

VIA TELETYPE

# DISPATCH

CLASSIFICATION

SECRET / R

PROCESSING

TO	PROPOSED	ACTION	ACCOMPLISHED
INFO.		NO INDEXING REQUIRED	
CHIEF OF STATION, GERMANY	X	ONLY QUALIFIED HEADQUARTERS DESK CAN JUDGE INDEXING	
FROM		ABSTRACT	
CHIEF, EE		MICROFILM	

SUBJECT ~~REDACTED~~ UPHILL UJDROWSY  
 ACTION REQUIRED - REFERENCES QUESTIONS RAISED IN REFERENCE

EGMA-57671, 5 FEB 62

1. FELFE AND CLEMENS WERE NOT MENTIONED BY NAME IN THE ATTACHMENT TO EGLA-23180 BECAUSE WE HAD NO INFORMATION WHICH SPECIFICALLY TIED THEM TO THE ALBERT CASE OR TO THE OTHER OPERATIONAL SECURITY PROBLEMS EXAMINED IN THAT DOCUMENT. HOWEVER, THE UNDERSIGNED DISCUSSED IN SPECIFIC DETAIL WITH ALIAS BERNHARDT THE LOGICAL CONCLUSION OF THAT PAPER TO THE EFFECT THAT ONE HAD TO LOOK IN TWO DIRECTIONS FOR THE KGB AGENT /S/ PRESUMABLY IN PLACE WITHIN UPHILL TO REPLACE ALBERT. ON THE ONE HAND, ONE HAD TO EXAMINE THE FORMER MEMBERS OF GV L WHO WERE SUBSEQUENTLY ASSIGNED TO THE HEADQUARTERS. IN THIS CONNECTION, THE MAIN CANDIDATES SPECIFICALLY NAMED TO ALIAS BERNHARDT AND DISCUSSED AT THAT TIME WERE FELFE AND ALIAS RLSCHKE. THE OTHER LINE OF EXAMINATION WE SUGGESTED WAS THE GROUP OF SUCCESSOR ELEMENTS OF GV L ESTABLISHED IN THE RHINE AREA. IN THIS CONNECTION WE NAMED CLEMENS AND ALIAS SCHUSTER N-2978/, AS WELL AS KARL HEINZ DIETSCHER SHORTLY AFTER THE WRITING OF EGLA-23180. A CONFERENCE ATTENDED BY UTILITY, ALIAS BERNHARDT, [ ] AND [ ] HELD TO DISCUSS THE PAPER AND ITS IMPLICATIONS. AT THIS CONFERENCE FELFE WAS NAMED AND DISCUSSED ALONG WITH ALIAS RLSCHKE. IT WAS UTILITY'S RECOGNITION THAT THE FINGER OF SUSPICION WAS BEING POINTED AT MEMBERS OF HIS HEADQUARTERS CE STAFF, IF ONLY ON THE BASIS OF A LOGICAL ANALYSIS, WHICH CAUSED HIM TO DESIGNATE THE WHOLE SUBJECT AS SENSITIVE, TO BE KNOWN ONLY TO ALIASES HARTWIG, BERNHARDT, KLAUSNER AND KUEHNE. AT THE SAME TIME HE ASSIGNED BERNHARDT RESPONSIBILITY FOR THE SENSITIVE TASK OF BEGINNING AN INVESTIGATION ALONG THE LINES SUGGESTED. THIS INVESTIGATION EITHER LOST ITS DRIVE OR

DISTRIBUTION  
 BY TELETYPE  
 2 - C/MLB  
 2 - COS/G  
 BY POUCH  
 1 - C/MLB

RIS INPUT NO. 20  
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 ALIASES

CONTINUED

DATE TYPED		DATE DISPATCHED	
09 FEB 62		TOR-	
DISPATCH SYMBOL AND NUMBER			
EGMA-11494			
HEADQUARTERS FILE NUMBER			
32W-5-38/19			
CLASSIFICATION			
SECRET / R			
ORIGINATING			
OFFICE	OFFICER	TYPIST	EXT.
DC/EE/G	[ ]	[ ]	
COORDINATING			
OFFICE SYMBOL	DATE	OFFICER'S NAME	
DC/EE/G		DECLASSIFIED AND RELEASED BY	
C/EE		CENTRAL INTELLIGENCE AGENCY	
		SOURCES METHOD EXEMPTION 2828	
		NAZI WAR CRIMES DISCLOSURE ACT	
		DATE 2006	
RELEASING			
OFFICE SYMBOL	DATE	OFFICER'S SIGNATURE	
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# DISPATCH

EGMA-11494

NEVER REALLY GOT OFF THE GROUND, PRESUMABLY BECAUSE OF THE WORKLOAD ASSIGNED TO BERNHARDT.

