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VIA: _____ DISPATCH NO. OIRA - 1218
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CLASSIFICATION

TO : Chief, WS DATE 29 July 1953
Attn: Chief, Italian Branch

FROM : Senior Representative, []

SUBJECT: GENERAL -
SPECIFIC - Activity of Karl HASS, alias Rodolfo or Carlo GIUSTINI

Source: []
Date of Info: 20 April 1953
Date Recd: May 1953
Evaluation: B-2

1. The information summarized below has emerged from observation and control regarding the activities of Karl HASS.
2. Lois EDER, of the new German service, lives at Linz but also, probably, at Salzburg. The relations of the office and certainly those between Lois EDER and Karl HASS are not limited exclusively to business, which is apparent from the confidences of HASS to Source's informant who also was able to take a brief glance at some of EDER's letters. (See attachment 1).
3. HASS' commercial office in Rome is run by Harold [] (alias EBER) and is located at Via Appia 21, telephone 709-756.
4. HASS' relations with police officials and officials of the Ministry of the Interior are not clear, at least in the light of statements HASS has made to his friends in confidence.
5. Reappearing on the scene, or so at least it seems, is the usual [], who is and is not with the CIC in Austria, but who appears at the present time to have ties with HASS and HASS' friends.
6. In Attachment 2 are reported certain statements made in confidence by HASS about the conflict among former officials of the Abwehr and of the Sicherheitsdienst as to who would get the most important positions in the reorganized German intelligence service. HASS KAHN THEODORE

PUNCHED FEB 1960

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Carl Friedrich
7. From information available, it seems clear that the position of the group under Colonel HEINZ, who participated in the plot against Hitler organized by Admiral CANARIS, is the strongest. Loth EDER belongs to the HEINZ group.

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HOSTILE
8. The appearance of the former General of the S. S., HILLHOTTL, who under the name of HAGEN had published the book, "The War of the Spies", appears in a not very favorable light because of his attempts to cause injury to HEINZ in a disloyal manner; he was suspected of being in collusion with elements believed to be Soviet agents, reasons for which he was arrested together with the two officers of the CIC (LAUDER and LANGER). This, HASS affirms. (See Attachment 3)

9. But General HOTTL's relations with the Soviet Colonel STERN constitute another circumstance which increased the doubts which arose regarding him and which must always be considered in the event that he should succeed, in spite of everything, in obtaining a position in the German service.

10. As is pointed out in Attachment 4, Colonel HEINZ's representative arrived in Rome on the 14th of this month to make contact with HASS and, probably, with functionaries of the Minister of the Interior (BARILETTA, CAPUTO) with whom there appears to exist a basis for semi-official collaboration.

11. On the strength of this information, it is possible to make the following deductions:

- a. The reorganization of the German Service is effectively under way not only in Bonn, but also abroad;
- b. HASS, who in agreement with the M.I. works also under the name of Rodolfo (or even Carlo) GIUSTINI, is the person intended for work in Italy under commercial cover;
- c. The visit of EDER* must indicate a kind of tolerance on the part of the Italian authorities regarding the activity of HASS.

*Investigations in course to identify.

Prepared by []
28 July 1953
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Attachments 1 (as listed above)

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Attachment I to
OIRA-1215
Dated 29 July 1953

1. It is now possible to clarify a previous report which referred to the contents of a letter from Lois EDER in which explosives were mentioned; Lois EDER proposed to HASS a commercial collaboration for the sale of explosives in Italy and elsewhere, with an ex-official of the German political service, whose address is: Firma August Reichberger, Beethovenstrasse 4, Linz/Donau. Source is not yet sure if the name of the person corresponds, as is likely, with that of the firm indicated above. Source states, and this is the more important point on the basis of declarations by HASS himself, that the above firm collaborates very actively with some Soviet commands in Austria under the plan of economic sabotage in the Western Zone of Austria. To this and other similar firms the Soviets sell, at favorable prices, large quantities of general food products which are then resold under cost in the Western Zone of Austria, thereby making normal prices fall. It has been possible in the past for Source to ascertain personally that this singular form of economic collaboration was related to a more important intelligence collaboration. Under this aspect, considering the official position of EDER, "responsible" of the German Service in Austria, EDER-REICHBERGER and REICHBERGER-HASS contacts appear strange unless one wishes to presume a penetration attempt by the German service into some Soviet circles.

2. Source was able to view some passages of a letter of bid from the REICHBERGER to the HERBERG firm. In this it was stated that TNT, of the 80 30 type, was not available and offered instead "Donarite" in its various types. HASS explained to Source that the "Donarite" is of Soviet origin or, at least, manufactured in the Soviet Zone of Austria. A specialist in explosives could easily determine its origin.

3. Source was able to see and study the technical description of the explosives offered: "Donarite I", "Donarite 2", and gelatine "Donarite I" was offered. Subject was particularly surprised that the description dwelled more on the methods of use, on ways to blow up railroads, bridges, concrete constructions, etc., how to prepare charges and primers for various types of strongholds and terrain, than on the technical characteristics. In conclusion, the language was more military than technical. This is due possibly to the particular mentality of the manufacturer (the instructions were written directly by the factory and not by the intermediary firm).

4. HASS proposed to negotiate for the sale of this material with STACCHINI, who sells and exports similar material, especially to the Middle East.

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Attachment 2 to
OIRA-1213
dated 29 July 1953

The German Information Service

1. Forwarded in condensed form is further information picked up from MAST recently regarding the German Service which is in process of reconstitution.

