

XOD-50

1 February 1952

## Contact Report

SUBJECT: SHOSHONE/201

1. On 31 January 1952, 35727 and 35753 had lunch with 201 in Salzburg for the purpose of discussing progress made on the SHOSHONE penetration project. 201 appeared somewhat discouraged. Subsequent conversation brought to light the following problems:

a. The assignment with MIS Linz seems to have demoralized 201 somewhat. An MIS officer by name of Clark had accused 201 of "spying for Bruno". Work in MIS was insufficient because of lack of cooperation of MIS personnel. He has now told his MIS supervisors that he will not continue his job with them.

b. Upon his return to Linz from his first visit with 35727 and 35753 he was called into 35284's office and asked, in so many words, "what gives", whereupon 201 was required to reveal details about his visit in Salzburg. It should be noted that Linz had been called and informed by 35753 that operational direction for 201 would come from Staff Group. 35284 further indicated to 201 his problems on confidential funds, actually stating that he had received 10,000 schillings only from Salzburg and how could he be expected to pay his informants, etc. In general, it appears that 35284 made some indiscreet statements in the presence of 201 about the working relationship between himself and Salzburg. Further, 35284 decided without coordination with Staff Group to use an Austrian business firm in Linz as cover for 201. The owner of this business firm "was thinking it over" in 201's own words, whether or not to involve his business in intelligence work.

2. The reason for going into this rather awkward situation is to find the explanation for the apparent confusion on part of 201. It was indicated to 201 that he would initiate organization of his project as outlined to him on the last meeting (see Contact report) despite Linz Field Unit's attempt to sidetrack the operation. He will not visit Linz FU office on his return to Lambach. Field Unit Chief, Linz, will visit Staff Group on 4 February at which time misunderstandings and indiscreet operational discussions with 201 will be taken up.

3. 201 said that he would return to investigate an offer of a two room office in WELS and start thinking along lines originally discussed with him. Source feels that using the business address of an established Austrian firm would be preferable to using his own name. Use of such established Austrian business firm should be in such a way as not to reveal intelligence activities of 201 in the Soviet Zone of Austria. This was agreed upon. 201 was given 1159 schillings to tide him over until sound logistical support can be established by Linz Field Unit.

FOR COORDINATION WITH Army

35753

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