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OFFICIAL DISPATCH

DISPATCH NO.: MGL-A-23

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CLASSIFICATION

DATE: 21 June 1949

TO : Chief, Foreign Branch M ✓
 FROM : Chief of Station, Karlsruhe ✓
 SUBJECT: General — Operational ✓
 Specific — ODEUM Interest in Austrian Intelligence Circles
 REF :

Summary: Dr. Schneider, ODEUM Chief, recommends creation of a US dominated intelligence roof organization in Austria to oust the influence of Dr. Wilhelm HOETTL, former SD personality inimical to ODEUM activities through Austria. Schneider candidate to head such an organization: former General LAHOUSEN. Recommended action: FBM discussion with []

1. Developments in the intelligence field in Austria are a matter of primary interest to ODEUM since many of their operations are dependent on lines extending through Austria. The fact that the US agencies have sponsored the growth and reestablishment in Austria of elements of the RSHA which are inimical to Dr. Schneider and his project has long been a subject that prompts most vehement reactions from Schneider. He particularly deplores the support that has been given to Dr. Wilhelm HOETTL whom he considers to be a man of such low character and poor political record that his use for intelligence activities, regardless of how profitable they may be, is a short-sighted policy by the US.

2. It is a recognized fact that USFA Intelligence agencies have substantially backed the intelligence activities of Wilhelm HOETTL, Karl von WINKLER and other former German and Austrian intelligence personalities linked with them in war and post-war intelligence activities. Major MILANO stated in the spring of 1949 that this group, now in some way politically connected with Herbert KRAUS' 4th party, has received approximately \$200,000 from USFA since the end of the war.

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3. Initially, I was inclined to dismiss Schneider's consistent attacks on HOETTL as being personal bias resulting from the historical antagonism between the SD and the Abwehr. However, conversations with [] in Karlsruhe, 15 June 1949, threw considerable new light on the entire matter. [] spent months interrogating HOETTL, URBAN and others involved in intelligence activities in Austria and the Balkans during the war, but had only recently heard that their reestablishment in the intelligence field was being sponsored by US agencies. His statements contained conclusive evidence of the undesirability of any US agency supporting HOETTL and his group--particularly in view of the fact that they have, in the past four months, become increasingly active in the political field. [] stated that upon learning of HOETTL's activities he had recently initiated a letter to FBM outlining his reactions to HOETTL during the extensive interrogation in 1945.

4. Several weeks ago I suggested to Schneider that he reduce his views on the Austrian situation to writing. A few days after that I talked with [] who was in Munich discussing the relationship of MOB to the Vienna station, and informed him that I would forward Schneider's views to FBM in sufficient time to ensure that he could discuss them with the appropriate FBM staff members prior to his return to Austria.

5. The attached study, Preparatory Measures for the Future Organization of an Austrian IS Under the Predominant Influence of the United States, was prepared personally by Schneider. It is obviously written solely from the ODEUM point of view but may contain some thoughts of interest to [] Although I have read it carefully, I do not feel qualified to comment without further examination of ODEUM's Austrian situation. [] stated that he also knew LAHOUSEN and that his interrogation in 1945 revealed no derogatory information.

6. I note that the ODEUM files contain an extensive dossier of current information on HOETTL and his present connections. The volume of this file and the fact that it is in German precluded its inclusion with this dispatch.

INCL-1 Dr. Schneider's comments on the future organization of an Austrian IS, dated 14 June 1949

Dist:

- ✓2 - FBM (1 w/o incl.)
- 1 - COS, Karl (w/o incl.)
- 1 - POB file

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14 June 1949

Preparatory Measures for the Future Organisation
of an Austrian IS Under the Predominant Influence
of the United States.

I. . Situation in Austria

The situation in Austria is characterized by the fact that several groups are operating there in the field of intelligence activities (see Annex 1). Some of these groups pursue the aim of eventually being incorporated into the IS of a future Austrian Federal Republic. The various Allied Intelligence Services, i.e., the American, French, and British, cooperate with some of these individual groups and are equally interested in the solution of this question, particularly in securing themselves the predominant influence on the future Austrian IS.

