

**BEST AVAILABLE COPY**

13 Sept 64

To [ ]

DECLASSIFIED AND RELEASED BY  
CENTRAL INTELLIGENCE AGENCY  
SOURCE METHOD EXEMPTION 3B2B  
NAZI WAR CRIMES DISCLOSURE ACT  
DATE 2006

Addendum to the Analysis of the E. HEINE Case

1. Introductory :

a. Commencing with the latter part of 1964 and throughout 1965, the Soviet organs undertook a massive propaganda campaign, the objective of which is to underscore the importance of the work being conducted by Soviet intelligence and its secret agents.

b. This campaign appears to be directed simultaneously against the two separate groups. The first is directed against the people inside the USSR in order to persuade them about the importance, necessity, justice, and heroism of the activities undertaken by Soviet intelligence.

c. The second is aimed especially against the Free World. In the latter case, the purpose of the campaign is to persuade interested citizens in the uselessness, perversity, ineffectiveness, etc., of the Western intelligence services in their work against the "Fighters for Peace", i.e. against the Soviet intelligence and its secret agents.

d. If we consider that the USSR is still a totalitarian state, it is then obvious even to the uninitiated that this whole propaganda campaign could have been launched only upon command from the highest level staff, i.e. from the Presidium of the Central Committee of the CP of the USSR. This is a new and unique approach to the entire complex of Soviet intelligence agent activities in the Free World; unquestionably a new and important directive of the CP leaders, the details of which are not yet known to us, is responsible for this new approach.

e. The undersigned is convinced that one of the purposes of this decision is to utilize all possibilities in the Free World to activate, strengthen, and improve the position of the Soviet Intelligence and its secret agents abroad.

f. It now ~~app~~ is apparent that the leadership of the Central Committee discovered a new opportunity in the West, previously neglected, to utilize and exploit the legal recourses open to them in the Free World. All of this is being engaged in to effect further successful penetrations and to introduce a modicum of stability to the Soviet secret agents who are now in the Free World with secret missions from the Soviet intelligence.

g. We are witnesses to an exceptional campaign which has no precedent in the history of the Soviet dictatorship. To date this campaign has revolved around the disclosures of the Sorge, Abel and Lonsdale cases. This new Soviet

[ ]

approach was commented upon in the analyses of [ ] C/SR/CI, dated 11 March 1965. He characterized this direction as "unique and revolutionary". One cannot help but agree with these precisely stated conclusions.

h. In opinion of the undersigned, this new Soviet approach to its secret activities is worthy of our closest attention and thorough research. It is not the purpose of this paper to deal with all aspects of this new revolutionary Soviet approach. The undersigned would like to call attention only to a limited area of our activities, specifically to the future handling of the HEINE case.

2. Possible KGB Objectives in the HEINE Case :

a. In the light of these changes by the Soviets to its secret activities in the Free World, the undersigned feels compelled to supplement those conclusions which he made previously. According to our estimate, HEINE is considered to be a highly suspicious individual who was dispatched abroad by Soviet intelligence with a secret mission directed against the Free West. We know that in late 1964 HEINE instigated proceedings against Mr RAUS for "libel". This is an extremely unusual step for a Soviet secret agent which contradicts the existing Soviet M.O.

b. It would now appear that HEINE's action may have a direct relationship with the above mentioned revolutionary Soviet approach to their secret work against the Free World and its security ~~xx~~ organs. The situation is approximately as follows: HEINE, as a former "unimpeachable" anti-soviet fighter, has lost almost all confidence in the eyes of the Estonian emigres who evidently were his primary target. Because most of the Estonian emigre circles entertain serious doubts about HEINE bona fides, HEINE's value as a Soviet secret agent has diminished considerably on behalf of the Soviet intelligence service.

c. It can therefore be anticipated that HEINE, in accordance with the new Soviet policy described above, will have been given by Moscow a new mission - that of directing all his efforts and his future activities towards the achievement of a legal defeat to the West. Such a defeat in a Western court of law would have farreaching effects; in effect such a defeat would thereby paralyze any attempt of the Free World to protect ~~xxx~~ itself from Soviet intelligence penetrations in the future. It would also demonstrate to scores of Soviet secret agents operating in the West the relative safety of operating against the Free World - thereby immeasurably heightening their morale.

d. If the foregoing observations are accurate, one then observes that the Soviet intelligence is not afraid even of appealing to a US court of law in order to establish a legal precedent- although thereby they might surface and/or sacrifice its own secret agent.

e. It is therefore questionable whether even highly skilled lawyers will be able to win the case ~~xi~~ unless they are most appropriately prepared and suitably briefed on how to proceed in the court with HEINE's interrogations- which could be highly embarrassing to HEINE ( if they would be given an opportunity to interrogate in the US court of law ! )

BEST AVAILABLE COPY

# BEST AVAILABLE COPY

3.

