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MEMORANDUM FOR: Deputy Director (Plans)

SUBJECT : Recent Developments Affecting the Security of the
PP-sponsored League of German Youth (BDJ) (LCPROWL)
and its Clandestine Paramilitary Apparatus

REFERENCES : a. FRAN 4050 (IN 12957), 20 June, 1952
b. FRAN 3038 (IN 43221), 14 May, 1952
c. 3840-CWUFG, December, 1951
d. Telecon, 22 September, 1952
e. SFRAN 6588 (IN 36840), 17 September, 1952
f. FRAN 6878 (IN 39251), 25 September, 1952
g. DIR 19946 (OUT 55799), 18 September, 1952

1. A police report that was turned over to the CIA German Mission by Otto John, head of the Federal Republic's Office for the Protection of the Constitution (BVS), indicates that the German police have conclusive evidence that the PP-sponsored paramilitary apparatus (Apparat) of the League of German Youth (BDJ) has been engaged in West German clandestine activities and that the police strongly suspect that the U. S. Government has been implicated in these activities. The police report clearly links the clandestine activities of the Apparat with the BDJ youth organization. We have also received evidence that the deep cover CIA American staff agent who has been in charge of the Apparat has engaged in unauthorized activities prejudicial to security and official U. S. interests.

2. The Apparat was created distinct from the BDJ itself in response to requirements placed on EE Division to create assets capable of contributing to the retardation effort. Our opinion that the German authorities would ultimately learn of our attempts to establish paramilitary organizations in West Germany was brought to Mr. McCloy's attention by Mr. Wisner in the late spring of 1951. Mr. McCloy indicated that he was aware of the problem and that ultimately officials of the Federal Republic would have to be informed of these activities. He stated, however, that any approach to the Federal Republic would have to be on a tripartite basis and that the time had not yet come for such an approach.

3. It was decided in June, 1952, to liquidate the BDJ Apparat completely and cauterize all points of contact (FRAN 4050, 20 June 1952). This decision followed a complete reassessment of the Apparat's operations and security that was initiated in May, 1952 (FRAN 3038, 14 May 1952) in response to a home office policy guidance of December, 1951 (3840-CWUFG) that requested limitation of the West German portion of the BDJ Apparat to a small and highly secure nucleus. Since June of 1952, the German Mission has been taking steps to terminate securely all Apparat activities. The deep cover American staff agent, [redacted], and the German leaders of the Apparat were instructed by the German Mission to turn in all sensitive and incriminating equipment, documents, and supplies to the Mission. They apparently failed to comply, although they had certified to the contrary (Telecon, 22 September 1952). The German Mission had also reported tentative plans to remove the German

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principal agent from Germany and to reassign to Washington the principal U. S. case officer and two other U. S. case officers who had been involved with the Apparat (FRAN 4050). Progress in liquidation of the Apparat was reported personally to the Chief of the Division by [redacted], the case officer made responsible for the liquidation, who was in Washington for a short time in July. [redacted] reiterated that liquidation had been substantially completed. The only remaining problems were stated to be disposal of the principal agent and return of the principal U. S. case officer to the U. S. The case officer's return had been delayed because of the necessity of extricating him from tax liabilities to the German Government incurred in his cover capacity (antique dealer).

4. SFRAN 6588 (17 September 1952) reported that on 14 September, 1952, the residence of the LCPROWL American deep cover agent [redacted] was raided by German criminal police who confiscated a number of papers, a manuscript on partisan warfare, parts of weapons, and possibly one classified document. On the same day, German police also raided the home of the German principal agent of the Apparat and removed a roll of film pertaining to partisan warfare and a map overlay showing Apparat meeting places. Later the same day the German police arrested eight members of the BDJ Apparat including the BDJ Second Chairman, Gerhardt Peters. All but three were released after questioning.

5. Two days later, on 16 September, Otto John of the BVS contacted General Truscott, Chief of the CIA German Mission, to report the police raids and to inquire whether General Truscott was interested in the arrested individuals or the BDJ. General Truscott replied that unidentified U. S. authorities had been interested in this activity in the past but that the activity had been in the process of liquidation for nearly three months. John stated that, although the BVS had not instigated the police action, he had requested a report of the action from the criminal police which he would furnish General Truscott when it was available.