2. SINCE THE INITIATION OF INTENSIVE INVESTIGATION JUST A YEAR AGO, UTILITY, KUEHNE, BERNHARDT AND HARTWIG HAVE SEPARATELY INDICATED TO [ ] THAT THEY CONSIDERED THE INVESTIGATION BASED UPON [ ] LEADS TO BE A CONTINUATION OF THE 1957 DISCUSSIONS. FOR HIS PART, KUEHNE DID NOT KNOW THE NATURE OF THE [ ] LEADS, BUT WHEN AGREEING TO ESTABLISH THE SENSITIVE CHANNEL CLEARLY RECOGNIZED HIS INITIATIVE THAT WE HAD BEEN TALKING ABOUT A PENETRATION IN THE UPHILL CE SHOP AND HAD FELFE SPECIFICALLY IN MIND. BY WAY OF REGRETTING THE DELAY, UTILITY OBSERVED LAST SPRING THAT THE [ ] LEADS ONLY GAVE THE NECESSARY IMPETUS TO SEND US IN EXACTLY THE SAME DIRECTION WHICH HAD BEEN POINTED OUT IN 1957. WHEN ASKED IN DECEMBER 1961 WHAT HE CONSIDERED TO BE THE RELATIONSHIP BETWEEN THE ALBERT AND FELFE CASES, ALIAS BERNHARDT REPLIED WITHOUT HESITATION THAT IT NOW SEEMS OBVIOUS ALBERT AND FELFE WERE PARALLEL KGB PENETRATIONS OF UPHILL UNWITTING OF EACH OTHER, AND THAT ONCE FELFE WAS PLACED IN THE HEADQUARTERS THE KGB APPARENTLY WENT TO A GOOD BIT OF TROUBLE TO NEUTRALIZE ALBERT. THIS DISCUSSION WAS IN THE CONTEXT OF THE FACT WE HAD LONG AGO AGREED FELFE WAS ONE OF THE OBVIOUS SUSPECTS.

3. IN ORDER TO DOCUMENT THIS DEVELOPMENT MORE PRECISELY, IT MIGHT BE WORTH-WHILE, IF YOU CAN CATCH HIM LONG ENOUGH FOR SUCH A REFLECTIVE CONVERSATION, TO ASK ALIAS BERNHARDT ABOUT ALL THE ABOVE. A MORE SIGNIFICANT QUESTION WOULD SEEM TO BE WHETHER UPHILL HAD IN FACT SUSPECTED FELFE BEFORE THE SPRING OF 1957 AND IF NOT, WHY NOT. /QUESTION/. AS YOU KNOW, ALBERT HAD DENOUNCED FELFE TO ODOPAL IN VERY STRONG AND REASONABLY PRECISE TERMS. DID UPHILL, WHO MONITORED THIS 'BUILD-UP MATERIAL' CONSIDER IT MERE FILLER. DID THEY ASK ALBERT WHERE HE GOT IT. DID THEY INVESTIGATE. AFTER ALL, IT WAS AS EARLY AS OCTOBER 1954 WHEN ALBERT REPORTED TO ODOPAL -

