

Chief, SE

Chief of Mission, Frankfurt

INFO: CAC, BORN, CASALIN

CADREY/CART/CALI/Operational

CADREY-1 - Current Status and Plans

Ref: OS-8015

NOV 10

1. On 21 July 1953 CADREY-1, during a social gathering in Berlin attended by Dr. Otto John, was asked whether he would consider accepting a job with the Federal Amt fuer Verfassungsschutz. CADREY-1 noted that JOHN was briefed in considerable detail on his past. He observed the same in a subsequent talk with Achin Oster.

2. The proposition, specifically the type of assignment envisaged by JOHN, was couched in vague terms. CADREY-1 however gathered the impression that the proposition was meant to be a serious one. A short time later he received a letter addressed to his home, written by ROY GEORGE of the K, announcing his arrival in Berlin sometime during the first half of October and indicating a desire to talk with CADREY-1.

3. On 18 September CADREY-1 and JOHN at length discussed the problems involved in JOHN's proposition, both in regard to CADREY-1's future and his relationship with KUBARK. CADREY-1 made it clear that in deciding on his course of action he would essentially be guided by an expression of KUBARK's preferences. He presented the issue to us as boiling down to the simple question whether his acceptance of an assignment with the VS would enhance his usefulness and value to KUBARK.

4. The impression CADREY-1 left with us is that he would be prepared to maintain a covert relationship with KUBARK even after entering the services of the VS. It would be premature, however, to predict the extent of CADREY-1's willingness to submit to an overriding KUBARK control. Much will depend on the caliber of the case officer running him.

5. CADREY-1, in the course of our conversation, stated that his long association with KUBARK had placed him under a moral obligation to the Americans which he was anxious to discharge. I told him that I trusted his expressed loyalty was an institutional one i.e. not one tied to any person, but rather to the cause for which the United States stands. This he affirmed. Knowing CADREY-1 to be a rather unemotional type, jealously guarding his freedom of action, his avowal of indebtedness to the

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... came as rather a surprise to me. It is difficult to guess whether he is motivated by considerations other than those he has been professing.

6. My recommendations to CAST NY-1 can be summed up as follows:

a. His acceptance of a position with the U.S. would be of greatest interest to AUSA for a variety of reasons. As he well realized the United States has a not entirely unselfish interest in seeing the Federal Republic guard itself against hostile intrusions from the East thru the creation of an effective competently staffed security system. Urging him, therefore, to accept JAG's offer should not be viewed exclusively in the light of our making a sacrifice, but rather as contribution rendered to a cause which Americans and Germans instinctively share. I expatiated at some length upon the shortage of qualified personnel which had seriously hampered the building of an efficient German service. Anything we as Americans could do to break this bottleneck would ultimately redound to our benefit. For that reason, I pointed out to CAST NY-1, he had e.g. had no qualms about relinquishing the services of CAST NY-2 when he decided to join the Bundeskriminalamt. (In this connection CAST NY-1 mentioned that CAST NY-2 had repeatedly stated that if offered a job, he would not hesitate to re-join AUSA and throw up his position in the East).

b. Before accepting JAG's offer, CAST NY-1 should reach a clear idea standing as to the nature of the position offered him. He should not accept a low rating or a position placing him under the jurisdiction of an official with less background and experience than he himself could muster. Specially, he should insist on civil service status commensurate with that he enjoyed in the Third Reich. CAST NY-1 expressed a strong preference for working at the center rather than in the field. I told him that we shared this preference, certainly as an ultimate goal, but would not mind seeing him start off in some field establishment of the FR, such as Berlin.

c. In his talk with AUSA he should put the cards on the table and inform him that for several years he had been the head of a clandestine office of an American security service. While we would not want him to identify the agency involved as AUSA, he should intimate that he had not been working for an armed services agency, leaving it up to AUSA to draw the right conclusions. Any further questions relating to his intelligence activities should be answered in general terms, implying that the nature of his work had been primarily in the field of counter-espionage and that on repeated occasions he had been called upon to render consultant services in the general field of security. For further details CAST NY-1 should refer AUSA to the American liaison officer dealing with his service.

