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6 May 1966

MEMORANDUM

SUBJECT : Case of HEINE v RAUS

This case is a slander action in the United States District Court for the District of Maryland by one Erik Heine against Juri Raus because Raus publicly identified Heine as a Communist and a KGB agent. While both are of Estonian origin, Raus is a U.S. citizen, and Heine, having emigrated to Canada, is now a Canadian citizen. The defense is that Raus made these statements in the course of his employment by the Central Intelligence Agency and that they are, therefore, privileged and the complaint should be dismissed. A motion to this effect is currently before Judge Thomsen of the Federal Court in Maryland.

The facts behind this action are as follows: Juri Raus has long been an important figure among Estonian emigres in the United States, and has until recently been National Commander of the Legion of Estonian Liberation, an organization of American citizens of Estonian origin. Consequently, we have established a relationship with him over the years in which Raus has been willing to act for the Agency in connection with our intelligence interests. His mission was to identify, select, and aid in the recruitment of Estonian emigres

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for intelligence missions abroad, primarily into the Soviet Union. This mission he accomplished effectively over the years.

In 1963 Erik Heine came to the United States to show an Estonian nationalist film and to develop contacts in Estonian emigre organizations. Heine had first come to our attention in 1957 when he was released from a Soviet prison camp and traveled to Germany, allegedly as a returning German POW. At that time he had been interrogated by Agency officers, but his story was not given credence. Thus, when Heine visited the United States in 1963 we conducted an intensive analysis of all information that could be developed on Heine which was available from a number of sources. This analysis, coupled with our knowledge of other similar cases and of the techniques of penetration and deception employed by the KGB, led our experts in counterintelligence to the firm conclusion that Heine was a controlled agent of the KGB. His efforts to establish himself with Estonian emigre groups in the United States, therefore, became of great concern to us, not only because of the problem of impairment of our intelligence effort but because of personal danger to members of the emigre groups who cooperated with us. Accordingly, it was determined that the Estonian emigre groups should be appropriately warned of our conclusions as to Heine's control by the KGB and the obvious dangers involved. Raus was the obvious emissary for this purpose and was briefed on our analysis and conclusions and instructed to warn appropriate persons in the emigre groups. He did so and inevitably the word got back to Heine,

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who then announced that he intended to sue for slander. Again we believe this is consistent with KGB policy and techniques because of its obvious divisive influence within the Estonian groups. This division has actually taken place since the suit was filed.

Once the complaint was brought, it became clear after careful study that our emissary was in serious personal trouble as a result of his action taken under our instructions. Accordingly, with the full cooperation of the Department of Justice, affidavits were filed on behalf of the defendant, Raus, to establish that when making the statements concerning Heine he was acting within the scope of his employment and the statements were, therefore, privileged. Since the case is presently before the court for decision, we have felt that it would be completely inappropriate for us to comment further publicly at this time on the merits of the case or the newspaper stories concerning the case.

Transmitted to [ ] DC/WE  
for passing to Walt Stoessel of  
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