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PATCH NO. MB-9515

CLASSIFICATION

TO : Chief, Foreign Division "M"

DATE: 16 July 1951

FROM : Chief of Station, Karlsruhe

SUBJECT: GENERAL—

SPECIFIC— CAUTERY Project.

Synopsis: Request for operational decision in paragraph 13.

1. The CAUTERY Project was conceived on our realization that the stagnancy of Soviet defections could be relieved by a net of target scouts spread over the Soviet Zone of Germany. To date we have failed to mount any successful inducement to defect. The Soviet Army has succeeded - and this appears to be the principal reason for our failure - in insulating its personnel against all uncontrolled outside contacts. Russian Communist Party indoctrination has managed to inculcate the rank and file of the Soviet Army with the belief that refuge in the Western camp will result only in abuse, possible extradition, recruitment as spies or saboteurs or even possible imprisonment. On our side no constructive, single-minded effort has been made to sap the morale of Soviet soldiery, let alone goad them into insurrection. As long as the lure of freedom is dulled, chances for catches in an inducement program are slight.

2. Since CAUTERY has become synonymous with BOB's inducement program, it is appropriate to ask: What has CAUTERY accomplished in the field of induced defections thus far? The answer is: Nothing. While no sight has been lost of the main CAUTERY objective and while numerous defection leads have been turned up (e.g., [ ] and are being followed up (e.g., CAUTERY-5), the pay-off is still to come.

4. Despite the failure of U.S. agencies charged with the task of engendering dissent and dissatisfaction among Soviet personnel, a CAUTERY-type coverage will have to be maintained and built up to the point where isolated cases of defectability can be spotted and exploited. This points the general direction in which we shall have to go to enhance CAUTERY's chances of success. CAUTERY, which up till now has worked with a skeleton staff of three and on a moderate budget of approximately 2,000 DM West per month will have to expand to the point where it can cover all areas frequented in relative freedom by large numbers of Soviet personnel.

5. Our accomplishments thus far have resulted in training a select group of former criminal police as intelligence operators. This has been time-consuming and difficult because the CAUTERIES were set in their ways and, until they got their fingers burned, tried to do things their own way. By this time they have learned to refuse the bait of "intelligence" handouts from unidentified sources

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and fraudulent purveyors. They have learned to distinguish between operational information and intelligence, and their standards of reporting have risen markedly. They have come to appreciate and make appropriate use of the manifold operational facilities BOB can place at their disposal, such as traces, documentation, etc. They also know that we eschew operational stunts and fireworks. They are impressed by our solicitude for their and their families' personal welfare. It has been finally demonstrated to them that we live up to the commitments we make to our agents.

6. A series of memoranda has gone out to you lately describing the principal operations started under the auspices of CAUTERY and outlining their objectives. These are bound to convey to you a rather unbalanced picture of CAUTERY's main effort, inasmuch as a great number of defection leads which were followed up and subsequently came to naught, have not been reported. The effort put out in staying off unceasing attempts at leading us into futile pursuits, costs an inordinate amount of time. The operational sophistication of the CAUTERIES can be witnessed in the ever increasing extent with which they rid themselves of the obsession to track down all leads, even those with the word "fraud" written all over them. The operation involving the possible defection of CAUTERY-5 may be a case in point. Rather than flooding you with a mass of inconsequential and inconclusive detail, we shall wait until the authenticity of the lead has been established to our satisfaction.

7. A number of assignments of a strictly supporting nature has been discharged by the CAUTERIES to our fullest satisfaction. They have not been reported to you. Thus CAUTERY-2, in collaboration with a knowledgeable member of the Berlin Criminal Police, has been scouting the sector and zonal boundaries to pinpoint locations permitting unobserved entry and exit. CAUTERY-3 escorted [ ] to the Polish border and, upon his return from Poland some time in July, will pick him up again at a pre-arranged spot. CAUTERY-3 also investigated the Neuahaldensleben-Letslingen area to check on reports that the Soviet Army is engaged in building field fortifications there and went on a scouting expedition South of Stettin to check on the availability of safe crossings into Poland. CAUTERY-4 placed us in touch with [ ] cleaned up the [ ] mess, and is currently engaged in performing a check on information provided by our [ ] station which alleges the existence of an espionage school in the vicinity of Berlin; cf [ ] -9826. CAUTERY-1 has done a creditable job in debriefing [ ] on his connections with the RIS. [ ] surveilled the place in the Soviet sector which the RIS had selected for a meeting between [ ] and a BOB case officer. Her sister delivered a letter to [ ] at his private residence in the Soviet Sector.

8. Operational real-estate at the disposal of the CAUTERIES consists of two offices in the main HICOG building, officially carried in the name of Programs Branch (ECA) and a safe-house in the U.S. Sector. In addition, we are planning to rent a back room behind a cigar-shop close to the sector boundary. The HICOG office is equipped with two telephones, one military and one enlisted civilian phone which can be disconnected and which serves exclusively as an agent phone. A telephone - likewise unlisted - has been installed in the safe house.

9. All CAUTERY expenditures, including the cost of projects developed under CAUTERY auspices but slated for future transfer to the direct control of BOB, are charged against the general CAUTERY allocation. Fixed expenditures are the following:

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a. Salary payments to CAUTERY-2 and 4 (300 DM West per month) and CAUTERY-3 (250 DM West).

b. Safe house rental.

CAUTERY-1, as heretofore, is carried on the HICOG payroll.

CAUTERY-2 and 4 are employed black, i.e., they are drawing unemployment insurance at the same time. Unfortunately, complete operational security necessitates such arrangement. Whereas CAUTERY-4, due to his advanced age is unlikely to be called for emergency jobs, CAUTERY-2 is eligible and on repeated occasions has been offered jobs.

10. Our accounting system is as follows:

a. CAUTERY-1 is charged with a revolving fund in the amount of 2,000 DM West.

b. Receipts for salary payments as signed by CAUTERY staff personnel and sub-sources are turned in to us. The same applies to receipts relating to car maintenance, telephone bills and safe house rent.

c. Operational expenses incurred by CAUTERY staff personnel in the discharge of their assignments are accounted for internally. All we get is a statement signed by the cautery staff member concerned and counter-signed by CAUTERY-1, how much has been spent during what period of time for what operational purposes. Any remuneration paid to sub-sources, however, has to be accounted for by signed receipt irrespective of the amount involved.

d. The CAUTERY revolving fund is being replenished periodically in the exact amount of the receipts he turns in to us.

11. CAUTERY-1, 2 and 4 have been cleared unofficially by HICOG to carry a weapon when on duty. A Walter pistol belonging to BOB has been issued to CAUTERY-1. Furthermore, a Volkswagen and a field safe have been loaned to them.

12. The following tentative plans for an expansion of CAUTERY are at present being debated:

a. At least two more full-time members will be added to the CAUTERY staff. One of them will be directed to specialize in the recruitment of hotel and innkeepers in the Soviet Zone. The other will take over the recruitment and operational direction of women willing to enter into illicit affairs with Soviet personnel in the Zone.

b. The status of the above-mentioned additions will be that of CAUTERY-1, 2 and 4. They will not have access to operational information other than that pertaining to their specific assignments.

13. Amending the terms of our current project (cf MGB-A-8/13 ) you are requested:

a. to allocate 4,000 DM West per month, effective 1 August 1951 (In the likely event that this sum will not be fully expended, de-allocation will be requested in due time).

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b. to authorize the replacement of the Volkswagen placed at the disposal of GAUTHERY (which has to be taken to the repair shop on an average of twice a week).

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