Politically the Austrian situation is characterized by the fact that a peace treaty is unlikely to be forthcoming, unless the Allies are willing to accept demands of the Soviets which would allow them to penetrate the entire Austrian area with the aim to bring about the establishment of a Communist regime. The Austrian Government in Vienna operates within the Soviet orbit. There can be no doubt that it is the goal of the Soviets to seize upon the legal representatives of the Austrian Government, particularly Herr RENNER, President of Austria, at a propitious juncture, in order to initiate, under pressure, a "legal" conversion of the Austrian State into a Communist regime.

Presumably the present trend will come to a certain conclusion, for the time being at least, in a division of Austria with the establishment of a Western Austrian Government, which at best will be formed by the escaped legal representatives of the present Austrian Government in Vienna.

II. Ways to Establish a Future Austrian IS Under the Predominant Influence of the United States

None of the groups at present operating in the field of intelligence activities in Austria is so important that it can claim for itself the sole candidacy to form the future

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Austrian IS. The problem takes on an even more complicated aspect since three of the groups, i.e., those of HOETTL, URBAN-RANNER, and WINCKLER-LOOS, originated from the Reichsicherheitshauptamt, SD, and are organized along the lines of the directives issued before the end of the war by SS Oberfuehrer SCHELLENBERG, and thus will probably not make Austrian and European interests their primary goal. If a predominant US influence is to be secured from the very beginning, the methods of either supporting individual organizations in such a way as to make them the most efficient of all, or inducing the Austrian Government officially or unofficially to back up one of these groups, are ruled out. The US influence is to be secured subtly and imperceptibly. This can best be brought about by finding a solution, which would eliminate an internecine feud between the individual groups by bringing them into line with one another. Therefore, it seems advisable to choose a procedure similar to that taken by industry in making several enterprises cooperate along a common line with a view to eliminate a fight against each other. For this purpose it is suggested to establish a common platform for all the major groups operating in the field of intelligence activities in Austria in the form of an "inner circle" so to speak. In this respect, it is of decisive importance that the leadership of this "inner circle" should be entrusted to a man who both fits the intentions pursued by us and enjoys such a reputation in the country itself that he would qualify himself for the leading post within the Austrian IS. The representative of the individual groups to be delegated into this "inner circle" would have to be selected in such a way as to guarantee a majority in the sense desired by us at all times. The former General LAHOUSEN seems best qualified for this mission. Prior to the "Anschluss", LAHOUSEN held a leading position in the Austrian IS. Later on, he became the chief of Department II of the German IS, and now lives under French protection in the French Zone of Austria. LAHOUSEN also enjoys the necessary reputation among Austrian military circles.

It would not be advisable to delegate the chief of our own Austrian organization into this "inner circle" in order to withhold from the other groups, as far as possible, any knowledge of his activities. He would best be represented in the "inner circle" by one or two qualified co-workers of his organization, whose affiliations must, of course, be kept secret. Herr MALLNER would be ready to

function, together with the American gentleman associated with him, as the official exponent of the US, and he would, furthermore, be willing - if that should be necessary and feasible, - to apply for the prerequisite emigration papers.

In view of the four-power control in Austria and the existing international agreement, an official cooperation of this overall IS organization with Allied or Austrian government agencies is out of question, but a clandestine and narrow contact with individual, reliable representatives of the Austrian Government, such as RENNERT, President of the Federal Republic, can well be maintained.

In order to be in a position to exercise influence through the "inner circle" and to employ it as a valuable source of information, a limited financial support of it is indispensable. If, for instance, this "inner circle" would have at its disposal about \$10,000 per month, this sum would enable it to exercise a certain control of its intelligence activities by allocating intelligence missions accordingly.

The necessary prerequisite for the success of a solution as outlined above is that no other US agency would cooperate with Austrian organizations.

III. Summary

It is proposed that the groundwork for a future overall Austrian IS be laid by the creation of a common representation of all the major intelligence groups operating in Austria, which must imperceptibly be controlled by the US. With this view in mind, the individuals to be delegated into this representation should be selected in such a way as to guarantee the following:

- (a) The predominance of the US influence;
- (b) A smooth conversion into an Austrian IS agency at a later date.

