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SOURCE METHOD EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2006

SECRET

CONTACT REPORT

PROJECT: QKSNITCH
FILE: "

Date of contact: 28 Nov. 52 (4 weeks) Approximate length: 3 hrs.

Present: Agent(s): RNSPLUNT
Case Officer(s): [Signature]

- (1) Agent submitted _____ written reports on (main subjects):
1. Gesellschaft account for November.
 2. Copies of issue #13 of Wehrkunde.
 3. Report on Bundestag EVG Ausschuss proceedings.
 4. Copy of report on developments in Egypt from Gesellschaft member in Cairo.
 5. Special report, prepared at my request, accounting for all QKSNITCH expenditures from inception of project through Nov. 1952.

- (2) Agent reported orally (summarize briefly; if detailed rept. necessary, submit on separate sheet and attach to this form):
1. Negative results in Gesellschaft contact with Flank Office to obtain new sponsor.
 2. Asked if local sections could be kept alive thru January - at no additional cost to us - in hope that new sponsor can be found by then.
 3. Reported in detail on other details of project liquidation. (FURTHER DETAILS...)
 4. Declared he has no compromising material of any kind from us remaining in his possession. He immediately destroyed all briefs, etc. when EDW flap broke in press. (I had assurance to him that we had nothing to do with it!)

- (3) Case Officer instructed Agent:
1. To complete his report, reviewing & commenting on all project operations.
 2. Authorized completion of two brochures now in final stages of preparation. They will be out & distributed by Dec 15, at latest. Refused authorization for [unclear] to be started.

- (4) Case Officer gave agent (payments, written instructions, forms, materials of any sort):
1. 13,900 DM to cover "regular" December expenses, plus re-print commitments already completed. (We also reviewed close-out requirements - see below)

- (5) Special remarks (including additional observations about Agent's person, security, etc.):
- He has no idea what his personal job future will be after project close-out, since he is assured of his salary (1550 DM per month) thru March 52, he has not yet attempted to solve this problem.

- (6) Next meeting (date, hour, place -- if out of town): 1600 hours on 16 December at Mannheim-Bahnhof.

(7) NOTES:

The Gesellschaft Vorstand has now been told by RNSPLUNT that "contributions" are drying up and the organization will have to close on December 31 unless new sources of income can be found. This announcement naturally has upset the Vorstand members and has caused them to seek other sponsors. (Actually, RNSPLUNT says they all realize that they have been US-supported.) They are bitter over this development and RNSPLUNT emphasized to them the need for discretion in any public comments. He feels, however, that there is always the danger that Felix Steiner or one of the others might talk too much. Von Hellaermann, von Heist and one or two others approached the Flank Office in a body to seek financial assistance, giving the same story as noted above. However, General Heusinger, whom they visited, said the Flank Office had no funds with which to help them and left them with the impression - without saying so - that he knew they had been held up by the Americans and was envious of their present discomfiture. The Vorstand delegates then asked him to put in a "good word" for them with State Secretary Lenz; Heusinger blandly said he would. RNSPLUNT has meanwhile written to Lenz, who is a personal friend, asking for an appointment; this letter has not yet been answered.

2. Several of the ~~the~~ Gesellschaft local sections have been notified by mail that the size of contributions do not permit continuance of the organization much longer and it has been suggested that the sections locally seek to increase their membership with persons in a position to give them some financial help - even to drawing in people who are not strictly ex-officers. Three of the sections ~~xx~~ so addressed have been able to successfully do this. The others are either not informed or are hoping that Gesellschaft headquarters will find a means to keep them going.

3. RNSFLUNT in November cut the section subsidies in half and will do so again in December, thereby ~~xxxx~~ creating a "pool" of 1,600 DM from subsidy funds already in hand. He asked permission to allot this to the local sections for January use - thereby keeping them in existence through January instead of forcing them to close down on December 31. I did not immediately agree to this, but told him that I thought it could be done provided that there appeared to be a fair chance of the Gesellschaft finding a sponsor by the time we meet again on December 16th. In any case, if the sections are kept intact for the month of January, there will be no additional cost to us. The organization's publication "Wehrkunde" will cease in December; all other paid-for activities will also stop by 31 December. Present membership size: 112 sections throughout the country with slightly over 2,000 members.

4. With the payment of 13,900 DM at this meeting, all "regular" Gesellschaft expenses are covered through December 31. Residual obligations which are presently known or anticipated are the following:

16,460 DM.....Cost of 2 brochures in regular Gesellschaft series, previously obligated and due to be completed & distributed by Dec. 15. This sum includes: 14,000 for printing 20,000 copies of each brochure, plus 560 DM for clichés & other production costs, 600 DM for distribution expenses and 1,500 DM due on obligated work fees including fee for one brochure which has not been completed.

4,650 DM.....RNSFLUNT's salary for January, February, March

1,140 DM.....Three months salary for same period for office secretary, according to German law. She receives 380 DM per month.

190 DM.....Xmas gratification for secretary; a moral obligation ~~xxx~~ under German custom.

1,025 DM.....Rent contract thru March. This is in conflict with earlier information that contract only ran thru February; I will check up on this. In any case, it may be reduced to one month's rent if Gesellschaft finds new tenant. Standard monthly rent is 375 DM.

23,465 DM ... Remaining expenses (anticipated).