6. The police report which has now been received from John (FRAN 6878, 25 September 1952) indicates that:

a. Frankfurt criminal police learned on 9 September (reportedly from a disgruntled member of the BDJ Apparat) that a "technical sub-unit of the BDJ" was operating a school where BDJ members were being trained in the use of U. S. and Russian weapons.

b. The criminal police searched the houses of several BDJ Apparat members on 13 September and found written material confirming that the organization was engaged in weapons and partisan warfare training. On 13 September, eight members of the Apparat were arrested and three of these who were carrying fictitious documentation were arraigned.

c. The police learned from the arrestees that their training site, arms, and false documentation had been furnished by "an American civilian". One of the arrested persons also stated that the activities of the Apparat were financed through a front firm, "Saxer". (Note: this is a plywood firm purchased to provide cover for full-time members of the Apparat.)

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d. The police interrogated Emil Peters, the father of the Apparat principal agent, who stated that [] [] DM required to establish the "Saxer" firm had been received from an "American agency". The police confiscated the "Saxer" files.

e. Another arrestee stated that in April, 1952, "the American" had led a party of Apparat members in an attempt to locate and excavate an arms and demolitions cache.

7. John and his assistant, Albert Radke, also reported to a representative of the German Mission that Peters (Apparat principal agent) had come to Radke early this year to request police protection in the event that Peters's activities were discovered. At the time Radke advised Peters to tell his sponsors to drop the whole business. Peters reportedly promised to consult his sponsors, although, as far as we know, Peters failed to mention either the visit or the advice to his case officer.

8. As a result of an intensive interrogation, [] [] has admitted that he, having decided that war was imminent and being dissatisfied because his requests for arms and other supplies had not been met, had surreptitiously removed a document containing cache site information from a German Mission safe, had copied the location of from twelve to fifteen sites, and had informed the Apparat principal agent and other Apparat members of the general location of these sites. He also admitted that he had led an expedition of Apparat agents in an attempt to locate one specific cache. [] [] knew that the German Mission had specifically denied him knowledge of the cache sites.

9. The German Mission security section, on 25 September, also discovered five boxes of arms and ammunition that had been stored by [] [] in the basement of the apartment of [] [] sister (who is an employee of CIA in Germany). [] [] has admitted that he stored these boxes in the basement earlier in September with the intention of turning them over to an Apparat agent before he ([] []) left Germany (Para. 5, SFRAN 6878).

10. It should be noted that the thorough reassessment of the BDJ Apparat produced evidence of extensive financial and accounting irregularities, for which [] [] was largely responsible and the investigation of which delayed [] []'s departure from Germany. [] []'s admissions, reported above, were extracted only after repeated evasion on his part. [] [] is generally believed to suffer from a persecution complex and misdirected motivation. The field has requested permission to polygraph him and the German head of the BDJ Apparat, which has been denied.

11. Upon receipt on 18 September of FRAN 6588, which first reported the police investigations and arrests of BDJ personnel, we directed the German Mission to terminate all aspects of Project LCPROWL, including both the overt BDJ and the clandestine Apparat (DIR 19946, 18 September). We requested the German Mission to search the premises of the Apparat school and cover offices and the homes of top Apparat leaders in order to remove any remaining incriminating evidence. We also urged that [] [] and his family be removed from Germany as soon as possible. The German Mission had previously taken emergency measures to safeguard the security of [] [] and his family and

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of other implicated personnel.

12. In his most recent conversation with the German Mission personnel, John has indicated willingness to have the criminal police drop the BDJ case if a responsible American will furnish him with a secret written statement that the project is being liquidated by the interested Americans. This proposal was to be discussed with General Truscott when he returns to Frankfurt from Paris on 29 September. The Mission has been advised not to furnish any such written statement.

13. In the course of a telecon (September 22), the German Mission requested reconsideration of our instructions that the overt BDJ youth organization be terminated, since the German Mission regards the BDJ as the only propaganda and political action asset that is immediately responsive to CIA direction for short notice activities. However, particularly in the light of the developments reported above which link the Apparat's German activities to the overt BDJ youth organization, we are convinced that the original decision was fully justified. The Mission was advised of our views in the telecon. I have written a personal letter to [] Assistant Chief of the CIA German Mission, explaining our position on this matter in some detail. It should be noted that termination of LCPROWL does not merely involve discontinuation of CIA financial support for the BDJ, but requires that the BDJ be completely liquidated as an effective organization. We have, therefore, requested the field to exercise close supervision over the dismantling of the BDJ organization in order to minimize the danger of further compromises and to guard against appropriation of BDJ assets by elements inimical to U. S. interests. The field has been instructed to advise us of specific measures taken to this purpose.

14. You will be kept advised of all developments regarding this matter.

[]
Chief, Eastern European Division

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