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SIR 49

SPECIAL INTERROGATION REPORT

ON

Ernst KLEYENSTÜBER and Wilhelm LEISSNER

(Ref: INT/DIV/41(a)/PF 3355 dated 21 Dec 46, enclosing  
PF 601503/B2b/JC dated 16 Dec 46)

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INTRODUCTION

1. The two Prisoners personify the two different phases of the Abwehr in general. LEISSNER is a typical member of the "CANARIS Familie GmbH", a regular offr, conscientious but completely unthinking, with no conception of the work he was supposed to do; even at this stage, he is without any clear idea of why he was unsuccessful in SPAIN. He is methodical and unimaginative, whilst KLEYENSTÜBER, who was sent to replace him in 1944, is fully aware of the causes of LEISSNER's failure and of the failure of the whole CANARIS policy. He is young, keen, mentally alert, of proved intelligence and initiative, Just as in the wider sphere, the reformation in the Abw came too late to be of any value, so in SPAIN KLEYENSTÜBER came too late to achieve anything worthwhile. He realised from the start that KO SPAIN, from an int point of view, would need to be thoroughly reorganised, that it was penetrated through and through, that its security was nil, and, being faced with such a colossal task at so late a date as autumn 44, and at the same time having a clear foreknowledge of the outcome of the war, his efforts at reorganisation were half-hearted and vitiated by his conviction of their futility.
2. It is IO's belief that had KLEYENSTÜBER replaced LEISSNER at an earlier date, the history of KO SPAIN might have been very different.

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for Colonel GS  
Commandant DIC CCG (BE)

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APPENDIX A TO SIR 49

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Ernst KLEYENSTÜBER and Wilhelm LEISSNER

APPENDIX A

KLEYENSTÜBER'S VIEWS ON SPANISH PERSONALITIES

1. Introduction

KLEYENSTÜBER can give little info on prominent personalities, for two reasons: first, his comparatively brief residence in SPAIN before the collapse, and secondly, his deliberate policy of endeavouring to reconstitute the KO as a secure org involved his holding himself as aloof as possible from outside contacts. A further reason is also the colder attitude of the Spanish government to the German orgs after the fall of CAMARIS, and after the probable defeat of GERMANY became more certain.

2. General VIGON

Gen VIGON's attitude to GERMANY was conditioned by his friendship with CAMARIS and with RICHTHOFFEN, and originated from the help given by GERMANY to FRANCO during the Civil War. Both Prisoners give VIGON a character of complete honesty, of farsightedness and ultra-patriotism. His political views are monarchist; he holds them both by conviction and by tradition. LEISSNER states that throughout the war VIGON was critical of GERMANY's prospects, and told him on one occasion that as long as the British Fleet was in being, GERMANY could not win. He states that CAMARIS spoke quite openly to VIGON, and the latter's personal convictions, reinforced by CAMARIS' revelations, enabled VIGON to assert his personal influence with FRANCO against closer ties with GERMANY.

LEISSNER goes so far as to state that it was the personal influence of VIGON more than anything else which was the reason for SPAIN's continued neutrality.

VIGON is anti-Fascist, very contemptuous of the Falange, hopes for a return of the Monarchy, and is suspicious - if not incredulous - as to the possibility of a democracy in SPAIN. He was sharply critical of the NSDAP and of Italian Fascism; he took no trouble to hide his feelings from CAMARIS, but towards other than his personal friends, he adopted an attitude of deceptive optimism as to the outcome of the war, especially towards those whom he knew to be fervent supporters of the Axis, such as Gen KRAHMER. LEISSNER and KLEYENSTÜBER both say that this attitude did not represent his true feelings, but was merely indicative of his courtesy. LEISSNER believes that VIGON would oppose a democracy in SPAIN not only on personal, but also on traditional and ideological grounds. VIGON has told him that his greatest fear is of another Civil War; he could be expected to go to any lengths to avoid this.

3. Gen MARTINEZ CALPOS

KLEYENSTÜBER has only met him fleetingly, whilst LEISSNER's friendship with him dates from the Civil War. LEISSNER believes that he was appointed head of Section III, not necessarily because of his experience in this branch, but because FRANCO relied on his knowledge of economic matters; he was very active commercially and owned several small factories, a fishing fleet and a trading fleet. His attitude, therefore, to political and military developments was conditioned only in part by his membership of the General Staff, and possibly more so by his appraisal of them as an economist. He is intelligent, quiet and tactful; he knew the meaning of the Allied landings in NORTH AFRICA, and from that date onwards gradually separated himself from his connections with the Axis representatives, whilst maintaining

his friendship with CARRIS. He opposed the entry of SPAIN into the war, mainly on economic grounds, because he believed that GERMANY would not be able to supply the grain and petrol which were necessary to her existence, and because he was opposed to the spreading of Fascist influence in SPAIN. He is himself anti-Fascist, and like VIGON, is a monarchist by tradition.

