

VIA AIR
(SPECIFY AIR OR SEA POUCH)

DISPATCH NO. EGF-A-1054

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CLASSIFICATION

TO : Chief, EE

DATE: APR - 8 1953

FROM : Chief, FHB *WZ*

INFO: COM, Frankfurt

SUBJECT: GENERAL - Operational/REDCAP/CAPITATION

SPECIFIC - (1) Progress Report Requested By DIR 47849;
 (2) Contact Report--Fifth Meeting With KIBITZ-15.

REF: DIR 47849, 1 April 1953;
EGFA-1021, 26 March 1953.

SYNOPSIS: The first part of this dispatch comprises a progress report, requested by first reference, on our proposals and efforts to transfer KIBITZ-15 out of Stay-Behind activities and use him as a Principal Agent in REDCAP. The period covered extends from 14 February 1953, the date the Agent was first scouted out for REDCAP, through the fourth contact with him at the end of March.

The last part of the dispatch covers the fifth meeting with the Agent on 2 April 1953. A POC for REDCAP activities is requested for the person identified in EGQW-2980. *NOT REDCAP ??*

PART I--Progress Report, 14 February through March 1953

1. On 14 February 1953, DCOM approved a proposal to assess the suitability and inclination of KIBITZ-15 to work in the REDCAP field. During the survey of the KIBITZ-15 Stay-Behind net conducted by [] (see EGFA-850), it had become apparent that this man represented a Principal Agent potential hard to match within the German Mission. At the same time []'s survey showed that, at the very least, we would have to drastically revise the Agent's Stay-Behind net, and for purposes of control would be advised to divorce the Agent completely from Stay-Behind activities. We should emphasize, however, that the latter was not a primary consideration in exploring the Agent's suitability for REDCAP. We were interested primarily in his undisputed leadership qualities, his large circle of friends, acquaintances and business contacts, his energy and intelligence, his anti-communist motivation, and the experience he had gained during military occupation in the USSR.

2. At a meeting on 18 February 1953 (see EGFA-872) we then aired the proposition to the Agent, after first laying the groundwork to get

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NAZI WAR CRIMES DISCLOSURE ACT

EXEMPTIONS Section 3(b)

- (2)(A) Privacy
- (2)(B) Methods/Sources
- (2)(G) Foreign Relations

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him out of Stay-Behind activities. Perhaps it has not been made clear to Headquarters, up to this writing, that this first meeting and the next three that followed were preliminary in nature, and no commitment of any sort existed on our part. The first four meetings, in short, were a building up process from which we could have withdrawn at any time. We were particularly concerned over the control factor, largely responsible for aborting his work in the Stay-Behind fields and specified right from the outset that although we recognized his ability, we were the boss on operations and in addition must clear anyone he proposed using. If at any point it had seemed we could not establish effective control, we would have broken off the association.

3. In any event, Agent indicated a cautious but positive reaction to engaging in REDCAP activities at the first meeting. He also raised the question of "status", remarking in advance he realized this was a difficult political question. He seemed to particularly relish raising this point, based no doubt on his past experience from which he had gained the impression from our evasions that he had us over a barrel on this issue. There is no doubt he was disconcerted when told we didn't consider this a "difficult political question" at all, and asked for a frank statement as to what he meant. In the discussion that followed, it became clear he had no desire for us to arrange for his installation as a high ranking officer in a future German Army or NATO for any personal reason; if war came and his Stay-Behind net were functioning, he would have expected to direct the operation of the force he had created from a responsible Allied or German position. Eliminating the force or divorcing him from its activities completely changed the picture. Perhaps the moral to be drawn from this is that in most cases the best way to lay a difficult issue is still to face up to it. In any event, Headquarters need have no further apprehensions the Agent will expect us to further his military ambitions, if he has any, as quid pro quo for working for us. You should also note he has no desire to emigrate, as a reward for his services. If war comes, he would like to be evacuated with his family if he has in the meanwhile furthered our aims. This, I certainly consider reasonable and if his REDCAP activities continue indefinitely after July 1st, believe we should make such a commitment.

4. In the second meeting on 4 March (see EGFA-938 and FRAN 2323) Agent said he would be interested in participating in this kind of an operation. At the same time he presented a broad outline (forwarded under EGFA-938) amounting to a preliminary staff study of what would be necessary to launch a REDCAP program. Although many points in the outline are well taken, we had no desire to dissipate ours or his energies in coming up with an organizational cross between ZIPPER and

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[] Basing our objections to the paper on its propaganda emphasis, we told him he could forget about that phase--he should concentrate on specific operational possibilities. He readily acquiesced--which gives some indication of the type of relationship we were establishing, and then off the cuff proposed the possibilities outlined in Para. 2, FRAN 2323.

