

IRB/366/53

FREEDOM - Considerations re Arrest or Temporary
Detention of Willi HOETTL

Lt Col V. W. Hobson
G2 Opns

Everett O'Neal

18 Mar 53

1. For our conversations over the course of the last few days, we are presenting herewith a summary of our views on the proposed short-term arrest or detention of Willi HOETTL. As you have been advised this organization will make available for the interrogation of Subject Mr. William Johnson, who is well acquainted with Subject's machinations and connections. We do, however, believe that Subject should be placed under restraint for at least a 48 hour period, if not for a somewhat longer period, because:

a. Subject is a skilled, former German intelligence operator who has been in contact with various allied agencies in Austria since the war, primarily in a more or less successful attempt to peddle spurious information. This well known fabricator is very adept at lying and evasion and we deem it very unlikely that a "straight story" will be obtained from him by a friendly, uncontrolled interrogation (polite questioning). We have the distinct impression that Subject did not tell all he knows, or the entire truth about what he did tell in the 8 Mar 53 interrogation (S-16996). His story of his relations with TIB is a case in point:

- (1) Subject is not employed by TIB, according to statement of top indigenous officials.
- (2) Regarding Subject's connections with TIB, TIB maintains connections to HOETTL only as a counter intelligence measure in order to keep some track of his activities. It is definitely not through BORN as claimed by HOETTL.

b. An evaluation of the records of the FREEDOM case, plus information which has recently come to light regarding the activities of Subject and PONGER relative to TIB give good reason to believe that it is possible that Subject has acted as a witting agent of PONGER. We cite:

- (1) Kurt PONGER's efforts to return HOETTL to the good graces of CIC through Peter KELLER.
- (2) Kurt PONGER's attempts to secure employment for HOETTL with TIB.
- (3) It is strongly suspected that HOETTL attempted to use his connections with former German intelligence officers to assist PONGER in establishing contacts with officials connected with TIB, BVF and the German Police agency.

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c. Subject has information in his possession which constitutes a possible security threat to USFA and also possibly O. ARSUR:

- (1) Subject has extensive records of his correspondence with CIC during the period when he was employed by them. These records could constitute a source of embarrassment to the Command and should be retrieved. It is extremely unlikely that subject will volunteer their return unless some slight show of pressure is made.
- (2) Subject has knowledge of the personnel and activities of TIB which could be embarrassing to US authorities.
- (3) It is also deemed highly possible that Subject has in his possession documents of the former German intelligence service which should rightfully have been turned over to US authorities at the end of WW II.

2. Recommendations for Handling. There is admittedly some danger that Subject will attempt to give unfavorable publicity to US Forces because of his arrest. This we think could be minimized by careful consideration and by firm handling of Subject. There should be no question in Subject's mind that he is under restraint but at the same time the conditions under which he is restrained should be good. Another point which should deter him from publicizing his arrest and which can be pointed out to him during the interrogation itself, is that any publicity would quite likely redound to his discredit because:

- a. Either he has worked wittingly for a Soviet agent which would finish his intelligence peddling career in the West, or
- b. He has been taken in by a Soviet agent which we do not believe the foxy old fabricator would ever like to admit.

In case Subject does publicize his arrest, it is believed that USFA should simply put out a statement that Subject was called in for questioning on the PONGER/VERBER case. However, it is deemed unlikely that Subject will wish to publicize his detention and probably an agreement can be reached whereby neither side will publicize this particular aspect of the case.

Everett O'Neal