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FRANCE/ EX-NAZI

JENNINGS: A question: Can you think of some person in contemporary history whose name you will never forget? Well, for a great many people swept up by the Nazi holocaust in World War II, one such name is that of Klaus Barbie. In France, he was know as the Butcher of Lyon. Though he was convicted of his crimes twice at the end of the war, he disappeared. He lived the life of a fugitive until only this year, when he was returned to a cell in the city he once ruled. How Barbie escaped at the end of the war continues to fascinate investigators. Now, a U.S. government report has laid out some of the answers. ABC's John Martin has learned some of those findings.

MARTIN: The Justice Department report says Barbee was shielded and spirited out of Europe by American Army counterintelligence officers who lied to their government and broke the law to protect spy operations. According to the report, here is what happened: It was the beginning of the cold war, a time when American counterintelligence looked frantically among the surrendering German armies for reliable informants, men and women who knew how to spy, and recruit spies for what seemed an impending war with Soviet and East European communist forces. In 1947, American Army Intelligence recruited Klaus Barbie, who had been head of the Gestapo in Lyon, France, directing Nazi agents trying to infiltrate and destroy the French Resistance. EUGENE KOLB (Former Intelligence Officer): He knew how to go out and recruit sources. He knew how to play on strengths and weaknesses in order to recruit the sources that we needed and wanted.

MARTIN: Eugene Kolb was an American agent who later supervised barbie's contacts and read his file. KOLD: There were no charges of war crimes against him at the time. And, number two, he was damned useful, just damned good at it.

MARTIN: Only later, says agent Kolb, did Army counterintelligence learn of Barbie's alleged role in the deaths of 4,000 French Jews and resistance fighters. In 1949, surviving resistance fighters accused Barbie of atrocities. The French began asking the State Department for him. And U.S. counterintelligence officers using Barbie in Augsburg, Germany, dropped him from their roster. KOLB: We got a rather strange communication from headquarters to drop Barbie as a (inaudible) as a matter of record, but continue to use him.

MARTIN: The report says the Army then lied to State Department official Benjamin Shute, who says that in June 1950 a young Army general visited his office at the U.S. High Command in Germany. BENJAMIN SHUTE (Retired Diplomat): We had a question from our headquarters as to whether a man named Barbie wanted by the French was in Germany. We were told by the Army that he was not in Germany anymore.

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MARTIN: The report says the Army then got Barbie these travel documents and that, since the French formally asked for his extradition, helping Barbie escape to Boliva was an obstruction of justice, at a high level. KOLB: I know that some people are trying to wash their hands and say it was a renegade operation. The arrangements to get Barbie out after my time could only have been made by headquarters.

MARTIN: Documents obtained by ABC News show Barbie visited the United States in 1969 and 1970, but the report says this was routine business for a Bolivian government shipping agency. It says immigration officers did not know Barbie's alias, Klaus Altman, until 1972, when Nazi hunter *Biata *Rarsfeld traced him to Bolivia and publicized his presence. Over the years, as his children grew and he pursued lumber, shipping, and other interests, American investigators say they found no evidence Barbie dealt in arms or drugs, at least in any scheme involving the U.S. government. Last April, special U.S prosecutor *Alan Ryan and a deputy visited the Bolivian Interior Ministry. Question: Did Barbie work for American intelligence? Answer: Only once, indirectly, in 1975. The report says Ryan found no evidence, in fact, that the United States ever employed or directly used Barbie in the 32 years after he escaped to South America. The report was completed two weeks ago, and while it does not answer all the questions raised about Barbie, the only remaining questions for now are, why the government is still keeping its Barbie records secret, and why the attorney general has not released the report to the public. John Martin, ABC News, New York.