7. I took the opportunity of our meeting to advise CAST NY-1 that my agency had considered and discarded the idea of retaining him in a consultant capacity for life. This, however, should not be construed as an indication of lack of confidence. The scope of our anticipated activities would not be such as to warrant his retention indefinitely. The underlying

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idea of our original (strictly exlocutory) proposition was to have avail ourselves of an experienced legal and criminal expert, versed also in the problems of internal security, in our dealings with German security agencies. The same end could, however, be attained much more effectively by developing friendly contacts within the agencies concerned. The latter was one of the major considerations weighing with us in counselling his acceptance of JAHN's offer.

8. Without entering into a firm commitment, I assured GUBERNYI that my Agency would consider sympathetically any proposal to take him over the hiatus in his civil service status (about which more will be said below).

While I could not possibly assure him of continued employment until his status had been clarified, I was quite sanguine in viewing his prospects. Until the end of 1953 (31 December) he could count on our maintaining the status quo. After the 31 December, I warned him, GUBERNYI might consider cutting his salary in line with a general policy of reducing personnel and expenditures. My Agency's hands would be tied in such a case.

9. GUBERNYI and I agreed that it would be highly inadvisable for GUBERNYI to act in any capacity as the sponsor of his employment with the US. Preferably GUBERNYI should maintain a neutral position if approached by the US and should not go beyond supplying a statement of service, briefly outlining the scope of GUBERNYI's assignments and his performance in our behalf. In order to avoid any crossing of wires, it was decided to provide the GUBERNYI representative in Bonn with a written statement, a copy of which will be given to GUBERNYI. Such a separate cover is not forwarding the statement as agreed upon.

10. In order to understand GUBERNYI's civil service status, we are presenting you here below with a translation of an account in his own words:

"Subsequent to the events of the 20th July, I was arrested by the Gestapo on suspicion of having participated in the assassination attempt (high treason). Inasmuch as it could not be proven that I had participated directly, I was after a preliminary detention lasting seven months, indicted by the General Prosecutor of the Reich before the Peoples' Court and charged with having aided and abetted the enemy. On 14 April 1945 the 2nd Senate of the Peoples' Court sentenced me to two years imprisonment only. According to the law I have (as a result of the prison sentence) forfeited my status as a public official and all rights derived therefrom. According to Article 131 of the basic law, only the exercise of presidential clemency can eradicate the effects of a political sentence. An application has been submitted to the Praesidialkanzlei of the Bundespraesident. Documentary evidence submitted by me have been passed upon and forwarded by the Senator of the Interior in Berlin and by the Federal Ministry of the Interior. On the advice of the Senator of the Interior I have started proceedings to regain my rights under Article 131, on the plea of restitution for injustice inflicted by the national socialist regime.

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This application has been turned down on the strength of paragraph 16 of the restitution law, the sentence of the Peoples' Court having to be quashed first, which can either be done by re-opening the trial or by an authorized administrative act. In order to bring my restitution suit to a successful conclusion I have to prove that the sentence has been quashed. This I can do only after the Bundespräsident has approved the act of clemency".

11. CARTERY-1 is determined not to get back into the police service, even if an opportunity should offer. His refusal of his application by the Bundespräsident has completely soured him. He is most anxious, however, to stay in harness. The last two years of his work for AUSAIX have convinced him that he has a knack for intelligence work, an idea which, when he first started, he would disdainfully have turned down.

12. During the crucial period of his negotiations with JMW, CARTERY-1 will unfortunately be without guidance by a CIA representative conversant with V. matters, unless a member of the Liaison Section in Frankfurt (e.g. [redacted]) could be designated to perform this function (which would not be very time-consuming). CARTERY-1 pointed out that he is completely unfamiliar with the inner workings of the Bundesamt and that, if faced with a specific proposition, it might be difficult for him to determine whether it offers acceptable terms of work and responsibility.

13. A new outline is presently being drawn up which will cover CARTERY-1's projected activities. As stands to reason, no allowance can be made for future contingencies until we know more about the terms of the VS offer.

[redacted]

Approved by:

Please note the date of origin of this dispatch (22 Sept. 53). While its contents do not change the present employment of CARTERY-1 in LOHASNECK, we believe the comment above should have been related specifically to CARTERY-1's present status. We are asking Berlin to keep us continually informed on this score.

[redacted]

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