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DISPATCH NO. MGK-A-

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TO : Chief, EE

DATE: 31 January 1952

FROM : Chief of Station, Frankfurt /J40

SUBJECT: GENERAL—

SPECIFIC— FRUENGEL Torpedo Exploder

REFERENCE: MGK-W-11687

1. At my request, FRUENGEL came to Frankfurt on 28 January 1952 to discuss the final business questions connected with our purchase of his torpedo exploder. [] met FRUENGEL on this occasion in order to take over the case should it not be completed prior to my departure. [] was also present to advise on certain aspects of transferring the money, and if necessary to handle the purchase of the equipment if we had to do it legally.

2. FRUENGEL indicated his preference to conduct the entire transaction illegally, with our paying one-half the sum (\$12,500 in DM) in cash at the beginning of the project, and the remaining one-half in dollars to a bank account in Zurich, after the equipment has been checked and accepted. The name and number of the account will be given to me later. This method is the easiest for us and affords the best security. The fact that the transaction is not reported also gives us some control over FRUENGEL if it is ever needed.

3. I propose to contact Captain DAY (WASH-24457) as soon as possible, and with the technical assistance provided to get the project under way at once.

4. Your attention is called to USFA Special Bi-weekly Report No. 161, of 18 January 1952, Part III, Scientific and Technical Intelligence--Electronics--page 1, item 1. This concerns a report by an informant who was allegedly approached by the Soviet Element in Vienna and given a list of firms to contact on a proposed trip to West Germany. He was to obtain brochures from a number of firms, including that of Frank FRUENGEL. The identity of the informant was not given.

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