He was at variance with the Falange and had considerable friction with the Falangist heads of services, in particular with the foreign minister SERRANO SUÑER. He was very much concerned at the fate of CARRIS, and KLEYENSTÜBER says that he expressed himself as sympathetic to the Putsch of 20 Jul 44. After the failure of this and the imprisonment of CARRIS, he asked LEISSNER to intervene on CARRIS' behalf, using his (CARRIS') name where necessary. KLEYENSTÜBER states that well into autumn 44, both VIGON and CARRIS were pressing for info as to the fate of CARRIS, and that he pointed out to Standf STEINLE and Brigf SCHELLENBERG that in his opinion the CARRIS affair would be decisive as regards the success or failure of his mission in SPAIN, as he believed that both men would turn their influence against the Germans even more than events were forcing them to do, if harm should befall their friend CARRIS. VIGON was interested in the fate of RICHTHOFEN, and his requests for info were passed on by LEISSNER without comment to the GAF Führungsstab.

4. BEIGBEDER

Col BEIGBEDER was friendly with both CARRIS and LEISSNER from the time of the Civil War, when he was High Commissioner for Spanish MOROCCO. At that time, he was prepared to be friendly with GERMANY because of FRANCO's dependence on GERMANY's help, and his fear of an attack on Spanish MOROCCO from French MOROCCO. On his brief appointment as foreign minister in the early stages of the war this clearly defined attitude became more and more blurred. He, too, was convinced that GERMANY's cause was hopeless from the date of the landings in AFRICA, and his policy was to turn SPAIN as far as possible towards the Western Allies.

5. Conde JORDANA

*Index*  
LEISSNER met JORDANA at the invitation of MARTINEZ CAMPOS; CARRIS was also present. In an endeavour to stem the tide, CARRIS had offered to withdraw certain members of the GIS from SPAIN, to relieve the Spanish government of embarrassment in its relations with the Allies. At a subsequent discussion, JORDANA explained his position by saying that at the beginning of the war, GERMANY became the neighbour of SPAIN both in the NORTH, in FRANCE, and in the SOUTH, in AFRICA. Spanish foreign policy had to reckon with this fact, but after the Allied landings in AFRICA, the position in the SOUTH was reversed, and it was his government's responsibility to come to terms with its neighbours, whoever they might be. He did not say so in so many words, but he implied, and LEISSNER was clear as to the implication, that he intended to reverse FRANCO's policy as far as he was able, and not only to return to strict neutrality, but to go even further in a pro-Allied direction. LEISSNER does not believe that JORDANA preferred a democracy from the ideological standpoint, but thinks that he, as a realist, is prepared to conciliate any foreign power except the most obnoxious, ie RUSSIA.

Note: It was during JORDANA's ministry that the Stelle ALGECIRAS was given up by the KO. (to be returned to British protection)

6. Conclusion

Both Prisoners state that the majority of the Spanish senior officials with whom they came into contact, tolerated the Italian set-up only on GERMANY's insistence, and were not prepared to go further than they were absolutely compelled to in their relations with the Japanese. The friendship with GERMANY was based in the main on gratitude for German help during the

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Civil War and on the realities of the political situation; the NSDAP as such was in favour only with members of the Falange. The supporters of FRANCO, who are not Falangists in the main, supported him as the only feasible alternative to the return of the monarchy.

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APPENDIX B TO SIR 49

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Ernst KLEYEINSTÜBER and Wilhelma LEISSNER

APPENDIX B

LEISSNER'S RELATIONSHIP WITH MOLINA PEREZ

1. Comandante Ignazio MOLINA PEREZ was in charge of the Carabineros in ALGECIRAS during the Civil War, whom Prisoner was partially responsible for liaison with Spanish MOROCCO. Prisoner co-operated with MOLINA PEREZ to the extent of keeping a check on the German residents in ALGECIRAS, and on those travelling to and from MOROCCO. He asserts that he gave MOLINA PEREZ no Abw tasks at that time apart from this.
2. Prisoner knows nothing of MOLINA's work during the war, and remembers only one meeting with MOLINA, which took place in Apr-May 44 when Prisoner paid a routine visit to MALAGA. He stayed at the Hotel Miramar, and MOLINA happened to be staying there also. Prisoner maintains that no subject of significance was discussed at this meeting.
3. Prisoner knows nothing of the relationship between MOLINA and the Italian saboteurs in ALGECIRAS Bay. Any such meetings which took place were without Prisoner's knowledge and the question of his "consent" does not arise. There was no official contact between Alberto CARBE and MOLINA PEREZ; whether unofficial meetings took place is outside Prisoner's knowledge. As far as Prisoner knows, MOLINA had no contact with the Japanese. He can add nothing about MOLINA's sub-agent system, and had not himself heard of the report concerning Gen MONTGOMERY. He states that this could quite easily have originated from any one of the numerous workmen who crossed to GIBRALTAR daily at LA LINEA.
4. Conclusion

