

**SECRET**

OPERATIONAL MEMORANDUM

MEM-A-50

BSC/Ops/101  
Berlin  
30 June 1947

TO : [ ]  
FROM : [ ]  
SUBJECT: Termination of Contract with CANCAN - *noted*

1. It has been decided to dispense with the services of CANCAN and to transfer him to the U.S. Zone.

2. Although subject does not constitute an immediate security threat to our operations base, it is felt that his current usefulness does not warrant taking the potential risks in retaining his services. It is agreed that subject has served us loyally and that he has earned his keep. On frequent occasions we have used him as a cut-out and on birddog assignments, all of which he has performed intelligently and discreetly. There is nothing in his record of performance for SC indicating that he may have sold out or may consider doing so at any future date of his own volition. At the same time we have never entertained doubts as to subject's motivation which is one of opportunism rather than ideological affinity. Technically speaking, subject was, primarily as a result of the absorption of the Abwehr into the Reichssicherheitshauptamt, a member of the Gestapo. After Germany's defeat he fell automatically into an arrest category and under the terms of the Nürnberg verdict he is liable to face prosecution as a member of a criminal organization. No doubt subject is aware of the precariousness of his status and realizes that his services for a U.S. agency are instrumental in keeping him out of Dachau.

3. In view of the above mentioned facts, we must base any review of subject's security in relation to our organization on the assumption that subject would be in a most disadvantageous position should he ever fall into Soviet hands. He could not conceal from them his record which, as we know, was communicated to an officer of the Luisenstrasse Kommandatura in considerable detail by our erstwhile agent SAVOY. We doubt that subject would withstand the pressure methods of the MVD for long; in fact the temptation to make a clean breast of his extensive activities in behalf of a U.S. intelligence agency would be overpowering, should he be offered the customary inducements by his captors. Although the prospect of his falling into Soviet hands is but remote, we have been able to assure his security only by means of closest supervision, to the extent of his staying at all times within easy call of one of our billets, a circumstance which in turn contributed greatly to his store of knowledge about the identity of several SC case officers and the locations of some of our real estate.

4. The re-orientation of our operational program in line with Washington directives and the stiffening of Soviet counter-measures against U.S. espionage conducted by our operations base and allied services, makes it advisable to remove sources of possible compromise to SC. A much appreciated contribution, the bi-weekly clipping service was, as far as SC is concerned, extra-curricular.

5. In acknowledgement of subject's special qualifications as a criminal investigator, arrangements will be made to place him in a position with a zonal police agency where those qualifications can be turned to good account. The technical arrangements necessary will be made in conjunction with Public Safety, Berlin District.

*This  
will be  
the greater  
share of  
clipping*

DECLASSIFIED AND RELEASED BY  
CENTRAL INTELLIGENCE AGENCY  
SOURCE METHODSEXEMPTION 3B2B  
NAZI WAR CRIMES DISCLOSURE ACT  
DATE 2006

**SECRET**

SECRET

BSC/Ops/101 -- page 2

Distribution:

COS (3)  
FBM for SC (2)  
File (4)

1st INDORSEMENT

TO: FBM for SC

Approved for forwarding.

( mll/w )

SECRET