5. At this point it was obvious our preliminary estimate of his potential and motivation for working in the REDCAP field were proving correct, so we asked in Para. 3 of FRAN 2323 (sent 5 March) for a POC for REDCAP, a change in the Agent's designation and approval to spend \$2,000 inclusive for March and April on development. On 10 March we received DIR 44260, cancelling his operational clearance on the basis that "obviously we cannot control", and on 12 March DIR 44576, refusing him a POC and stating the Agent was "considered insecure, unreliable". The expenditure of funds was, however, approved.

Funds
were
approved
for CAP-
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WOT K-15

6. DIR 44260, the only communication received from Headquarters before the third contact on 12 March, was discussed with Mission Headquarters and the decision taken to continue meeting the Agent. After DIR 44576 was received, it was decided (see EGFA-974) to appeal Headquarters' refusal to grant a POC.

7. At the third meeting on 12 March, Agent presented a long paper (forwarded under separate cover to EGFA-974) containing various concrete proposals for operations, which were discussed only in general terms, together with some personal prerequisites to be cleared up before work would begin. Discussion of the latter was deferred until the next meeting.

8. At the fourth meeting on 25 March (see EGFA-1021) the question of "prerequisites" submitted on 12 March, constituted almost the entire topic of discussion. I was disturbed particularly over his attempt to be recognized as a "free co-worker" rather than an employee or agent. However, each of the points raised in his memo was covered. Following is the essence of the discussion, establishing in effect the working relationship which would exist and what he might expect if we went into this operation on a long term basis (see particularly Part II, below). The paragraphs are keyed to his memo:

Agent's Points

Our Response

5a, (1) Am I Agent, free co-worker, or member of a friendly Army?

Our government does not enter into agreement with anyone that

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Agent's Points

- (2) Using non-American press as cover.
 - (3) False identity documents and auto registration.
 - (4) Legal protection if his activities violate German or Allied Law and become exposed.
 - (5) Evacuation of self and family in event of hostilities, keeping evacuation documents in own possession.
- b. (1) Telephone contact to organization with which working.
- (2) Base of operations along Salzburg-Frankfurt-Kassel autobahn.
- (3), (a), (b) & (c) G-2 and overt (newspapers, periodicals, etc.) information relative to project.
- (4) No payment or reimbursement except for expenses; lump sum payment to compensate for business losses incurred by his activities for us; payment of travel costs and incidental expenditures; payment and clear-cut receipt system for persons who would work with him.

Our Response

he is a "free co-worker". You must be our employee. Any legal protection we provided you could be established only on this basis.

No good. Vastly overworked. Think of something else.

Reasonable, and possible to fulfill.

See a. (1) above.

Self-possession of evacuation documents impossible. Otherwise request reasonable.

Reasonable, but on emergency basis only.

Reasonable, provided in requisitioned building where he could keep current working papers in safe supplied by us.

Reasonable, but material extremely limited; particularly Intelligence.

Since he must be our employee, a salary, even a token amount is mandatory, DM 1,000 per month plus travel expenses would seem adequate; business losses must be compensated for by bonuses he and sub-agents would receive when an induced target actually arrived in West; all payments to sub-agents would be through him with sub-agents signing receipts.

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Agent's Points

(5) Possibility to change vehicles and license plates.

Our Response

License plate change OK, when required, but vehicle change limited to short, reasonable hire when required.

All of our points were agreed to by Agent, and FRAN 3178 was dispatched on 26 March, asking for a POC before 2 April, the date for the fifth meeting. In passing, our pre-occupation in having Agent sign a contract (EGFA-938, EGFA-974, EGFA-1021 and FRAN 3178) was based on three factors--(1) his refusal to do so in the KIBITZ program, or even to sign his full name on any document, (2) the fact that a contract provides a check on commitments by the case officer as well as an agent, (3) our belief that the last thing he would ever want made known (and the contract could be used as a control factor) to his circle of German military friends is the fact he had been working for us as an agent.

9. A word about the Agent's security to close the progress report section of this dispatch. Under former procedures the Agent usually met case officers in a restaurant or safe house, had various opportunities to note their (sterile) license plates, discussed business over dinner and a bottle of wine, and in general, probably experienced a joie de vivre from the association that had no place in this clandestine relationship. Considering the individual and the circumstances, no criticism of his former case officering is meant here, but it was obvious from the outset that his mental outlook must be changed to the point where he would constantly be cognizant of security and base his every action accordingly. With this in mind, he was told at the first meeting that any revelation of his activity--if he engaged in it--would almost certainly mean his death. This is also the reason we do not recognize each other in public, for example, but follow to the rendezvous, making a particular fetish of observing there is no tail. Since he is an alert and intelligent person, these measures are paying off in the orientation of the Agent towards security. He is progressing nicely and within a relative short period of time should leave nothing to be desired from the standpoint of security.