The semi-official relationship between LEISSNER and MOLINA PEREZ during the Civil War was not resumed on the outbreak of the 1939-45 war. Had LEISSNER been a different type of man he would have resumed it. The fact that he did not, is only further evidence of the lack of initiative and enthusiasm which characterises the majority of CASERIS' protégés. As far as MOLINA's character is concerned, Prisoner asserts that he was not the type of man from whom one would expect accurate info. He describes him as being vain, conceited and verbose. He would talk for considerable periods in an endeavour to impress his listeners, but nothing that he said was of value.

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APPENDIX C TO SIR 49

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Ernst KLEYENSTÜBER and Wilhelm LEISSNER

APPENDIX C

I. KLEYENSTÜBER'S INFORMATION REGARDING THE  
TURKUL FLIGHT

1. Prisoner states that at the time of the BADOGLIO affair, he was on official duty in SOFLI, having flown there for a conference with KLATT. When the news of the BADOGLIO affair came through, KLATT told Prisoner that he was concerned with getting TURKUL out of ROME immediately.
2. Prisoner then suggested that they should use the aircraft in which he had come to SOFLI, fly to ROME to contact TURKUL, and if possible, fetch him out. KLATT agreed to the suggestion and Prisoner, KLATT and Lt THIEMANN of I Luft OST, flew down the following day. The aircraft was a HEINKEL 111 with full crew. On arrival in ROME, KLATT and THIEMANN went to locate TURKUL, whilst Prisoner got in touch by teleprinter with Obst HANSEN in BERLIN, to whom he gave details of the reasons for his being there. He also asked for confirmation that no difficulties would be placed in TURKUL's way by the SD on re-entering German-occupied territory. This was necessary, because TURKUL was believed to have been expelled from GERMANY at the instance of the SD. Prisoner is not sure of the reason for his expulsion other than it had some connection with VLASSOV. Prisoner did not get an absolutely satisfactory reply, and therefore flew back with KLATT and THIEMANN (who had contacted TURKUL and ascertained that he was willing to return) to BUDAPEST.
3. In BUDAPEST, Prisoner discussed the matter with Referatsleiter Obstlt von WAHL, and had telephone conversations with Obst Graf MAROGNA, which resulted in permission being given for TURKUL to return to BUDAPEST. At this point, Prisoner had an attack of tonsillitis; Lt THIEMANN was then sent down to ROME in Prisoner's aircraft, and returned with TURKUL, TURKUL's wife and possibly his daughter. Prisoner himself never met TURKUL personally; he did not see him on the return from ROME as TURKUL was taken directly to Graf MAROGNA, who at first accommodated him in VIENNA and later in BUDAPEST.
4. Prisoner states that he has heard of an individual named ROMANOV, who was somehow connected with TURKUL, but states that he was not in the aircraft when Prisoner flew there the first time, and he is not aware that he was in it when TURKUL was brought back.
5. Additional Information regarding TURKUL

Prisoner states that "General TURKUL" was a Russian émigré and held an important position in the MAX org. Prisoner was told by Maj BECHTLE of OKW I Luft that TURKUL controlled a political org in the Soviet Union. Prisoner believed that members of this org were high-ranking offrs on the Ukrainian GS. KLATT exploited TURKUL's org for his int purposes, in return for which TURKUL is believed to have received funds for the support of émigré circles. TURKUL is believed not to have known details of KLATT's other orgs. He had lived in ROME since 1943.

II. KLEYENSTÜBER'S ESTIMATION OF KLATT

6. The Organisation

Prisoner states that KLATT's real name was Richard KAUDER. He was a full Jew, born in VIENNA in or about 1910, the son of a military doctor in the Austro-Hungarian army. At the time of Prisoner's appointment as Gruppenleiter I Luft BERLIN in Jan 43, KLATT was already installed as chief agent of Ast VIENNA Referat I Luft. His controlling offr was Obstlt von WAHL; the Astleiter at this time was Obst Graf MAROGNA. KLATT had an office

in SOFIA well-equipped with card-indices and registration cards, and had been allotted several WT operators by VIENNA. He maintained relationships with the Hungarian IS, with the knowledge of Ast VIENNA. Prisoner is not clear as to why KLATT, being Jewish, should have performed such excellent work for the Germans, but states that he knew that KLATT had been promised Aryanisation by CAMRIS. This promise was not kept, being turned down finally by FM REITEL, at that time head of the OKW. It was known to SD VIENNA that KLATT was smuggling gold and securities across the border, and the question had been actually raised whether disciplinary action should be taken against him; the attitude of I Luft was that his work was too valuable to be interfered with, and it was decided not to pay any attention to this smuggling.