5. We discussed past use of Stifterverband cover. Money paid into Stifterverband was then paid by check to Gesellschaft as a "contribution". This was handled by Nordy director of Stifterverband who is aware ~~xxxxxxx~~ that Americans were behind the Gesellschaft. This due to early indiscretions of Gen. Gebauer in project's early days - as, indeed, is the same realization by virtually not all members of the Vorstand. No tax problems for Gesellschaft since not legally registered owing to lack of formal HICOG approval. Thus, no corporate taxes had to be paid and no complications with tax authorities. They have not looked at Gesellschaft books, nor will they. I asked RNSFLUNT to turn over all formal Gesellschaft books at close of our relationship. He agreed, saying this is not really necessary and would be inadvisable if Gesellschaft succeeds in finding a sponsor. They will then need to retain books for subsequent tax purposes under registration. As soon as treaties go into effect, there will no longer be any obstacles to registration.

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CONTACT REPORT

Date of contact: _____

Presented by: _____

(1) Agent _____

(2) Agent _____
on separate sheet and attached _____

See notes below re _____
news that our support _____

He asked permission to re-_____
very successful. No copies _____

Announced that in response _____
resign as 2nd chairman of the _____
member until expiration of his _____
end of our relationship.)

Instructed Agent _____
for return of Sept. accounting records which had been returned to him _____
correction of minor error.

Advised him that because of forthcoming treaties, we feel it best to _____
discontinue our support of the Gesellschaft as of December 31, 1952, hoping _____
that they can find some way to discontinue on their own.

Asked him to give us detailed report and critique on our past work together.
He did give Agent (payments, writer instructions, forms, materials of _____
work).

Copy of press clipping concerning the Gesellschaft.
Copy of Stalin article on economic foundations of Socialism.
"Krank der Woche"

(3) Special remarks (including additional observations about Agent's person, security, _____
etc.) I told SPLUNT we intended to pay him his full salary through March 1953, i.e. _____
for 3 months after the project cut-off date. He was very grateful since his own _____
future is now in doubt. Instead of a lump sum payment, he suggested it be paid each _____
month so that he could continue to meet with his family on an on development _____
after January 1.

(4) Next meeting (date, hour, place -- if out of town): Friday, 28 November, Wiesbaden _____
railroad station, 11000

(5) NOTES: RNSPLUNT's reaction to news of the cut-off was pretty much as expected; he _____
was obviously very much disappointed - but agreeable and resigned to our way of thinking. _____
He had, in fact, expected such a development and was not taken completely by surprise. _____
He said he will make every possible effort to find new support for the _____
Gesellschaft, but feels there is very little hope. None of their own people has enough _____
money. The Bonn government; and the Blank office in particular, suspects them of _____
having been American-supported, he said, although completely without evidence of such _____
support. For this reason, he feels they are "abgestemmt", slightly tinged as _____
laboratory, a point of view which he has expressed in his private conversations.

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they have been living on Marshall Plan and other forms. I said ever since the war and that without Marshall Plan they would have long since starved or become Communist.

As far as getting from business or industry circles, he did not think we were very good. To some industrialists, he said, we were good. To get a lot of money to be sent to the government parties is the first consideration. Starting January 1, the best part of this (the DM) will be sent to Bonn enough to spend the Gesellschaft's chances of getting help.

He will, however, do what he can to find an angel. His first effort will be made at Bonn and he will undoubtedly consult with State Secretary [redacted] a friend of his.

I stressed to SPLUNT that there were two main considerations in our mind: (1) to close out our financial support as early as possible with no long-term obligations and (2) to preserve the security of our past relationship.

With regard to the first of these points: the Gesellschaft will function through December; we have several brochures in various stages of editorial preparation, of which two ~~brochures~~ can be completed in December. I told him to go ahead with these since we are already obligated for the 100 DM author's fees. However, they must be out by December 31. The Gesellschaft next contract runs through February 1955 and we may have to pay 750 DM to cover the January-February period unless SPLUNT can have the contract cancelled by agreement with the owner - which he will attempt to do. There are no other outstanding obligations and no physical property to be reclaimed with the possible exception of a desk and two typewriters.

I told him that if the Gesellschaft did find a sponsor and stayed in business, I felt we could write off the typewriters and desk and they could keep them. However, if the office closes, we would want the typewriters back. The desk he could sell - and give us the money.

We have no obligations at the de Bouché printing plant - this plant was given 2000 DM in the early days of the project to expand its space and general facilities. No physical equipment is involved.

As for security, SPLUNT said he would immediately destroy the duplicate files which he has kept of all material sent to us (accounts, reports, etc.). I told him he must either destroy or turn back to me all remaining briefs and other papers.

The theoretical possibilities of any flap-like repercussions to the end of QXSNITCH lie, I believe, in one or both of the following:

a. Loose talk by Gen Felix Steiner (I have faith in SPLUNT's discretion) or by one of the other Vorstand people who are aware of US support to QXSNITCH. Much to my surprise, SPLUNT, in answer to a query, told me that [redacted] had met not only Steiner but also von Kleist, von Gilgenheim and Riedweg in the early organizational days of the project - before SPLUNT himself came into the picture. These are all aware of US support. I will make every effort to ensure their silence and it is certainly in their own interest to talk.

b. Exploitation of the "leak" regarding the device by their own press relations. The latter will undoubtedly be reluctant to do this. I told up and we just expect that they take advantage of it - possibly by claiming that the device was an officially developed by the Americans and claiming that the device was withdrawn. They might even claim that we are the only ones who have the device. This is only a possibility, of course, and we are to be prepared to handle it if it occurs. We are to be prepared to handle it if we are to be prepared to handle it.

Conclusion - SPLUNT will have a good working relationship with us during the next year and the cooperation which characterized our cooperation. He will prepare a detailed report on the whole business, as requested. He also said quite frankly that if the Gesellschaft does find a way to keep going - even with Bonn support - he personally would be quite willing to continue to give us complete information on their activities. I passed this off without a definite reply - but it may be worth remembering and taking advantage of, depending, of course, on circumstances including the future activities of both the Gesellschaft and SPLUNT himself.