FOLLOWER  
THE SUSPICION THAT HEINZ FELFE AND THE SD CLIQUE WHICH / HIM INTO THE ORGANIZATION ARE 'ENEMIES' HAS BEEN GROWING STEADILY. ABOUT TEN WEEKS AGO FELFE SHOWED UP AT ONE OF THE UTILITY ORGANIZATION'S OFFICES IN MUNICH. FELFE IN REALITY HAD NO GROUNDS FOR BEING PRESENT. IT WAS ASCERTAINED LATER THAT FELFE HAD MADE HIS APPEARANCE IN VARIOUS OFFICES, EACH TIME ASKING FOR SOMETHING OR OTHER, OBVIOUSLY WITH THE INTENT OF ENGAGING IN CONVERSATION, ONLY TO RETREAT THEN, STATING THAT HE WAS IN THE WRONG OFFICE. THE INCIDENT WAS IMMEDIATELY REPORTED TO THE UTILITY ORGANIZATION WITH THE VIEW TO FORBIDDING FELFE ACCESS TO ANY OF THE OFFICES UNLESS IN THE ACCOMPLISHMENT OF REGULAR BUSINESS. THIS WAS ACCOMPLISHED. AS FAR AS POSSIBLE, FELFE IS BEING KEPT AWAY FROM NORDRHEIN-WESTFALEN AND THE BONN AREA, BECAUSE HE IS NOT TO BE TRUSTED. HOWEVER, IT IS NECESSARY TO LET HIM TRAVEL TO THE AREAS NOW AND THEN SINCE HE STILL HAS TWO LIVE CONTACTS THERE. IT IS REPORTED THAT FELFE STILL IS IN TOUCH WITH FORMER COLOGNE STATE PROSECUTOR FNU HENNES, WHO SINCE 1950 IS WITH THE LFV. SHORTLY AFTER FELFE WAS SEEN AT THE MUNICH OFFICE, THAT OFFICE RECEIVED A POSTCARD ADDRESSED TO 'CITY OFFICE OF THE UTILITY ORGANIZATION, SUEDLABOR'. THIS POSTCARD IS NOW IN THE POSSESSION OF THE UTILITY ORGANIZATION, AND IS BEING TREATED AS HIGHLY SECRET. HERE TOO, FELFE IS SUSPECTED, WHO UNDOUBTEDLY SOUGHT REVENGE FOR THE DRESSING DOWN HE WAS SUBJECTED TO. IT IS LIKewise SUSPECTED THAT FELFE HAD SOMETHING TO DO WITH THE LUDWIGSBURG AFFAIR ..."

THESE EFFORTS OF ALBERT WERE SOMEHOW DISCOVERED BY FELFE, AND WE GET INTERESTING INSIGHT INTO FELFE'S OWN ATTEMPTS TO LEARN DETAILS IN THE ATTACHMENT TO EGLA-18541, WHICH TELLS HOW FELFE PUMPED [ ] CONCERNING THE EXISTENCE OF DEROGATORY INFORMATION ON FELFE IN AMERICAN FILES. WHAT DID FELFE KNOW AND WHERE DID HE LEARN IT. HAD UPHILL CHECKED THE ALBERT MATERIAL WITH FELFE IN ADVANCE BEFORE PASSING IT TO ODOPAL. PERHAPS FELFE ASSISTED IN THE ALBERT CLEAN-UP

AND LEARNED ABOUT THE MATERIAL THEN. MIGHT IT EVEN BE THAT FELFE RAN THE ALBERT DOUBLE CASE AGAINST ODOPAL AND BOLDLY INSERTED THE MATERIAL HIMSELF AS COVER VIS-A-VIS UPHILL. /QUESTION/

4. THE ABOVE, AND THE APPEARANCE OF FELFE IN THE ALBERT CASE, BEARS UPON THE QUESTION YOU RAISE AS TO WHETHER ACSI OR DCSI MIGHT ASK UPHILL WHY UPHILL WAITED SO LONG TO INVESTIGATE FELFE. ACTUALLY, WE THINK IT UNLIKELY THE ARMY WILL ASK ANY SUCH QUESTIONS, SINCE THE ARMY WAS AFTER ALL IN EARLY POSSESSION OF THE ALBERT MATERIAL ON FELFE AND MADE NO VERY OBVIOUS MOVES TO SHARE IT WITH UPHILL OR ANYBODY ELSE. OUR PURPOSE IN TELLING ACSI WE HAD NAMED FELFE TO UPHILL IN 1957 WAS RELATED TO OUR DESIRE TO POINT OUT TO THEM THE PERTINENCE AND THE IMPORTANCE IN SPITE OF ITS AGE OF THE ALBERT MATERIAL WHICH THEY HAVE NOT EVEN YET SHARED WITH US, AND TO UNDERLINE THE CONTINUING NEED TO REVIEW THAT DATA JOINTLY. OF COURSE WE CANNOT CONTROL FUTURE ACSI UTTERANCES, BUT WE DID CLEARLY AND EMPHATICALLY REQUEST ACSI TO AVOID ALL DISCUSSION OF THIS CASE WITH UPHILL, AND WE BELIEVE THE REQUEST WAS DULY NOTED AND IS LIKELY TO BE RESPECTED.