Consolidation of this influence by a limited financial support granted to the "inner circle" is necessary.

Elimination of other US agencies from the cooperation with the qualified groups (such as HOETTL).

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Annex 1Brief Notes on the IS Groups Operating in Austria.1. British IS, KITTEL

✓ Dr. Hugo ~~KITTEL~~, born on 2 November 1898 in Nimburg, Bohemia, of Austrian nationality, a Roman-Catholic, single, lives at present at 7 Reisenbergerstrasse in Salzburg. He has a trade license for dealing in machinery, printing equipment, stamps, and foodstuffs; travels much; goes to England every 3 months. He works for the British IS, was a police official in Vienna prior to World War II, assigned to the German CI in Sofia, where he was in connection with KLATT, alias KLAUDER. At the German surrender detained in the Glasenbach Internment Camp. KITTEL is probably known to the Soviet IS, for a certain GANNER who had been arrested by the Soviets was ordered, prior to his release, to furnish information concerning both Dr. KITTEL and the inspector of the criminal police ~~WALDEN~~ (Innsbruck), connected with KITTEL.

KITTEL maintains business connections with the Dobler Textile Firm in St. Gallen, Switzerland, the Madis & Guenther Firm in Bregenz, and the William SEILER Import and Export Inc. in Zuerich.

No information is available to this project concerning Count LEDEBUHR.

2. French IS

Information concerning Austria is furnished to the French IS by a certain Adolf JANKOVIC, an ethnic German, formerly a high-ranking leader of the Hitler Youth (Bann-fuehrer) in Esseg. He left Austria in the early fall of 1948 for the French Zone of Germany, registered at IRO as a Yugoslav, and found employment with the Yugoslav "Exile Government" formed by ZVETKOVIC in Paris. In the late fall of 1948, JANKOVIC returned to Germany and contacted PRANTZ (See below), SCHMIEDER, a former Hitler Youth leader at present living in Leipzig, and HEITZMANN, purchaser of the Yugoslav Government in Vienna. His superior in the French IS is ALBIJAC in Paris. His Paris address is: Adolpho JANKOVIC, S.P. 50. 537-B.P.M. 416, Societe S.E. F.F.A., Paris.

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Another agent of the French IS in Vienna is the former SS 2d Lt. SANDERS, formerly chief of a section of the Vienna SS Security Service District (SD-Leitabschnitt Wien). His superior is a French major attached to the French Hqs in Vienna. SANDERS is connected with PRANTZ.

3. IS of the Austrian Federal Army

OeVP (Austrian People's Party): RONGE, already known to the US agency.

SPOe (Social-Democratic Party of Austria): LINHARDT. Ferdinand LINHARDT, age about 55, served with the Austrian "Volkswehr" (People's Army), precursor of the Austrian Federal Army; in 1938, he was a captain of the 6th Inf. Rgt. in Krems, was taken over by the German Army and promoted to the rank of lieutenant colonel. His last assignment during the war was that of a recruiting district commander in Neunkirchen. He is a member of the Austrian Social Democratic Party and had belonged to the "Republikanischer Schutzbund" (a semi-military organization of the Austrian Social Democrats). In 1948 he became adjutant to Minister of the Interior HELMER, was detached to the Inspectorate General of the Austrian Police (security guard) late in 1948. He is designated by the Social Democratic Party of Austria for the post of the future Minister of National Defense or at least Secretary in this ministry.

4. Ecclesiastical IS

No information is available concerning (Jesuit father) MENJOIE.

5. IS of the OeVP (Austrian People's Party)

Ferdinand GRAF, Secretary in the Ministry of the Interior; chief of the IS of the Austrian People's Party.

LUKAS, a former National-Socialist, was editor of the "Kaerntner Grenzschutz" under the National-Socialist regime, is GRAF's commissioner for personal information, at the same time drafting his speeches.

