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16 December 1966

MEMORANDUM FOR: Chief, SB Division

SUBJECT: Status of Investigation of HEINE
Case

1. The results of the investigation of HEINE indicate that his alleged period of service in the Estonian Political Police from July 1941 to February 1942 is one of the weakest spots in his legend in that we have quite concrete evidence that he has lied about some aspects of this story and have some indication that he may have been working as a Soviet agent at this time.

2. HEINE states that he interrogated a certain Neeme RUUS who had been a high government official during the first Soviet occupation of Estonia. Ain MERE, who was Chief of the Estonian Political Police at that time, has stated that, as this case was handled by the Germans, HEINE could not possibly have interviewed RUUS. MERE has stated that he remembers that in a file on HEINE there was some indication that HEINE had been involved in "political double crossing" with the suggestion that HEINE worked for both the Germans and the Soviets.

3. Erwin VIKS, who was Chief of the Estonian Political Police in Tallinn during the German occupation, has stated that HEINE was a member of a nationalistic group of anti-Nazi Estonians who gathered information in German-occupied Estonia and sent it to the Estonian Legation in London from where it was passed to the Soviets. A Fnu SCHMIDT, whom VIKS maintains was not a Communist or member of a Soviet intelligence organization, passed the information to the Soviets. An attempt is being made to identify this SCHMIDT through []

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4. Other parts of HEINE's story such as his career as an anti-Soviet partisan and his trip to Siberia to bring back Estonian deportees have been told in different versions and are wildly implausible. During an interview by the RCMP, a Canadian citizen provided information directly contradictory to statements made by HEINE under oath. (The Canadian citizen, who stated he never heard of or saw HEINE until HEINE contacted him in Canada, told the RCMP that he has a brother who is still in a Siberian prison camp and, therefore, his brother is not permitted to write to him, and that his sister-in-law in Estonia has ignored questions which he (the Canadian citizen) has asked her about HEINE as a result of HEINE having related the story of his trip to Siberia. HEINE testified that the Canadian citizen had contacted his brother who wrote back that "of course, they remembered Eerick, the Saviour.")

5. At the present time we are awaiting a reply from the BfV in answer to questions we asked by dispatch last fall concerning the German aspects of HEINE's story. Also outstanding is the result of an interview which [] was to conduct with Alexander MAERDI who was recommended by VIKS as a source of more information on HEINE. We have also not received the results of an interview of Eduard UDUSTE, also recommended by VIKS, which is being conducted by KEITH, the lawyer in the Canadian lawsuit.

6. Apparently HEINE ~~was decided not to defend himself~~ ^{will defend himself} against the lawsuit in Canada. A judgement should be automatically rendered against him some-time in January. ✓

7. Pending the results of the parts of this investigation still outstanding, no further action is contemplated.

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8. According to information published in the Toronto Globe and Mail, HEINE is meeting in New York City this week end with his lawyer to plan an appeal against the dismissal of HEINE's slander suit against RAUS. HEINE's lawyer said that the appeal may be launched next Monday in the Court of Appeals in Richmond, Virginia, and that they will go to the Supreme Court, if necessary. The lawyer further said that a "great many" witnesses will be called and named two individuals (now living in Germany) who claim to have known HEINE in Soviet prison camps.

COMMENT: One of the above referred to is an Estonian who was interviewed in our behalf by BfV in 1965. He has told either HEINE or HEINE's lawyer of this interview. HEINE's lawyer revealed the interview to the press and commented that the interview took place two years after RAUS (at the direction of CIA) had called HEINE a spy, clearly implying that CIA was pretty hungry for information to back up their accusations made two years earlier. The other "witness" is a German who seems to be especially interesting because the only time his name has appeared previously was during HEINE's interview by CIA in Frankfurt in 1957.

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