5. WHILE WE ARE NOT UNDULY CONCERNED WITH THE POSSIBILITY THAT ACSI OR DCSI MAY ONE DAY RAISE WITH UPHILL THE GENERAL QUESTION OF WHY IT TOOK SO LONG TO CATCH FELFE, WE DO THINK THE QUESTION ITSELF HAS MERIT AS SUGGESTED PARA 3 ABOVE. PUT ANOTHER WAY, WHEN DID UPHILL FIRST SUSPECT FELFE, AND WHEN DID SERIOUS INVESTIGATION BEGIN. IT HAS ALWAYS SEEMED CURIOUS THAT UPHILL NEVER WAS SHOCKED OR OFFENDED EVEN IN THE SPRING OF 1957, WHEN WE RAISED THE NAME. ACCORDING TO BERNHARDT'S CHRONOLOGY, ALIAS HERDER THOUGHT HE HAD FOUND SOMETHING SERIOUSLY WRONG WITH THE LENA CASE, WHICH COULD ONLY BE EXPLAINED IN TERMS OF KGB SUPPORT FOR A PENETRATION OF UPHILL, AS EARLY AS THE END OF 1955. THIS SHOULD HAVE ADDED TO DOUBTS RAISED BY ALBERT, IF ALBERT WAS INDEED THE AUTHOR OF THE MATERIAL HE WAS ALLOWED TO PASS. AGAIN ACCORDING TO BERNHARDT, HEINZ STOECKERT CLAIMED IN MARCH 1955 THAT FELFE HAD BEEN SD, AND IN FEBRUARY 1956 AN INVESTIGATION WAS UNDERTAKEN ON THE BASIS OF 'SD UND OST-VERDACHT'. THE COMMON SOURCE OF THESE LAST TWO ENTRIES IS 'Z 602', THE Z POSSIBLY STANDING BY ZWISCHENFALL OR SECURITY INCIDENT. THE EARLIEST ENTRY FROM THIS SOURCE DATES FROM 1949 AND REPORTS THAT FELFE HAD BEEN AN AGENT FOR THE LFV /HENNES/ AGAINST THE KPD. OF COURSE WE DO NOT KNOW WHEN Z 602 CAME TO UPHILL HANDS. HOWEVER, IT WAS PROBABLY IN THE FILES ALL ALONG, AND AT LEAST AS EARLY AS FEBRUARY 1956 AN INVESTIGATION WAS UNDERTAKEN ON THE BASIS OF IT. WHILE IT IS IN THE NATURE OF SUCH AN INVESTIGATION THAT IT MAY DRAG ALONG IN A MANNER WHICH IN HINDSIGHT SEEMS INEXCUSABLE, ONE CANNOT HELP BUT WONDER WHETHER SOMETHING ELSE MAY HAVE BEEN INVOLVED. WE HAVE ALREADY RECOGNIZED IN LESS PRECISE TERMS THE POSSIBILITY OF THE AFFAIR REPRESENTING A GRANDIOSE UTILITY SCHEME TO DETECT THE MAN'S HOSTILE CONNECTIONS, TURN HIM AROUND AND HAVE WHAT WE KNOW UTILITY HAS AT TIMES LONGED FOR, -- A HIGH LEVEL CE CASE TO BE UTILIZED FOR POLITICAL PURPOSES AS A CONTACT TO THE SOVIETS. PERHAPS THE IDEA HAD BEEN TOYED WITH BY UTILITY AND DROPPED. WE KNOW UTILITY WAS REPORTED AT VARIOUS TIMES TO BE USING FELFE FOR 'SPECIAL OPERATIONS', SUCH AS THE BALDRIAN /UJDOWN/ AFFAIR. IF THERE WAS EVER ANY SUCH OPERATION AFOOT, HOWEVER, WHY DID UPHILL THEN COOPERATE SO HEARTILY WITH UTILITY'S BLESSING IN RUNNING FELFE TO EARTH. FOR ONE REASON, IT COULD BE THAT UTILITY THOUGHT WE MIGHT HAVE AN INKLING EITHER FROM  OR FROM OUR PREVIOUS MENTION OF FELFE IN 1957, ABOUT THE REAL SIGNIFICANCE OF THE WHOLE AFFAIR, AND SIMPLY DECIDED HE HAD BETTER PLAY IT AS A STRAIGHT SECURITY CASE. OBVIOUSLY, THIS IS ALL PURE SPECULATION AND PROBABLY DOES AN INJUSTICE TO UTILITY, BUT STILL THERE IS A GOOD BIT WE HAVE TO LEARN ABOUT UPHILL'S HANDLING OF THIS AFFAIR, IN SPITE OF THEIR SEEMINGLY OPEN COOPERATION. THE ANSWER TO THE CURIOUS PUZZLE OF SMOTH'S ROLE MAY BE INVOLVED IF, FOR INSTANCE, SMOTH LONG AGO TOLD UTILITY PERSONALLY ABOUT FELFE OFFERING CLEMENS

