

**ROUTING AND RECORD SHEET**

INSTRUCTIONS: Use officer designations in the "TO" column. Number each comment to correspond with the number in the "TO" column. Draw a line across the sheet under each comment. Each officer should date and initial (check mark insufficient) before further routing. This Routing and Record sheet should NOT be removed from the attached RECORD document.

FROM: <b>RIAN</b> RI/				DOCUMENT NUMBER EGOA-00775	
				DOCUMENT DATE	
TO	ROOM NO.	DATE		OFFICER'S INITIALS	COMMENTS
		RECEIVED	FORWARDED		
1.	EE/9/K 2005	15 JAN 1958		TWJ	<p>NOTE: If a copy or attachments are removed from the attached document, note the location of the copy and/or attachment hereon. If this <u>RECORD COPY</u> is to be retained in the files at the Desk, call the Central File Section for permanent loan.</p> <p>I've kept 1 copy for the draft files.</p> <p>Do think this over and let me have your preliminary oral views by COB, 20/1/59.</p> <p>1 cc LCCASSOCK/1</p> <p>1 cc EE/9/Plans - CANVAS file.</p> <p align="right">pm</p> <p>FILE TITLE LCCASSOCK/ Dev + Plans</p> <p>FILE NUMBER 32E 126 24/1</p> <p>ENCLOSURE</p> <p>ABSTRACT <input checked="" type="checkbox"/></p> <p>DATE PROCESSED 31 Dec 1958</p> <p>1691 INDEX</p>
2.	E-4 E	23/1/59		Rev	
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<b>DISPATCH</b>		CLASSIFICATION S-E-C-R-E-T	DISPATCH SYMBOL AND NO. EGOA-775
TO INFO	Chief, EE Chief of Base, Bonn; Chief of Base, Berlin		HEADQUARTERS FILE NO. 32E-126-0024/1
FROM	Chief of Station, Germany		DATE 31 December 1958
SUBJECT	Operational/CADORY LCCASSOCK		RE: "43-3" -- (CHECK "X" ONE)
			<input type="checkbox"/> MARKED FOR INDEXING
			<input checked="" type="checkbox"/> NO INDEXING REQUIRED
ACTION REQUIRED	See paragraph 4 b and 5 below.		INDEXING CAN BE JUDGED BY QUALIFIED HQ. DESK ONLY

REFERENCE(S)  
Paragraph 2, FRAN 1398 - 40517 *J. Joint Prop Center file*

1. After discussions of Project LCCASSOCK with Bonn and BOB, we believe it more desirable to spell out comments out in a dispatch instead of trying to compress them into a cable. As we see it, the problem before us breaks down into three parts:

- a. the terms of reference for LCCASSOCK;
- b. LCCASSOCK-1;
- c. Project LCCASSOCK and CAWASH.

2. The Terms of Reference for LCCASSOCK.

a. As is well known to all concerned, this project has been beset by a great number of internal KUBARK disagreements in the past. We do not intend to review them here and will treat only the current situation. After considerable exchange of views, Headquarters finally provided us with terms of reference for fiscal year 1959 in EGBW-10564, dated 13 August 1958. On that basis, BOB laid out an operational program (Attachment C to EGBA-52531 dated 18 September 1958). No comment on this--either approving or disapproving--was received from Headquarters and the field proceeded on the basis of "no news is good news".

b. However, three months after Headquarters had established the framework for fiscal year 1959, DIR 00130 ordered, without prior warning, the elimination of the commercialization of IDENTITY-1 and DIR 02493 reversed a long-standing Headquarters position regarding the desirability of distributing IDENTITY-1 in the East Zone. While we are aware that changing conditions require adjustments of the activities of all projects, we submit that operational plans in the KUCAGE field should preferably have a longer life span than three months. In the instant case the unexpected requirement for withdrawing IDENTITY-1 from commercial channels is particularly difficult to handle, since, according to BOB, commercialization of IDENTITY-1 was originally instituted over considerable opposition on the part of LCCASSOCK-1. He now feels that his personal reputation and prestige are at stake and therefore feels obligated to see IDENTITY-1 through to commercial viability, if not success. Needless to say, neither BOB nor we have any intention of using substantial project funds over a considerable period of time to feed the ego of an agent. However, we cannot deny the validity of the argument that once commercialization was given the green light, this attempt should have a reasonable chance to prove itself. It appears to us that the directive in DIR 00130 does not give this "reasonable chance". Be this as it may, we contend that it is not possible to operate a KUCAGE project if the ground rules are changed in rather rapid order. As pointed out in paragraph 3 of BRLN 1306, a Headquarters - Field agreement on the terms of reference for LCCASSOCK is required, and we continue to feel that the Berlin plan in Attachment C of EGBA-52531, as modified by COS, constitutes a useable basis for LCCASSOCK activities during the rest of the fiscal year and beyond.