Dr. Theodor WUEHRER, living on Landstrasse in Linz, who in 1937 was editor of the Linz "Tagespost", became editor-in-chief of the National-Socialist provincial party headquarters in Salzburg in 1938. During the war, he was assigned

to HEYDRICH's headquarters, thereupon went to Agram, and finally, holding the rank of SS 1st Lt., was chief of the liaison staff assigned to Ambassador NEUBACHER. After the war, he offered his services to the Austrian People's Party, advancing to the position of chief of the information service of the party organization in Upper Austria. HOETTL and KERNMEYER contacted him to make him subservient to their aims. WUEHRER is not taken seriously and is believed to be a Jack of all trades.

6. IS of the SPOe (Social Democratic Party of Austria)

✓ National Councillor Dr. Bruno PITTERMANN passes for the "Eminence grise" of the Austrian Social Democratic Party. Born 1905 in Vienna, LL.D., Ph.D., at present Section Councillor (Sektionsrat) in the Austrian Ministry for Social Administration, is the secretary of the club of the socialist members of the National and Federal Councils (Nationalrat und Bundesrat), and in this position exercised considerable influence upon the attitude of the Social Democratic delegates in both houses of Parliament. He is a decided opponent of the left wing of the Austrian Social Democratic Party, which leans toward the Communist Party of Austria. KERNMEYER contacted PITTERMANN in order to secure a benevolent attitude on the side of the Austrian Social Democratic Party toward the "Verein der Unabhaengigen" - VdU (the nucleus of a fourth political party in Austria) (see HOETTL).

7. IS of the VdU - "Verein der Unabhaengigen"

Identical to the HOETTL IS Organization. HOETTL is known to the US agency.

8. URBAN - RANNER - FROEHLICH Group

✓ URBAN, formerly SS lieutenant colonel, the principal charge d'affaires of the SS Security Service, Department VI for Hungary; very experienced in the field of intelligence activities, rather brutal in his dealings with subordinates. After the war, interned in the Langwasser Camp, then worked for CIC. Since he pursues the same tendency as HOETTL, i. e., to group around him all former co-workers of the Department VI he can reach, he is in opposition to HOETTL.

✓ RANNER, SS captain in the SS Security Service, was liaison officer of Department VI at "Army Group South" toward the end of the war. He has a gift for intelligence activities, but is an intrigant and a brutal character. He is a devoted follower of URBAN.

15. STEINER Circle

Connections reaching into Austria:

KAPFER, owner of a factory, living in Wels, editor of the magazine "Trade and Industry", in which he propagates a German-French approachment. The German representative of this magazine is STEINER.

GIRK, Walter, SS Captain, living at Kufstein.

KUFNER, Rudolf, living in Graefelfing, contacted on behalf of STEINER the French IS in the Tyrole in Midmay 1949. The representative of the French IS, however, refused his offer.

16. HAGEN Circle

Formerly an SS brigadier general. no details available.

17. Former Hitler Youth Leaders

Siegfried SCHIDER, formerly a high-ranking Hitler Youth leader (Oberbannfuhrer) assigned to the Culture Department of the Reich leader of the Hitler Youth, at present living in Salzburg. SCHIDER is connected with Dr. Ernst NEUWIRTH, formerly a secretary of legation in the German Ministry of Foreign Affairs; with BRAUNEIS, the secretary of the Austrian People's Party in the province of Salzburg; with National Councillor GSCHNITZLER in Innsbruck (of the Austrian People's Party); with National Councillor KAPSREITER (of the Austrian People's Party); with LEHNHARDT, an editor of the "Salzburger Nachrichten" covering the SU, and with PRANTZ.

At present, PRANTZ is still connected with this project through Hans LAUTERBACHER jr, Munich; both of them are going to be dropped. PRANTZ is also connected with the HOETTL Group through KOWARIK.

PROKSCH and KAUFMANN are also connected with SCHIDER and PRANTZ.

Guenther KAUFMANN, formerly a high-ranking leader of the Hitler Youth (Obergebietsfuhrer), lives at present in the French Zone of Germany and issues the magazine "Das Ufer" (the Shore).