It is highly doubtful that anybody could produce satisfactory evidence pointing to HEINE's illegal or even hostile activities in a US court. In this respect the Soviet intelligence, after study of the applicable US laws, could be certain of its victory in the US court. Such a victory, however, would be of great significance to the Soviet intelligence service. A great deal of Soviet secret activities in the Free world are at stake in the event of such a victory.

f. Therefore, the undersigned feels that it would be appropriate to consider the forthcoming "libel" suit as an invisible legal battle between the KGB and the CIA and as an attempt by the former to compromise the latter with all the serious consequences deriving from such a legal defeat.

g. We do not now have sufficient legal evidence in order to survive this proceedings. Nonetheless, we have enough intelligence evidence, we believe, which exposes and identifies HEINE as a Soviet agent. Therefore we should do everything possible in order to keep this battle outside the court. In other words, to beat out enemy we should select the battlefield of our choice and compel him to deal with our terms.

Our action taken against another Soviet agent, Arthur HAMAN, and its results serve us as an excellent example - see the IZVESTIYA, 17 October 1963, page 4, article titled "ZHESTOKIY Urok" by HAMAN.

h. It ~~is~~ seems therefore that the most beneficial solution to our side would be the absence of the plaintiff and therefore the revocation of the legal proceedings in connection with this. The Soviet intelligence service unquestionably ~~is~~ is closely watching all these legal proceedings and especially all reactions in the West among the Estonian emigres in particular. The KGB even attempted to render support to HEINE by denouncing him in the KGB published publication, KODUMA. The KGB is guiding HEINE in all his legal and secret steps by remote control. What the Soviet intelligence would be interested in is the surrounding situation and the mood of the Estonian emigres, especially HEINE's position and his relations with the majority of the emigres. The Soviet intelligence would also be interested in knowing the extent of the confidence enjoyed by HEINE presently within the emigre circles and who his supporters and enemies are. The primary question is: is HEINE's position deteriorating or has it stabilized or is it without any change. A chance exists that if the Soviet Intelligence would detect a deteriorating picture of the situation and some of hostile activities against HEINE, it would decide to recall HEINE before the legal proceedings began as it obviously occurred in the HAMAN case.

i. It would seem vital to our side to stimulate this situation in a timely fashion with an attempt to create a climate which would provoke HEINE and his masters to take defensive steps and to retreat. It is therefore very important to demonstrate ~~to~~ the KGB our continuing interest and our persistent activities in order to convince him of our resoluteness to strike back. It would be appropriate to activate our legal and especially our covert operations in a timely fashion in order to influence such a recall of HEINE from the Free World. Our tardiness and our inactivity could convince the KGB of their forthcoming victory in a US court of law.

Taking into consideration the above mentioned it is essential to start our combined counteraction in the nearest possible future (see [ ] suggestions in his previous report ). ~~Propaganda, etc.~~ Only our timely oriented, systematic and consistent combined operations with the participation of our lawyers and their private detectives could prevent a precarious situation for us in the court.

j. If we consider the present situation a serious one , it appears that we should begin with a systematic study of the existin\_g situation within the Estonian emigre circles. It is of importance to know the mood and the feelings of ~~x~~ these circles and ~~whether~~ whether HEINE can count on them for support or not. After such a study is completed it would not be difficult to decide what to do and what type of operations to conduct to influence the situation beneficial in our direction. We should keep a sharp eye on HEINE's surrounding to be able to make a right decision. We should be alert to the fact that if the "libel" suit takes place, and if we were lose the suit, it will be a great propagnada and operational success for the Soviet intelligence service which they will take advantage of in order to compromize our side in its conduct of future operations directed against the West. On the other hand, if we succeed in our operations and HEINE will disappear we would be able to exploit our victory propagandistically and thus anormously heighten our prestige.

k. Finally, the undersigned feels that it would be most appropreate to have a qualified CE expert meet regularly with our lawyers in order to convey to them the KGB mentality and the operational climate common to KGB activities. Only if we so arm our attorneys can we be certain that we have done our ~~unnon-~~ utmost to support them.

10 September 1965

[ ]

**BEST AVAILABLE COPY**