

SECRET
SECURITY INFORMATION

XOD-44
HJR

HEADQUARTERS UNITED STATES FORCES IN AUSTRIA
OFFICE OF THE ASSISTANT CHIEF OF STAFF, G2
STAFF GROUP, DETACHMENT 36 (PROVISIONAL)
APO 168, US ARMY

XOD-44

10 January 1962

SUBJECT: Approach to 201 by W. HOETTL to Participate in the "Intelligence Service of the New Bonn Defense Ministry"

TO: Files

MICROFILMED
MAY 1 1963
OK. AGRO. SER.

1. At 0630 hours on 4 Jan 52, 201 telephoned 35727 at his AGRO. SER. requesting a meeting at the earliest possible moment. 35727 noted the urgency in 201's tone of voice and set a meeting for that morning at 1200 hours at the Salzburg Railroad Station.

2. At 1200 hours on 4 Jan 52, 35727 picked up 201 who was waiting at the exit gate of the Salzburg railroad station, and drove with him (in 35727's privately owned vehicle) toward the environs of Salzburg. As soon as the customary salutations were dispensed with, 201 began his recital of his chance meeting with Hoettl in Linz, proposition offered to 201 by Hoettl and 201's meeting in Bad Ischl with alleged representatives of the Bonn Government. At the conclusion of 201's expose, 35727 directed 201 to remain in Salzburg that afternoon and to write an account of those points which he had related verbally to 35727. 201 readily agreed to do so. 201 stated that he would need the better part of that afternoon to complete his report. Accordingly an appointment was made for 1700 hours 4 Jan 52 in the Mozartplatz at which time 201 would consign his finished report to 35727. At precisely 1700 hours, 35727 drove to Mozartplatz, picked up 201 and drove him to the railroad station. During the course of the drive from Mozartplatz to the railroad station 201 gave 35727 his report relating the events of his meetings with Hoettl. The report was discussed briefly and 201 was allowed to depart for Lambach on the Arlberg Express leaving Salzburg at 1752 hours. 201 was told that within two weeks he would be advised as to his future course of action. At 1745, 4 Jan 52, 35727 submitted 201's report to 35782.

3. The following is a verbatim copy of 201's report with the original attached hereto:

"Operation Report

4 Jan 52

Subject: The Intelligence Service of the New German Ministry of Defense

I. Introduction

When still residing in Italy, Source received from time to time letters from "Willy", an old ex-colleague and friend of his. Since February or March 1950, however, Source did not answer any longer to these letters because of Willy's suspicious political activity. Not receiving any answer on the following letters also Willy stopped the correspondence in September 1950. Since that period Source had no direct or indirect contact with Willy.

Encl.

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Source left Italy definitely in October 1951 taking the new residence in Austria. About the 20th of December Source received through the family of Source's wife in Italy a letter sent on the third of December 1951 by Willy from Austria to one of Source's Roman cover addresses (Via Faleria No. 8). In this letter Willy communicated that he would arrive in Rome about the middle of the month and that he would like to speak to Source at that occasion.

Source was astonished to hear of Willy after more than one year of silence. Some days later Source met Willy in Linz without having made an appointment. Source said: "I am sorry that we did not meet in Rome but that time I was in Bolzano to spend there the Christmas holidays. When I called up my Roman acquaintances to send them my Christmas wishings I heard that you had written a letter announcing your visit in Rome. Thinking you had to tell me something of importance I took the train at Bolzano to come to see you".

Willy was glad to see Source and told the following reason for his Roman journey:

II Operation Report:

Willy was contacted by a leading person of the new German intelligence service who asked his collaboration at the organization of the Government of Bonn. (ZOI does not recall the name of the individual) After several conversations the delegate chief of the section South-East (Balkan and Mediterranean countries) Source interrupted Willy asking of what kind of "service" he was speaking. The answer was: "In five or six months the new German Ministry of Defense will be established. The chief will be, without doubt, the actual security commissar BLANK. The government of Bonn, however, is already now beginning to set up the intelligence service of this Ministry. The chief of this service is Col HEINZ, already now Willy's direct supervisor. The government naturally cannot pay the members of the organization before it does not officially exist but at the moment when the Allies allow the opening of the Ministry of Defense its intelligence network will be ready to start the official activity.

Source asked how it is possible that Willy, as an Austrian citizen can enter the German intelligence service. He answered that the necessary steps have already been taken to give him the German citizenship.

Willy said the aim of his journey to Rome was to contact Source. Willy intended to nominate Source Chief of the Sub-section "Italy and Near East" of the section "South East" directed by Willy himself.

Source thanked him for the kindness, answering that he would think it over and that he would call him up in one of the following days to give an answer before Source's return to Italy.

On Thursday 3rd of January 52 Source called up Willy (ALT-AUSSEE No. 16) asking for an appointment. Willy proposed to meet at Bas Ischl on the same day. Source went by train from Linz to Ischl and met Willy at the Station Restaurant.

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for
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[redacted]
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desk.*

Willy, who is convinced that Source still resides in Italy, proposed that Source send his reports in by courier to Bolzano and Willy will send a courier to Bolzano. Source made the counter-proposal to mail the reports at Innsbruck because he has good and safe ways. Willy agreed and expects the first reports signed with "L-606" at the end of the month of January, addressed to NIBELUNGEN-VERLAG, ALT-AUSSEE, POSTFACH No. 3.

