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TO : Chief, Foreign Division M                      DATE: 16 January 1951  
FROM : Acting Chief of Station, Karlsruhe  
SUBJECT: GENERAL - Operational/REDBIRD  
          SPECIFIC - Project CAUTERY - Progress Report

1. This project has weathered all childhood diseases, most of which had been anticipated by us. CAUTERY 1) without previous intelligence experience, but versed in the routine of Prussian officialdom, went about his task with excessive bureaucratic seal and with a burning desire to prove himself. He promptly walked into numerous pitfalls facing all beginners in the intelligence game, an experience which for a while shook his self-confidence and stifled his initiative. All of Berlin's professional intelligence operators, hawking their well-ramified and mostly notional agent nets, immediately sensed that there was a new intelligence agency in the market. CAUTERY 1) soon learned to appreciate BOB's encyclopedical knowledge of personalities in this field and our ability to check on a person's antecedents promptly and reliably. His initial tendency to conceal from us the identity of his contacts and sources, which we made no attempt at curbing, as a result no longer exists. CAUTERY 1) keeps us completely apprised of all his moves and his security consciousness, about which more will be said in this memorandum, is beyond praise.

2. Having steered aloof of the Scylla of phony intelligence purveyors, CAUTERY 1) got close to the Carybdis of indiscriminately collecting low-level information of the CI type. This is a natural phenomenon which indicates that the intelligence operator lacks a fundamental grasp of the intelligence requirements which he has been set to fulfill. In order to make up for the disappointments and paucity of results which are the bedmates of REDBIRD assignments, the operator will invariably turn to greener CI pastures in the hopes that a wealth of information, names and facts, can make up for the failure in his main job. Here we were able to apply a drastic cure by simply refusing to accept such information of follow-up leads provided on that level. There has been a continuous process of indoctrination along REDBIRD lines and whenever our ship veered off the course CAUTERY 1) was forced by us to regain his correct bearings. He has been told on repeated occasions that, much as we like to see spectacular results of our pains and investments, we would rather forego immediate productivity than

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seeing time wasted on targets and operations not germane to our basic REDBIRD objective. Conversely CAUTERY 1) knows that our interests are not confined to REDBIRD and that any by-products will be carefully viewed by us as to whether their exploitation appears warranted.

3. The aforementioned by-products can be categorized into three types:

A. Security type information, most of which is too low-level or too well-known to arouse our interest. This material is usually destroyed by us. Once a CONSUL organization has become operative in Berlin, some of it could be handed out to them. Our main consideration in suppressing it is the security of CAUTERY 1) and his associates whose identity might become known to other agencies as a result of passing them our leads.

B. Personality information pointing toward recruitment prospects in a non-REDBIRD field. Here we are definitely interested and nothing is done by way of discouraging the collection of this type information. In order not to range too far afield, however, CAUTERY 1) has been instructed to confine himself to top-level personalities, giving absolute priority to leads into the Staatsicherheitsdienst, with the Hauptverwaltungen fuer Volkspolizei and Ausbildung next in line and all other leads last. In the latter category we were fortunate to be furnished a lead which put us on the trail of CADUCITY. *not identified here as yet*

C. Intelligence reports. These we view with a jaundiced eye and they are handed to us only with trepidation. CAUTERY 1) has finally caught on to the idea that such reports, without identifiable source and usually vague in many more respects, are usually phony. All valuable sources of intelligence sooner or later find a roof organization exploiting them. If there is no roof or if it is leaky, there is bound to be something wrong with the source. CAUTERY 1) learned this the hard way. He now applies the inflexible rule never to accept material let alone pay for it, unless the purveyor identifies himself, his source and makes an unqualified offer to turn the source over to him.

4. The physical lay-out of this project is all round satisfactory, with improvements constantly under consideration. CAUTERY 1) has his office in a little cubby-hole on the third floor of a building in the HICOG compound which is accessible to the general public. On the same floor he has an additional office available for interviewing visitors. CAUTERY 1) is a bona fide HICOG consultant paid by that organization i.e. ultimately financed by the German taxpayer. CAUTERY 1)'s overt

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functions are those of an investigator for the Berlin ERP office. Most of the checking done by him perfectly fits within the framework of that overt position and does not give rise to the impression that he is concerned with anything but investigations pertaining to ERP. With the exception of his overt superior Mr. Leon Steck, of the director of HICOG, Mr. Edward Page Jr., and the HICOG security officer, Mr. Karl Westrum, it is not known that he engages in intelligence work under the auspices of BOB. CAUTERY 1) has his own Class A telephone on which he can call military and civilian numbers, a typewriter and an iron field safe provided by us. We have furnished him with a Volkswagen. Under consideration is the provision of a safe house in the immediate vicinity of the HICOG compound.

