

DISPATCH

CLASSIFICATION

S E C R E T

PROCESSING ACTION

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TO []

INFO. **None**FROM **Chief, EUR**SUBJECT **CALL REDCOAT CATOPHAT**
○ Renewal of Project CATOPHAT

ACTION REQUIRED - REFERENCES

ACTION: Comments and other responses requested in paras. 2,3, and 4.**REFS:** A. ~~EGW~~-34903, 4 September 1967
B. **EGW-6747**, 9 November 1967

1. In line with the new policy of funding all projects on a fiscal year basis, Project CATOPHAT has been renewed through FY 1969 (30 June 1969) in the amount of [] A sanitized version of the approved project renewal request will be forwarded via separate dispatch.

2. In reviewing the project for renewal, various members of the Division Staff commented on the following aspects of Project CATOPHAT. We would appreciate receiving your comments on each of these points.

a. Your reporting on developments in the CATOPHAT-8/ARUPEND-2 relationship has been timely and useful. The picture is less clear, however, regarding CATOPHAT-7's status as a developmental double agent. We are specifically interested in knowing whether any definite arrangements have been made by the FJSTEAL service for meeting CATOPHAT-7 in Berlin rather than depending on his periodic visits to FJSTEAL for contact. We also would appreciate your current views regarding CATOPHAT-7's potential and viability as a double agent and any tentative plans for his disengagement should his DA role prove to be unproductive from our standpoint. Until his value as a double agent becomes clear, we agree that the main emphasis should remain on exploiting his FI potential as an access agent. Especially because of the DA aspect, however, we recommend that you consider termination if his FI access and productivity does not continue to develop satisfactorily.

b. We were pleased to receive your recent status report on CATOPHAT-101 and to note her progress to date. In reviewing the project renewal request, the Division Staff has raised the question of whether

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2 FEB 1968

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DB	DEST	4C44
ABSTRACT Y	INDEX	

DISPATCH

S E C R E T

EGNW-6900

PAGE 2

any security risks or problems could arise from her employment by a WOLADY firm which handles classified military contracts. We request your current views on this matter.

c. This renewal for the first time provides for two project safe apartments. Does this involve the acquisition of totally new properties or does it merely incorporate under Project CATOPHAT the two apartments designated for FJSTREAL operations under Project CACHIN? We also note that no provision is made for safe apartment keepers within the project. Because it is Division policy that all safe sites will have keepers, please advise if keepers for these two apartments are to be provided through some means outside of the project or, if they are indeed to be used without keepers, what are the local operational and security factors which you consider as extenuating this requirement. In any event, we would be interested in knowing to what extent and under what circumstances safe apartments were used during the past year for meetings with CATOPHAT assets and the anticipated usage pattern during the current year.

3. Given the similarity of the target installations and their proximity, the similar operational assets and techniques used against both -- such as CATOPHAT-8, who was listed in both project renewal requests -- and the fact that the same group of Station officers is responsible for activities directed against both targets -- and in turn the management of both projects, we recommend that Project CATOPHAT and Project CAPAYOFF be combined. If you agree, we will initiate the necessary amendment action to merge them beginning FY 1969. Please advise.

4. Beginning with the first quarter of 1968, we request that you submit quarterly status or progress reports on the overall CATOPHAT Project and on the performance of the individual agents. Such reporting should include the same points suggested in paragraph 2 of Reference B.

5. We realize from recent name traces and POA requests that the Station is making a concerted effort to recruit new access agents against the CATOPHAT/CAPAYOFF targets. In a few instances, we generally have wondered about, but not felt it appropriate specifically to question, the apparent intelligence caliber and access potential of some of the candidates currently under investigation. Unless a person's access is sufficiently established or definitely offers real developmental potential to produce meaningful biographic and assessment data on the target personnel on a continuing basis, we believe there is little purpose or prospect in further considering such individuals for this type of piggy-back access operation. On the other hand, we will be greatly interested to see what success CATOPHAT-101 has in attempting to develop suitable access to CATOPHAT target personnel more or less on her own without a plausible business or professional basis.

6. In addition to exploiting contacts with present or potential access to CATOPHAT, we request that you consult with Berlin Operations Base to determine whether any of the CACLOCK agents might be used in your efforts to gain access to CATOPHAT personnel.

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