PS

Willy meant that the new service will be the first one with a real independence which will not be controlled by any Allied intelligence Agency. The TIB composed also of German elements is destined to die because of the mistakes which its chief von GEELEN committed and is still committing. GEELEN tried to gather all intelligence activity under his leadership, making himself so automatically an enemy of all other German intelligence officers."

4. COMMENTS

a. The following points were covered verbally by 201 in his conversation with 35727 and were inadvertently omitted by 201 in his written expose.

- (1) Hoettl, in an obvious attempt to impress upon 201 the magnitude of Col Heinz's connections, flaunted the name of an American General with whom Col Heinz was in direct contact but acting completely independent of the American General in regard to the establishing of the Intelligence Service of the Bonn Ministry of Defense. 201 gave an Italian pronunciation to the American General's name but it was enough to identify the general's name as TRUSCOTT.
- (2) 201 stated that Hoettl intended to operate his Chief (201) of the Section "Italy and the Near East" under the cover firms of either Clarodent (dental products) or Mercedes Benz in Milan Italy. 201's salary was fixed at 1000 DM's monthly plus expenses for operational necessities.
- (3) L 303, the operative in charge of the Hungarian Section, is believed to be a Jesuit priest. No further details were known by 201.
- (4) 201 states that he was directed by Hoettl to continue his work with the Americans and to draw his salary from them until such time as the statutes of the Bonn Defense Ministry has been definitely established. Once that is accomplished, 201 is to sever all relationship and contacts with the "Americans" and is to sign a sworn statement to that effect. At the same time he (201) would pledge allegiance to the Bonn Government.

After having heard that Source eventually would be inclined to enter the new service Willy gave further details: He found for his section "South East" already the chiefs for the sub-sections. Every sub-section chief has a number, for instance, "L-101", "L-202", "L-303" and so on (that means - "Line 101"). Source received the number "L-606". Willy told that he in the time between the first and second meeting with Source he spoke with his chief (Col Heinz!) who accepted the proposal to nominate Source chief of the sub-section "Italy and Near East".

"That is very fine", answered Source "but how do you imagine yourself that the concrete solution will be". If Source should definitely accept the offer he would receive an official post at the Ministry of Defense and would be officially working in Italy. The chief and Willy will come to Rome in February 1952 to introduce Source to the German Ambassador von Brentano as the responsible man for every German intelligence activity in Italy and the Mediterranean area. As a cover activity Source will receive, through Bonn, a post at a German firm in Italy.

The payment will begin immediately after the official opening of the Ministry of Defense. Source's position will be strengthened by the fact that the whole (ex)change of intelligence material between the German service and the Italian agencies will be done through Source.

In what problems is the German service in Italy interested in? Military, political and economic information; activity of the Italian Communist Party; Cominform; contacts with the Arabian people in North Africa; the emigration group in Italy; collaboration with the Vatican.

At the meeting in Ischl was also present Willy's Chief of Staff, ex-officer of the Abwehr, who works now with an American intelligence agency. (Willy mentioned that all his subsection chiefs work now with the CIC, MIS and other agencies but they are already retiring themselves from these services and try to stay there only until that moment when the German service will begin its official activity (with other words - will begin to pay!))

Willy introduced his "Chief of Staff" to Source as Baron MAST (or BLAST) a man of about 45 years, meager; 170 cm high, wears spectacles and a Steyr jacket. Willy and his man (ex)changed reports and information in the presence of Source who was begged, however, to read a newspaper during their conversation. Willy gave his man about ten reports, which contained among other things, statistics and designs about the composition, armaments, uniforms, location, personnel and so on of Russian Divisions and also American military units. Source heard that Willy has direct contacts with Hungary (through his "L-303"), Willy spoke only in number "L-101", "L-404", for instance but mentioned also a certain "Otto" and "Langen" as their collaborators.

At the end of the conversation Willy told Source that it would be useful to begin immediately with the work, using also old material because they don't have anything about "Italy and every information is new for them."

- (5) 201's personal reactions to Hoettl's proposition: 201 is wary of Hoettl's intentions and does not intend to become a pawn in Hoettl's political intrigues and maneuverings. At the same time 201 views Hoettl's proposals with a roseate hue because he sees in them a golden opportunity to become a bona fide, respectful German citizen and civil servant devoting all his time and energies in the legitimate pursuit of his career which began in 1933 immediately upon his graduation from the University of Berlin with a degree in political science. Nonetheless, 201, of his volition, stated that if he received the necessary approval from 35727 he would accept Hoettl's proposition to go to Italy and reactivate his old contacts and lines. This would afford him "the opportunity of furnishing 35727 with the modus operandi (to include function, personnel, lines of communication, copies of reports specific targets, etc) not only of the Bonn's Defense Ministry Intelligence Service but also Italian Intelligence". As an after thought 201 stated "of course such an operation will entail the use of the most stringent security measures!" 35727 agreed and stated that before such an operation went into effect, the most minute detail would be worked out to the nth degree.

201 is also aware that Hoettl, whom 201 regards as an ambitious, unscrupulous and astute individual maybe undertaking this project on his own initiative in the hopes that he (Hoettl) may receive the accolades (and backing) of former German colleagues as the rising star within the orbit of future German Intelligence endeavors. This would assure Hoettl, according to 201, that high level niche that Hoettl sought not only during WWII but also ^{during} those past war years extending to the present date.

35727