

DISPATCH

EGEW 12780

TO Chief of Base, Berlin
Chief of Station, Germany
Chief of Base, Bonn

HEADQUARTERS FILE NO. []

FROM Chief, EE

DATE 20 JUL 1959

OPERATIONAL/CADORY
Status of LCCASSOCK-4

RE 411 CHECK OFF
MARKED FOR INDEXING
NO INDEXING REQUIRED
 INDEXING CAN BE JUDGED
BY QUALIFIED HQ DESK ONLY

ACTION REQUESTED
Berlin and Bonn Comments as Requested Below

- REFERENCE
A. EGBA 56387, 6 April 1959
B. EGBA 57413, 29 May 1959

1. We regret the delay in replying to Reference A, but Subject's file is unfortunately not very clear on many aspects of his HICOG employment, about which Reference A queried.

2. We are forwarding under separate cover thermofax copies of some of the more pertinent documents in hopes that they will complete your file. In order to bring some order out of the chaos of correspondence we intend in the following paragraphs to outline the contents of Subject's file as it pertains to Subject's cover situation. In some instances, the text will be repetitive of material being forwarded with this dispatch, but for the sake of clarity we consider this advisable.

3. **Background:** By way of history and background, LCCASSOCK-4 (formerly CAUTERY-1), after serving in World War I, entered the West Berlin Criminal Police and eventually reached a top position in that organization. His rank was equated with a corresponding SS rank, but his work, according to his own statement, was "on a purely criminal level." He was definitely involved in the 20 July Plot, was picked up and sentenced by the People's Court, but due to the administrative confusion existent in Germany in 1945 the death penalty (which was normal in these cases) was never carried out. After World War II, he worked for a time with the Public Safety Officer in Berlin, but was picked up by CIC as an automatic arrest. After being held for a few weeks, his release was secured through the intercession of his Public Safety superior and General Taylor. He was employed for a while as security officer with the Berlin Airlift to prevent pilferage, black marketeering, etc., and was then picked up by KULARK/REDBIRD. LCCASSOCK-4 was primarily interested in re-establishing himself in the German Federal Service but needed an official clarification and clearance of the People's Court Sentence. For a variety of reasons, this clearance required a Federal Presidential pardon, which Heuss duly signed in March of 1954. LCCASSOCK-4 then began putting out job feelers for various Federal agencies, including the BfV and the Interior Ministry. From the fall of 1953 until about the end of 1954, at which time he became a relatively permanent fixture of LCCASSOCK, LCCASSOCK-4's work for KULARK was understood by everyone to be of a temporary nature. A number of factors contributed to this prolonged "temporary" status, but the overriding one appeared to be the excellent possibility that Subject would indeed be hired by the BfV, coupled with his expressed willingness to continue a clandestine relationship with KULARK at the same time. With the gradual diminution of BfV interest in Subject, and the probable non-availability of him as a penetration or "liaison" contact in that Office, the necessity for settling him one way or another became more pressing. The decision to hire him on a long-term basis as an LCCASSOCK staff employee was the result.

4. HICOG Employment and Cover:

a. Subject was originally employed by OMGUS, Food and Agriculture Section, in 1948, ceased this employment in 1949 because of a cut in German personnel, but was rehired in May 1950 by HICOG Berlin as Chief, Investigatory

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Programs Branch, Food and Agriculture Section of EAD, solely as a result of KUBARK intercession. (He was at the time being considered for recruitment as a German consultant in support of the CART and [] programs.) The Chief of the HICOG Programs Branch was fully informed of our interest in LCCASSOCK-4 and agreed to our using him as planned. He was to be paid from HICOG Funds. In April of 1952, we were informed that LCCASSOCK-4 was to be terminated by HICOG as of 24 May 1952 in a reduction in personnel. KUBARK again interceded and agreed to reimburse HICOG for his salary. It was felt that a lapse in his HICOG employment would weaken LCCASSOCK-4's cover situation unnecessarily. The salary reimbursement was to be handled through our Bonn Liaison office.

