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AIR

MCN-A-1028

240.1
File posted

17 March 1949

Chief, VEM
ATTN: []
Chief of Station, Karlsruhe
Operational

REF : MCN-A-926

- 1949
1. As reported in reference memorandum, early in January (subject of reference) came in direct contact with []
 - a. In the course of several meetings [] stated that:
 - a. He had agent networks already functioning in the Soviet Zone and in Poland;
 - b. He was attempting to establish agents in Latvia and Lithuania;
 - c. He was working against the Soviet Union on an ideological basis;
 - d. He wanted to work on a solid and long-range basis rather than, as in the recent past, on a report-by-report basis;
 - e. He had severed connections with [] and would not accept employment in the future with anyone on a "spot purchase of information" basis since that was not conducive to soundly developed and coordinated operations; and
 - f. If employed on an over-all contract basis, however, he would not only give complete details of his present operations and personnel, but would also be willing if requested to put his employer (or employer's cut-out) in direct contact with any or all of his agents and informers.
 2. [] made a very definitely favorable impression upon [] and, in a second-hand manner, upon [] as well. Our initial impressions, in fact, were such that we were hopeful that

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after thorough investigation we would feel justified in employing

3. In late January [] informed [] that he had received a new batch of incoming reports which he was not passing to [] [] promptly authorized [] to purchase the entire set at \$100.00 U.S., not only for such reports value as they might possess, but also to enable a thorough analysis to be made of the present productive value of [] operations. [] met [] on Monday, 31 January 1949. and [] on the following day; at that time he stated that [], in line with his previously expressed determination not to continue functioning as a reports salesman, refused to accept the \$100.00 and did not turn over his reports to [] [] reported, moreover, that one Georgi DUTOW @ Bruno DULKEIT (previously reported to [] as a potential employer of [] had finally offered to employ him on a monthly salary/operational cost basis. [] postponed making any decision vis-a-vis DULKEIT until his next meeting with him on 3 February, since he felt that [] had first option on his services.

Note: Since we felt this possibly represented a "squeeze" play on [] part, we promptly instituted checks on Georgi DUTOW @ Bruno DULKEIT which disclosed the following:

- (1) From BARANOWSKY's files through [] sources (all names given from Russian phonetics):

The only DULKEYT known is a man who is in contact with Archbishop HERMOHEN (KIVACHUK). KIVACHUK is listed as a Soviet agent reporting to the Soviet appointed Berlin Bishop ZAKIDALSKY. In Munich DULKEYT is in touch with Episcop Alexander LOVCHY and Episcop FELDMAN @ POLEVOY. DULKEYT's address is given as 20 Bockleisen-Luchnow (unidentified; possibly Luchow, M53/Y29).

- (2) From CIC Region IV files:

No trace.

- (3) From []

Bruno DULKEIT @ Georgij DUTOFF (note transposition of first names) was born in Riga, Latvia, on 3 August 1902. Description: 5' 7", slender build, brown eyes, oval face, dark hair turning gray, small moustache. Lives in Hamburg, Schlüterstrasse 4, under the assumed name Georgij DUTOFF (or DUTOW).

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Was a former officer in the Tsarist Russian Army, and fought against the Bolsheviks in 1918-1919. Both parents were killed by the Bolsheviks, his father in 1919, his mother in 1945.

From 1923 to 1939 DULKEIT owned and operated the "Private Detective Firm" in Riga. At the same time he was one of the close collaborators of Prince Anatol LIEVEN who was chief of the secret service of the White Russian political organization, ROWS. They worked against Soviet Russia under the direction of the British Intelligence Service, and DULKEIT's detective firm provided an excellent cover for their activities.

In 1939 when the Baltic Germans were evacuated to Germany, DULKEIT went also. After the outbreak of war he was mobilized and assigned to RSHA, Amt VI, "Unternehmen ZEPPELIN", because of his knowledge of Russia and the Russian language. When "Unternehmen ZEPPELIN" was disbanded shortly before the end of the war, he was transferred to the Army G-2. At the end of the war he was taken prisoner by the British, but was soon released.

In 1946/47 DULKEIT joined the BIS with which he has been working since that date. In December 1948 he appeared in Munich, and thereafter has been known to have made several contacts with

DULKEIT is described as strongly anti-Communistic, clever, honest, trustworthy, and from a political viewpoint, absolutely reliable.

[] account above appears to be the most complete, and probably the most accurate, and it is our assumption that DULKEIT's attempts to recruit were on behalf of the BIS.

4. At the time DULKEIT's offer to [] was first made known to us, however, we appeared to be faced with the necessity of making a premature and possibly unjustified decision to employ [] on a trial basis, or to lose him to a then-unknown third party. An added factor of considerable magnitude was [] estimate of current monthly expenses, very roughly divided into approximately 7,000 DM "permanent" monthly expenditures, and a probable additional 3,000 DM for special operational expenses (couriers, etc.). These expenditures could undoubtedly be pared considerably over a period of two to three months since, for example, approximately 4,300 DM

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appeared to be tied up in head agents in Berlin, Stettin, and Dresden alone, and we felt that were we to employ [] we could confine our Soviet Zone interests to the preservation and/or establishment of safe houses, live letter boxes, etc., rather than to the conduct of information collecting operations in that Zone. It was, however, equally clear that immediate employment prior to detailed examination of [] personnel and types and costs of operations would potentially and initially commit us to a considerable financial monthly outlay ranging anywhere from \$600.00 to \$1,000.00 U.S. (or 7 - 10,000 DM).

5. Despite these considerations, and in full awareness of the fact that at the moment we lacked even the normal amount of information usually required prior to initiation of a developmental project, [] felt that this particular case was one which might be described as a calculated intelligence risk. He therefore instructed [] to enter into a tentative three months commitment with [] but at the same time to point out that we too "wanted to work on a solid and long-range basis" and consequently would not enter into carte blanche financial commitments. Instead, we would come to financial agreements on an (operation-by-operation) basis after [] had prepared and submitted detailed descriptions of the component operational parts of his group and of the personnel concerned therewith.

6. In accordance with these instructions [] gave \$100.00 U.S. (which the latter received as an operational advance, but which we, pending a more detailed assessment of his possibilities, carried as "purchase of spot information"). In return we received [] reports (mentioned in para. 3 above), which included MGM-157, MGM-158, and a number of others now in translation by []. In a series of subsequent meetings [] has managed to elicit basic information on various [] operations, as well as personal history records of [] and five others in his group.

7. To date, despite the tentative three months commitment reached on 3 February, the total cost to us has been limited to the \$100.00 U.S. noted above, and \$64.00 U.S. given to [] to pay certain sub-agents in critical financial need. We anticipate, however, that we will shortly have to come to more conclusive financial arrangements, and pertinent memos are being prepared for transmittal to you as soon as possible.

[AC,MOB]

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