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*318-58*  
32E-126-24/1

FORM 10-57 53b (40)	USE PREVIOUS EDITION. REPLACES FORMS 51-28, 51-28A AND 51-29 WHICH ARE OBSOLETE.	CLASSIFICATION S-E-C-R-E-T	<input checked="" type="checkbox"/> CONTINUED	PAGE NO.
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3. LCCASSOCK-1.

a. The person of LCCASSOCK-1 is of course closely connected with the operation of the project. One important aspect is the manner in which LCCASSOCK-1 has until recently looked upon his relationship with us. To put it concisely: he considered himself an equal partner in this undertaking in which he provided his and his "team's" talents and ideas and we the money. The operational program was established on a partner-like give and take. Parenthetically we might add that the legalization of LCCASSOCK and the real acquisition of 24 per cent of the firm by LCCASSOCK-1 tended to confirm this myth. He is now aware, however, that the financial ingredient is a rather important item and constitutes the controlling factor. It is this realization which has made it possible to reorient the project to its special, pin-pointed actions. However, LCCASSOCK-1 remains convinced that regularly appearing, quality, semi-mass publications represent the most effective media against the East Zone, and his present cooperation remains a reluctant one. Not to be overlooked in this regard is the fact that he and his team made such reputation as they have acquired on the basis of the output of high quality periodicals. Additionally, the support that CAWASH is rendering at the present time constitutes in LCCASSOCK's mind further confirmation of the correctness of his position.

b. The offer outlined in EROB 2395 might therefore from LCCASSOCK-1's point of view be a godsend in his present "uncomfortable" situation. At the time of this writing we do not yet know whether [ ] has made the offer to him and if yes, how LCCASSOCK reacted. If the offer is made and he accepts it, it may also help us in reorganizing the project a bit more easily.

4. LCCASSOCK and CAWASH.

a. Up to now CAWASH has granted a subsidy of DM 10,000 for IDENTITY-1, which is to be applied equally over a three-month period; i.e., CAWASH has bought 3,333 copies of IDENTITY-1 monthly for three months at the retail price. In addition, CAWASH has given a one-time grant of DM 3,500 for IDENTITY-2. These two subsidies are in keeping with CAWASH's procedure of buying products in which overhead and production costs are included in the price of a given publication. From our experience, CAWASH generally does not pay for rent, salaries, and so on. Since at the present the ratio between fixed costs versus available funds for substantive production remains unsatisfactory, the CAWASH practice must be kept in mind, and we intend to do so in our negotiations.

b. At this time we have no information as to how high CAWASH's contribution to LCCASSOCK might be in the future. However, we doubt that it would go beyond DM 100,000 per year, and it might not reach this figure at all. Since the degree of CAWASH's participation will become apparent only during negotiations and will to some extent undoubtedly depend upon our objectives with and the amount of our financial contribution to LCCASSOCK, we require at the earliest, but not later than 25 January 1959, a reaffirmation of the terms of reference for the project, together with an indication of our budget level for LCCASSOCK for fiscal year 1960.

c. Before summing up, a comment is perhaps in order why in FRAN 0911 we connected the end of commercialization of IDENTITY-1 as requested by Headquarters with the CAWASH negotiations. We admit that substantively there exists no tie-in; however, we are convinced that putting the project on a joint basis will require changes in the project. In view of the changes which have already been made in the recent past and not exactly to the liking of LCCASSOCK-1, we considered and consider it reasonable--and not at all an unwarranted catering to a principal agent--that to the extent possible all changes should be made as part of one transaction. We believe that this method will save much wear and tear for us and for LCCASSOCK-1 and that results will be more satisfactory all around.

5. Recommendations.

To sum up:

a. With or without CANASE participation we require a KUBARK agreed operational objective for Project LCCASSOCK which will remain valid for at least the next 12 months. This does not exclude flexibility in tactics or details but the basic purpose must remain fixed. We propose a reaffirmation of Attachment C to EGCA-5043, as modified.

b. For negotiations with CANASE but also for our own planning we must have information as to the planned level of our own financial contribution for fiscal year 1960.

c. The Headquarters directive to eliminate HEMTTV-1 commercialization should be dealt with as part of the overall reorganization of the project.

d. As previously planned, we should proceed with negotiations with CANASE at the end of January 1959, results of which would be subject to Headquarters ratification.

6. There are of course a number of other points which could be discussed in connection with Project LCCASSOCK. We believe, however, to have covered the major aspects on the basis of which the present discussion can be brought to the decision stage. We earnestly request that this be done and await your early reply.

APPROVED: [ ]

Attachments: Idoms (U/S/C)

## Distribution:

3 w/att (encl.) u/s/c - EG  
2 w/att (encl.) u/s/c - Bonn  
2 w/att (encl.) u/s/c - ROB

CONTINUATION OF  
DISPATCH

CLASSIFICATION  
S-E-C-R-E-T

DISPATCH SYMBOL AND NO.  
SEPARATE COVER ATTACHMENT  
EGQA-775

IDENTITY-1: Schlagzeug

IDENTITY-2: WULAHOO

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32E-126-211

FORM  
10-57 55a  
(40)

USE PREVIOUS EDITION.  
REPLACES FORMS  
51-28, 51-28A AND 51-29  
WHICH ARE OBSOLETE.

CLASSIFICATION  
S-E-C-R-E-T

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