviet Embassy in Bonn, and other Soviet officials he meets. Subject will be given another polygraph in the near future to clarify a number of questions concerning his former marriages and some large business debts he has acquired over the years. Subject receives, under a Memorandum of Oral Commitment, \$200.00 per month. This will continue as long as he is in contact with Soviet officials on our behalf and of interest to us. TSYGANOV is attempting to use Subject as a clandestine source reporting on German industry, including military equipment, and on personalities Subject contacts. Thus far, Subject has not provided TSYGANOV with any information which could not be obtained through overt channels. Based on biographic and assessment data Subject has obtained on TSYGANOV, it was decided to cutback on his relationship with TSYGANOV as not being operationally worthwhile and instead he will redirect his efforts toward Soviet Trade Mission officials with whom he has business contact.

9. CATOPHAT-9. Subject is a 45-year old German citizen of Latvian origin who is a professor at the university in Bonn. Operational Approval was granted Subject in January 1967, to spot and assess Soviet personnel in Germany and to assess third-country nationals who may have access to Soviet personnel. As a university professor in Bonn, Subject comes in contact with fellow professors and with university employees from whom he elicits information regarding their contacts, if any, with Soviet Embassy personnel. He will attempt to get close to these social contacts of Soviet Embassy personnel in order to meet the Soviets personally. Subject has also applied for membership in the International Club in Bad Godesberg with the goal of meeting foreign diplomats and local nationals who can be used to provide entre to Embassy personnel. Subject receives no remuneration, but if he establishes a continuing relationship with a Soviet, he will receive a fee for services rendered.

10. CATOPHAT-10. Subject is a German citizen, thirty-six years old and a surgeon at a clinic associated with the university hospital in Bonn. A Provisional Operational Approval

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was granted in April 1967 to contact, assess and develop him as a reporting source on Soviet Embassy personnel. In his professional capacity, he comes in contact with Soviet Embassy personnel who visit the clinic and with whom he is trying to develop social relationships. It is planned to use Subject as a reporting source on these contacts. Subject receives no salary at present. When a definite relationship develops, he will receive reasonable remuneration for services rendered.

11. CATOPHAT-11. (Formerly HAOVER-1), is an Indonesian citizen in his early thirties who was recruited in Bangkok. On the basis of his cooperation there, he has been recruited to become an access agent to Soviet Embassy personnel when he assumes his new job as chief of a news agency in Bonn. He will be contacted after he arrives and has settled into his new surroundings. His operational approval is being amended for this purpose.

12. CATOPHAT-101. (Formerly CABATON-208), is a 29-year old female German national. Operational Approval was granted in July 1967, for use of Subject against the Soviet Embassy. She is an executive secretary for the Bonn office of Litton Industries, an American firm which works on classified military contracts for NATO countries. She is being trained and briefed for the purpose of interjecting her into the path of selected Soviet Embassy targets. She is a paid, responsive agent. It is hoped that she will be able to report both operational and positive intelligence, as well as personality data on a number of CATOPHAT officers. Subject is paid \$50.00 a month.