10. Agent received no funds at all during any of the period covered.

PART II--Contact Report, Fifth Meeting With Agent

11. The contact was established as arranged at 1500 hours, 2 April. in the Hauptbahnhof Restaurant, Karlsruhe. accompanied

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When the Agent left the restaurant we followed, met on a street corner and proceeded to a lonely section of the Karlsruhe Stadtpark.

12. DIR 47849 had been received on 1 April and interpreted as approval to continue the operation; subject to obtaining a signed statement from Agent recognizing we were making no commitment on his final resettlement and could not intercede regarding his efforts to obtain a German Army position. Despite the impression (erroneous) in the message that we had obligated ourself to the point where we could not withdraw smoothly, we certainly had reached the point where either we must go ahead or see the plans for the entire operation fall. Any case officer who has built up an agent to a specific operation over a period of time will recognize the exact psychological point which had been reached.

13. The assistance of the Mission Legal Officer was secured in drafting the statement which Agent was to sign. To provide an additional factor of control, his mission during the trial period was specified, and to provide an additional safeguard for the Government, a secrecy agreement was included. The Agent had received DM 1,000 plus travel expenses averaging 6 or 7 hundred DM monthly under his employment in Stay-Behind work. This sum was reduced to a flat DM 1,000 for the trial period. These provisions, plus the two required by Headquarters were incorporated into an Outline of Probationary Conditions.

14. At the outset the Agent was told a probationary period was usual in operations of this kind, but if we had not achieved or were not on the brink of positive results by 1 July, the activity should be discontinued anyway. He was then presented with a translation of the statement which he went over carefully. He took exception to the German construction of the statement saying it must have been translated literally from English (it was), showed some amusement over the reservation on helping him obtain a position with the German armed forces and wanted to know if his acknowledgment that there was no commitment on our part as to final resettlement of him and his family constituted renunciation of evacuation in case of war, if we went into the operation on a "permanent" basis. We replied it did not, that if a successful probationary period led to a permanent operation, the details of our relationship would then have to be specified by contract.

15. Agent then signed his full name to the copy in German of the statement, and for "security reasons" I tore off his signature, telling him the English and German statement--the only two copies in existence--would go to Washington by one airplane; his signature by another. All three pieces of paper are forwarded in separate dispatch.

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(EGF-A-1055) .. We are not, in fact, keeping a copy of either statement in Germany, primarily because we wouldn't want a future case officer to inadvertently present him with a copy.

16. We then presented the Agent his final payment for his Stay-Behind work, and made arrangements to settle an old advance of DM 1,500 he had for that activity. Details will be reported separately, but the Agent is now in process of final divorce from the Stay-Behind program.

17. Agent was then given DM 1,000 as his April salary for this program, with the understanding he would take care of any personal expenses incurred from this amount. He proposed and I approved his sending Identity 337 (see Enc. to EGFA-974) on a business trip to Berlin to purchase tachometers and speedometers. While there, 337 will explore the connections Identities 339, 340 and 354 (EGFA-974) have to Soviet personnel. 337 at present is an unwitting tool in this regard, since he has no idea why the Agent wants this information or what he is doing. A cable POC is requested, however, for 337's work in this activity. A former prospect for Stay-Behind activity, he was dropped from consideration in this field for compartmentation reasons, but possesses an operational clearance issued 22 December 1952 (Ref. EGQW-2980). He has never met any KUBARK personnel. Agent was advanced DM 345, to be accounted for, for L J's Berlin trip. After 337's return the information he brings will be discussed by Agent and myself to see what operational possibilities it provides.

18. Agent was then given an emergency phone contact in Heidelberg, and agreement made as to how we would contact him in an emergency. He was asked to start thinking now of procedures to be used in getting any induced defectors to West Germany or West Berlin, submit personalia on any new individuals he thought he might want to use, unwitting or not, and to start sketching plans for other specific operations. He was advised that by the next meeting we would have a base for operations (a safe apartment has been secured in a requisitioned apartment house in Karlsruhe) and he could keep his working papers in a safe in the apartment.

19. The next meeting was set for 1500 hours, 13 April in Karlsruhe with agent to pick up the undersigned and Garside in front of the Hauptbahnhof.

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