5. The routine of operating the CAUTERY complex involves the following motions:

- A. An average of two meetings a week in CAUTERY's HICOG office, the second meeting usually only upon CAUTERY's specific request.
- B. The payment of an operational advance, twice a month.
- C. The delivery of supplies (liquor and tobacco) once a month.
- D. The servicing of CAUTERY's car, once a month.

CAUTERY 1) is required to submit reports in writing on all his activities. At our weekly meetings these reports are discussed and based upon them immediate operational decisions are worked out. Usually CAUTERY 2) is present at our meetings. CAUTERY 1) also submits a detailed accounting on his expenditures about which more will be said under Finances.

6. The personal relationship between CAUTERY 1) and the case officer has developed along very satisfactory lines. CAUTERY 1) has by now become convinced that the case officer knows his business and that directives to abandon certain lines of pursuit, drop contacts etc. are never arbitrary and always maturely considered. In one or two instances he tried to continue such contacts behind the case officer's back. Each time he got burnt and as a result his willingness to abide by our directives has increased. By the same token we defer to his judgment in tactical matters and avoid giving the impression that we consider him a mere tool. All operational successes, irrespective of the degree of his contribution, he is given adequate credit for. Before Christmas the case officer was invited to CAUTERY 1's house and it is contemplated to extend a reciprocal invitation to him and his family (wife and daughter). CAUTERY 1) still hankers after the good old days when he was riding high in the good graces of the Reichskriminalamt. He no longer tries to enlist the case

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officer's sympathies let alone help in getting placed with the civil service of the West German Federation. We have told him that his Victim of Fascism legend did not go down too well with us and that, whereas we appreciate him in his current position, there is nothing we would care to do to get him restored in his official position.

7. CAUTERY 1's position in this project could best be described as administrative head of an operating unit. He does not have the makings of an outstanding operator and most of the leads on which we are working today were dug up by CAUTERY 2) and not by him. What he essentially contributes is a highly developed sense for organizational detail and administrative propriety which has placed the operation on a sound foundation and relieves the case officer of a great deal of time consuming administrative detail. With growing operational commitments under REDBIRD auspices in the offing, we shall be equipped to handle the administrative work entailed thereby without a material increase in our overhead. Another important contribution which CAUTERY brings to the project is the excellent cover we have been able to develop for him, which provides his collaborators with an equally excellent derivative cover.

8. CAUTERY 2) is CAUTERY 1's right hand man, picked by him for the job. He is an astute, agile and industrious operator with a good background for this type of work. Occasionally he goes off on tangents, especially whenever he suffers a set-back in one of our REDBIRD enterprises. He is not as yet fully reconciled to the fact that our main endeavor is pitted against all but insuperable odds and that dismal failures are the order of the day. Continuous indoctrination along the lines that even complete failure is the accomplishment of a specific REDBIRD objective is somewhat of a success and that the only outright failure is not even to try, may in the long run help him to overcome this psychological handicap. CAUTERY 2) poses somewhat of an operational and security problem inasmuch as, at least on paper, his Third Reich record is thoroughly bad. He was a ranking SD functionary and a Nazi with heart and soul. A disclosure of his affiliation with BOB would hardly redound to our credit. Despite serious misgivings we have decided to enlist his services after all, our main consideration being that he was never indicted for War Crimes and that his personal traits lend credence to his protestations that he has never abused his police powers. There were after all exceptions to the general rule. We furthermore believe that in the execution of the specific assignment to which CAUTERY has devoted itself even an enlistment of the devil as sub-source should not necessarily be frowned upon.