2. In the summer of last year, there were already very clearly outlined two groups of aspirants for the constitution of the new German Information Service. One group was headed by Colonel HEINZ, candidate of BLANK and functionary of the Security Service of the German Federal Republic; another group had as its chief the ex-Abwehr General VON QUELEN, agent of the American Intelligence Service, who was the candidate supported by that Service.

3. In Austria at that time, the cadres of HEINZ's group were constituted as follows:

Chief of the Service in Austria - Willi HOTTL
Vice Chief of the Service - Baron Harry MAST (Linz) 201.
Secretary of MAST - Miss KRAVETSKI (Linz)
Section Chief - Lois EDER (Linz)
Courier - VON ALBERT (Salzburg)

4. Shortly after the constitution of this cadre, HOTTL consigned to the courier VON ALBERT a sealed letter for BLANK. VON ALBERT, to whom it appeared not entirely correct for HOTTL to deal directly with BLANK, inasmuch as HOTTL's direct superior was HEINZ, opened the letter which contained disparaging statements against HEINZ and EDER, who, when they learned of the letter's contents, obtained the removal of HOTTL. (There are traces of this correspondence in the hands of the Italian authorities.) Baron MAST also withdrew from the HEINZ group (in this circumstance a trip to Rome by MAST's secretary did not take place). Immediately, HOTTL and Baron MAST agreed to work in Austria with the QUELEN group. From this moment a struggle ensued in Austria between the representatives of the two groups, HOTTL's group supported by the American Service which wanted to keep the new German Service under control.

5. The events of the past days (HOTTL's arrest) were allegedly the result of this struggle. The requisition of the periodical edited by EDER was due to the pressure of the American Service on the Austrian authorities, with a view to placing EDER's position in Austria in a critical light.

6. In retaliation, EDER and his friends in the HEINZ group allegedly furnished the American Service, which was already in possession of fragmentary information, definite proof of the collaboration of HOTTL with the Soviets, proof that led to his arrest. It seems that, in retrospect, the position of

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Saron HASS also is critical. (In the case of EDSF, for example, part of the correspondence with HASS was intercepted; not, however, the intelligence reports which HASS received at another address, probably Salzburg, care of VON ALBERT.)

7. What is HASS' position in this? He has continued to remain with the WEINZ group which appears to him to be the stronger. He has tried, up to the present, to maintain good relations with KOTTL in the event that the QUELEN group gained the upper hand. This, at least, in his version which, in consideration of past events, should be taken with some reserve.

3. The reasons for the presumed ascendancy of the WEINZ group lie essentially in the fact that WEINZ already has a strong official position in Bonn and in the fact that it is not possible that Bonn, according to HASS, could accept QUELEN, a well-known American agent, who has the minor merit of being anti-Nazi, as compared to WEINZ, who was one of the top men in the CANARIS conspiracy.

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Attachment 3 to
OEMA - 1213
dated 29 July 1953

The German Intelligence Service

1. The former General of the Sicherheitsdienst, Willi HOTTL (author of the book "The War of the Spies" which he wrote under the pseudonym HAGEN) was recently arrested by the CIC on the charge of military espionage in favor of the Soviet Union.
2. The arrest, according to correspondence received by HASS at Salzburg, is intimately connected with the arrest of the American CIC Officers LAUBER and FONGER, presumed Soviet agents and accomplices of HOTTL. On the occasion of HOTTL's arrest, HASS' correspondence was also impounded and the latter is preoccupied by this notwithstanding his efforts to minimize the event.
3. In the past HASS, in the period in which he lived in Austria, took upon himself to warn HOTTL that their contacts with Soviet Colonel STERN in Vienna had been discovered. According to HASS, HOTTL's version was completely satisfactory.

"Colonel STERN is a student at the University of Leningrad; it is of little importance that he was revealed to be a friend of ABAJUMOV, Chief of the Soviet Security Service, recently removed. In the role of student he was sent to Vienna to locate, and eventually photograph, cultural material in the libraries of Vienna and other similar institutes. This work was obstructed by the fact that nearly all the technicians of libraries and cultural institutes had been purged because they were Nazis. STERN then assembled in Vienna some of these technicians, among whom was HOTTL who in the past had been a teacher of philosophy and history at the University of Vienna. He accepted and went to Vienna many times to see STERN, no harm being done in this as it was merely a cultural thing. Unfortunately, he forgot to communicate these contacts to the American Service."

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Attachment 4 to
ODNA - 1213
dated 29 July 1953

Activity of Lois EDER, Member of the German Intelligence Service

1. Source saw HASS on 14 April 1953 at 1730 hours in the Rosati bar on Piazza del Popolo.
2. Lois EDER, WEINZ's trusted element in Austria, had arrived in Rome Saturday afternoon (11 April), later than expected because he had been called to report to the Chief for South Germany at Munich.
3. Lois EDER is a former official of the SD who resides at Linz and at Salzburg.
4. During the conversation Source learned that HOTTL, who had been arrested by CIC, had been subsequently freed and that he had written to HASS telling him about his misfortune.*
5. HASS' in presenting this person to Source, said that he (EDER) would be willing to work for the Agency,** as he had vast possibilities in Austria where it is possible to get information regarding the location of all the Russian units in the Zone, order of battle, etc. Source let him talk on in this regard, then declined the offer on the grounds that it was not of interest to him because he was a journalist.

* Source Comments: This information is fully confirmed by another of Source's informants in contact with HASS.

** Mercury Press.

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