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## OFFICIAL DISPATCH

VIA: DISPATCH NO. **NAV-4**  
(GLA-502)

CLASSIFICATION

TO: Chief, Foreign Division  
Attention: [ ]  
DATE: 17 March 1950

FROM: Chief of Station, Vienna

SUBJECT: Operational  
Richard LAUDER-KLATT and the OeVP  
Reference: NAV-4-2088

1. Odeum maintains a regular surveillance of LAUDER-KLATT and there has been no reason to believe that their penetration of his circle is known to KLATT. However, there is no doubt that the Odeum informant passes on all he hears or is told without prior critical analysis. Odeum reports P/O1696 of 14 February 1950 and P/O1127 of 22 February 1950, which you will eventually receive through FOR channels, continue the story of the alleged KLATT-GRUBER intelligence negotiations. They are summarized in paragraphs 2, 3 and 4.
2. The question of the establishment of an Austrian Intelligence Service by LAUDER-KLATT had not been decided definitely by 22 January 1950. The meeting between KLATT and Fritz WURTHEL planned for 17-18 January 1950 did not take place. However, WURTHEL informed KLATT by phone that 10,000 schillings had been deposited in his name for the purpose of starting an intelligence organization. Two transfers of 4,000 schillings each were actually made to KLATT's account at the Volksbank Salzburg GmbH. (Odeum informant quotes KLATT as telling WURTHEL that the 10,000 schillings were not nearly enough.)
3. A meeting took place in late January between KLATT and a Dr. BOSCH (name spelling uncertain). According to Odeum files, Dr. BOSCH was one of the leaders of Dr. Kurt SCHNEIDER's "Osterreichische Sturmabteilung" who emigrated to England in 1933. He now lives near St. Gilgen. Odeum claims that BOSCH is close to GRUBER and that he is being groomed as Austrian Cultural Attaché in Paris. He is also a close friend of Dr. Justav CARAVAL.
4. Dr. BOSCH allegedly brought instructions from GRUBER and GRAF to the effect that preparations for the setting up of an Austrian Intelligence (by KLATT) were to be held up temporarily because too many people had heard of the plan. KLATT was not to draw on the 10,000 schillings until further notice. KLATT is allegedly agreeable to the postponement. He believes that its purpose is primarily to convince "inconvenient" persons like Gangel ULLRICH (Salzburg Security Directorate official

FORM NO. 10-50  
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and CIC informant) and Fritz/Jef RIEDL forget about the plans.

5. The original report on the alleged KLATT-GREUER arrangements and all subsequent reports have been passed to Major MILANO of G-2 USPA (Rear) by the Odessa Liaison Officer.
6. Major MILANO, who has been concerned with the affairs of KAUBER-KLATT for several years, obtained a version of the KLATT intelligence service story directly from KLATT late in January 1950. As pieced together from KLATT's statements and independent information available to G-2, the true story appears as follows. The well known gentlemen, RIEDL and SCHWARZKOPF, who had performed intelligence and other questionable services for Herbert KRANS, CIC and the People's Party in turn, found themselves laid winter without a sponsor. In order to drum up business they approached someone close to Minister GREUER and claimed they were in a position to penetrate the entire U.S. Intelligence Service through KAUBER-KLATT, providing they were sponsored by GREUER. At the same time RIEDL and SCHWARZKOPF approached KLATT and asked him to go to work for the Americans while at the same time reporting to GREUER on U. S. intelligence activities. SCHWARZKOPF actually paid KLATT a few thousand schillings in connection with this proposal. In January 1950 KLATT approached CIC through an intermediary, told CIC of the RIEDL-SCHWARZKOPF proposals, and suggested that CIC employ him as a double agent. Major MILANO claims that CIC politely said, "No thank you", and that is the last Major MILANO has heard of the affair, except for the Odessa reports. He believes that the Odessa sources are on the right track, but that they have not seen through the matter fully. G-2 has checked on the money Greuener reported in paragraph 2 above, and claims that there is no truth in it. KLATT has never met GREUER. Major MILANO is prepared to re-interrogate KLATT at any time if we are interested in pursuing the story further. Since KLATT has tried on numerous, previous occasions to sell his services to CIC, Major MILANO has not deemed this case important enough to study closely.
7. G-2 is currently extremely interested in SCHWARZKOPF and have issued orders for his arrest. At recent U.S. Army maneuvers in Austria, three Austrian Communists were picked up for observing too closely. In the course of the interrogation, one of them admitted having arranged meeting between SCHWARZKOPF and the Russian authorities in the fourth Bezirk of Vienna. At about the same time Gergolf ELLICH, Salzburg Security Director, came to CIC stating that he had heard that SCHWARZKOPF was involved with the Russians and that he was desperately afraid that he himself would be involved. (ELLICH has always been a good friend of SCHWARZKOPF and had offered to allow him and KLATT to use the police post to Vienna at the time the "KLATT Intelligence Service for GREUER" was being discussed.) When and if SCHWARZKOPF is arrested, G-2 may ask our assistance in providing for a carriage that.

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