IN A DA ROLE. IT THERE IS SOMETHING MORE THAN MEETS THE EYE, IT MAY BE THAT BERNHARDT AND COMPANY HAVE NO KNOWLEDGE OF IT, ALTHOUGH ONE MIGHT SPECULATE ALIAS KUNZE, HAVING BEEN LONG THE CLOSEST CONFIDENT OF UTILITY, REALLY KNOWS WHATEVER SECRET MAY BE INVOLVED AND PLAYS THE ROLE OF KEEPING THINGS UNDER CONTROL FOR UTILITY. ONE MORE THING WOULD SEEM REASONABLY SURE, FELFE HIMSELF WAS NOT A PART OF ANY GRAND UTILITY DESIGN OR FELFE WOULD BE SCREAMING FOUL AT THIS POINT.

6. WHILE IT IS TRUE THAT WE ARE NOT PARTICULARLY FLUSH WITH INFORMATION ABOUT CLEMENS, EVIDENCE THAT HE HAD BEEN DISCUSSED AND SERIOUSLY CONSIDERED AS A LOGICAL SUSPECT PRIOR TO UPHILL'S HAVING BROUGHT HIM TO OUR ATTENTION MAY BE FOUND IN ATTACHMENT TO EGLA-2299, DATED 20 MARCH 1957, WHICH READS IN PART AS FOLLOWS -

...IN CONSIDERING THE POSSIBILITY THAT ALIAS FRIESEN IS A PENETRATION, ONE CANNOT DISREGARD THE FACTS THAT HE WAS A MEMBER OF GY L AND THAT IN TRACES ON FILE WITH ODOPAL THERE IS DEROGATORY INFORMATION ABOUT HIM. THE PROBABLE SOURCE OF THIS INFORMATION WAS ALBERT. /IN THIS CONNECTION, IT MUST BE NOTED THAT ALIAS FRIESEN HAS MADE SEMI-JOCULAR REFERENCES BOTH TO [REDACTED] AND TO ME ABOUT THE FILE WHICH WE HOLD ON HIM. FROM THESE STATEMENTS IT MAY BE IMPLIED THAT ALIAS FRIESEN IS FULLY AWARE OF THE FACT THAT WE HAVE CONSIDERABLE BACKGROUND ON HIM AND IS ANXIOUS TO GET SOME CLUE ABOUT THE NATURE OF THIS INFORMATION. / ANOTHER ASPECT WHICH CANNOT BE FORGOTTEN IS THAT, IF [REDACTED] THEORY IS CORRECT AND THERE DOES EXIST A PENETRATION OF UPHILL AT A RELATIVELY HIGH LEVEL, THERE IS A GOOD CHANCE THAT THE PENETRATION MAY BE FOUND IN THE GROUP OF PEOPLE WITH WHOM ALBERT WORKED. AMONG THESE WERE NOT ONLY ALIAS FRIESEN, BUT ALSO HIS 'DUTZ-FREUND' ALIAS CRAMER, ALIAS SCHUSTER, AND VARIOUS PERSONS BOTH INSIDE AND OUTSIDE THE HEADQUARTERS COMPOUND WHO OCCUPY RESPONSIBLE POSITIONS. IT IS INTERESTING TO NOTE THAT ALIAS FRIESEN MAINTAINS INFORMAL AND UNAUTHORIZED CONTACT WITH AT LEAST ALIAS CRAMER...''

IT IS READILY ADMITTED THAT THE ABOVE DID NOT NECESSARILY CONSTITUTE KUBARK SUSPICION OF CLEMENS AS THE IDEAS BEING PUT FORWARD AT THE TIME WERE ROUNDLY CRITICIZED AND DISAVOWED AS BEING BASED UPON AN UNPROFESSIONAL FORM OF ANALYSIS.