9. There are a few more part-time collaborators doing odd jobs on a part-time basis. They are deliberately kept on the periphery of the operation and although they may surmise that this is an American enterprise, they have no evidence to go by. They are furthermore unaware of

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the underlying purpose of the operation. Their names have been recorded by BOB so as to avoid working at cross purposes with other intelligence agencies. We, however, do not consider them in one and the same category with CAUTERY 1) and 2) and for that reason are not including them in the chain. This is being done in keeping with the basic concept of this operation which envisages CAUTERY as a semi-autonomous operating outpost. In selecting and operating his assistants we have granted him considerable latitude, a luxury we can afford in view of compensating security factors making it unlikely that the negligence or disloyalty of one of them is liable to harm us. As regards the employment of further intelligence operators type CAUTERY 2) we propose to act conservatively and economically as long as we feel that our operational commitments can be adequately handled by CAUTERY 1) and 2).

10. Again another category consists of what we envisage to become our main field operators, i.e. agents working for us in the East Zone on a brief instructing them to place us in touch with REDBIRD targets. As regards their recruitment we have reserved ourselves the last word and we propose to go through with the adopted procedure of vetting and assigning them a code name. Depending on circumstances we may even authorize a direct contact between the agent recruit in question and the case officer. In very exceptional cases we may decide to take him over for direct running. A case in point is CAUTERY 3) who was first contacted by CAUTERY 2) and, after having been debriefed by the undersigned, officially recruited as a US agent. Henceforth he will be operated by CAUTERY. A further case in point is CADUCITY, whom we had contacted on a lead provided by CAUTERY 3). The spadework having been done by CAUTERY 3), CAUTERY 2) and CAISSON 19), he was taken over for further operation by BOB. Inasmuch as CADUCITY is outside the framework of our REDBIRD objectives, he has not been given a chain name.

11. A few words about security measures. Whereas it would be overly sanguine to believe that CAUTERY 1's preoccupation with intelligence has remained a completely hidden secret, we are satisfied that as yet, with the above-mentioned qualifications, his relation with BOB has remained a well-guarded secret. Only once we have had to bail him out from the French Police, using the kind services of Mr. Leon Steck. A direct contact between the case officer and CAUTERY sub-sources is hardly ever established. Operational exigencies required that this be done in the case of CAUTERY 3) and of the CADUCITY operation, where CAUTERY 3), CAUTERY 2), CAISSON 10) and the undersigned had to meet together. CAUTERY enjoys the benefit of our facilities to obtain personality traces, which in a number of instances has protected him against impositions and frauds. Both CAUTERY 1) and CAUTERY 2) have caught on to our idea of operating this project as securely as possible and particularly of insulating the American agency against all possibilities of counter-penetration. In the case of CAUTERY 3), for example, we have made absolutely sure that from the time on he should have to be dropped he could not possibly resume contact with BOB, let alone identify us.

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Even assuming the worst viz that CAUTERY 1) and 2) had told him all they know about us, this would be materially less than what most of our other agents know about us.

12. We intend to report to you on progress made in the REDBIRD field in a separate memorandum. For the purposes of this report it may suffice to tell you that CAUTERY 3) has been recruited full-time to work on nothing but this and that we are about to approach an additional prospect for the same type of work. In line with the views expounded by [redacted] during his recent Berlin visit, we shall use the grass root approach which, as we see it, consists in the methodical building up of listening and scouting posts in those areas of the East Zone where REDBIRD individuals are known to congregate. In order to overcome the administrative and police difficulties placed in the way of unrestricted travel in the Eastern Zone, we are concentrating our search for suitable prospects upon persons already legalized in the Zone and engaged in professions which make a frequent change of abode appear natural even in the eyes of the East Zone security organs. Bearing in mind these indispensable prerequisites we are at present sponsoring a group of travelling vandevillians as a convenient cover for CAUTERY 3), one of our field operators. We propose to latch on to one more group of this type. We are furthermore investigating the potentialities of the horizontal approach.

13. As regards collateral intelligence operations, also conducted under CAUTERY auspices, but not directly contributing to our main REDBIRD objective, we shall present you with still another memorandum. In the main this will deal with our attempts to mount a penetration into the State Security apparatus of the East Zone.

14. As you will infer from the above, the described project takes up a case officer's full time. At present this base is without a case officer who could devote his full time to it. No doubt more could have been accomplished through sustained guidance. We are mentioning this fact without cavil, as a mere guide in the apportionment of available case officer manpower through Washington.

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