b. In September 1953, Subject's file indicates that in spite of his termination by REDCAP, effective 1 September 1953, there would be no change of his cover status and his salary would continue to be reimbursed to HICOG. (Details of Subject's duties and accomplishments for the REDCAP program are practically non-existent in his [] beyond a statement that his performance had been unsatisfactory, he was considered a control problem, and was characterized as almost insufferably arrogant.) At about this point, LCCASSOCK-4's Federal Service possibilities took a turn for the better, and the prospects of his BIV employment were considered of overriding importance. Any move to terminate his HICOG cover employment at this juncture was considered definitely detrimental to his Federal employment prospects and, concomitantly, to our interest therein. It was thus decided to allow his HICOG cover employment to continue until at least the end of 1953 and to retain him as LCCASSOCK Security Officer until the status of his Federal employment was clarified. By early 1954, his hopes of BIV employment were definitely waning, and we were faced with the problem of doing something about LCCASSOCK-4. The result, as noted above, was that he was hired on a permanent basis as Security Officer and Distribution Chief for LCCASSOCK.

c. In December 1954, Berlin Base requested that LCCASSOCK-4 be approved on a permanent basis as the LCCASSOCK Security and Distribution Chief, since his function was essential to the project and no suitable replacement had as yet been found. This request further stated that, if expedient, his HICOG cover should be retained, since it would aid his day-to-day dealings with West Berlin officials and would lend stature to his position. It was conceded that, if the continuation of this cover was not feasible, it could be dispensed with and he could work directly from the LCCASSOCK cover office.

5. Salary Reimbursement:

a. Insofar as our records indicate, HICOG is still being reimbursed for Subject's salary. This arrangement was apparently established in the Spring of 1952 and continued until late 1953 without change. In December 1953, it was deemed necessary to cut LCCASSOCK-4's KUBARK salary, since his activities for us had been drastically reduced. Our Bonn Liaison Office was requested to coordinate the necessary paperwork with HICOG to cover this salary reduction.

b. In August 1954, Berlin Base reported that LCCASSOCK-4's salary in the future would be included in the LCCASSOCK monthly obligation, but would not be included on actual LCCASSOCK expenditure sheets. It was requested that the German Station comptroller make the necessary account adjustments. LCCASSOCK-4's operational expenditures were paid directly by BOB and would show on the expenditure report. From this statement and a complete lack of any information to the contrary, we assume that this reimbursement procedure continues to the present.

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c. For Bonn: From our records, there is no indication that any change in this payment arrangement has taken place, but we would appreciate your confirming or clarifying this statement for the record to Headquarters, COS, and BOB.

6. Future Status: We fully realize the enigma which LCCASSOCK-4's current status poses, but we feel it is desirable that his USHER cover employment be terminated as soon as is practicable. Based on the project reorganization data forwarded with Reference B, and assuming that LCCASSOCK-4's operational expenses are and have been paid from the LCCASSOCK budget, there appears, at least on the surface, to be sufficient margin in your Reference B estimates to cover LCCASSOCK-4's salary. Our analysis of the reorganization figures is as follows:

Monthly Subsidy - \$7500		DMW	31,900
Fixed Costs	DMW	19,000	
Variable Costs (maximum)		8,000	
	DMW	<u>27,000</u>	27,000
	Margin:	DMW	<u>4,900</u>

Provided LCCASSOCK-4's salary is still approximately DMW 1,000 per month, the margin noted above would appear to be sufficient to cover his salary. In any case, if LCCASSOCK-4 is retained within the project (as, we assume will be the case), his salary will have to be paid from the regular project budget.

7. Please keep us advised of LCCASSOCK-4's status.

Attachment: Under Separate Cover

2 July 1959

DISTRIBUTION:

2-BOB w/att
2-COS w/att
2-Bonn w/att

1-RI
1-EE/G/E
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