7. KLATT's two chief sub-agents were Ira LANG, who is believed to have been in the Czechoslovak Legion and who held a key position in KLATT's OST Org, and "General" TURKUL, a Russian émigré, resident in ROME. KLATT's reports were divided into three groups as follows:-

a) MAX

These dealt with the Russian Army and Air Force. They varied in quality, but were on the whole considered to be excellent, in particular in so far as they dealt with the Army. Prisoner states that the Army reports dealing with deployment and operations were almost invariably confirmed at a later date. Occasionally they were wrong, eg various landings in the BLACK SEA were reported which did not actually materialise, but in view of the great number of reports which were confirmed, this was unimportant. The evaluation of Army reports was carried out by Fremde Heere OST, the head of which was Obst GEHLEN.

MAX reports on the Air Force were not considered very good, and in spite of frequently reiterated requests for data about tactical groupings and distinguishing marks, very little was supplied. The evaluation of the Air Force reports was done by Fremde Luftwaffe/OST, the head of which was (before 43) Major NIEMITZ, and (after 43) Major BOIE. Neither of these officers had a very high opinion of the MAX Air Force reports.

b) MORITZ and IBIS

These were reports dealing with the MEDITERRANEAN, NORTH AFRICA and the MIDDLE EAST. They were considered unreliable, if not completely worthless. Prisoner at I Luft and the relevant evaluation section considered the MORITZ and IBIS reports to be either completely notional or poor material from the Turkish "Intelligence Exchange", or Anglo-American chicken-feed.

The KO Leiter at SOFIA, Obst <sup>ced</sup> DELIUS, and the staff of the SD-Stelle in VIENNA were highly suspicious of KLATT. Prisoner believes that professional jealousy played a large part in the suspicion, as KLATT's success in their own field reflected on their efficiency. Ast VIENNA, naturally, supported KLATT, in particular KLATT's controlling officer, Obst von WAHL, and this led to considerable friction between Ast VIENNA and KO BULGARIA. Prisoner himself never came to a decision as to the genuineness or otherwise of KLATT. He admits that a few hints which KLATT dropped as to the nature of his organisation, ie WT transmitters on ships in the BLACK SEA and at TREBIZOND, sounded improbable, and that he himself never believed a word of them, but considers it natural that KLATT should keep his organisation as secret as possible, and quite likely that after the German refusal to Aryanise KLATT, the latter would cover all his connections with as thick a veil as possible in order to maintain his indispensable position. There was much discussion at I Luft on frequent occasions over the KLATT reports, but no factual proof that KLATT was an Allied agent was ever produced, and the policy of I Luft was to treat the MAX reports on RUSSIA as reliable, and the IBIS and MORITZ reports dealing with Anglo-American matters as extremely doubtful. Prisoner adds that whatever the motive and irrespective of other considerations, he himself believes that the MAX reports were genuine. They were too factual, too frequent and too valuable to be considered chicken-feed.



9. The following personalities should be in a position to give further information on KLATT:-

Obst GEHLEN	Head of Frende Heere OST.
Maj NIENITZ	Head of Frende Luftwaffe OST.
Maj BOIE	" " " " "
Maj BAUN	Head of WALLI-I.
Obstlt von WAHL	Referatsleiter I Luft VIENNA.
Maj BECHTLE	Untergruppenleiter OST with OKW, Abw I Luft, 1943-44.
Maj OHELTZ	Gruppenleiter OST of Mil Ant from summer 44 onwards.
Obst DELIUS	KO Leiter BULGARIA.

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APPENDIX D TO SIR 49

SECRET

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Ernst KLEYENSTÜBER and Wilhelm LEISSNER

APPENDIX D

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I. KLEYENSTÜBER, Von BENTHAİM and FREDERICI

(See also DIC Memorandum dated 29 Oct 46 on Alexander von BENTHAİM.)

1. KLEYENSTÜBER is of the opinion that von BENTHAİM <sup>feed</sup> left the Iberian Peninsula before the end of 44, in any case, not later than Jan 45. KLEYENSTÜBER himself was not in LISBON at any time in 45, nor at any time after his appointment as KO Leiter, ie summer 44; therefore, the question in the Brief which asks for details of the meeting in 45 in LISBON between von BENTHAİM, KLEYENSTÜBER and FREDERICI needs further elucidation. The history of von BENTHAİM's mission to SPAIN and PORTUGAL, as far as it is known to KLEYENSTÜBER, is repeated here for the sake of completeness. Further infm can be found in the DIC Memo of 29 Oct 46.
  
2. Von BENTHAİM had been the foreign representative of the Reichsverband der Deutschen Luftfahrt Industrie, at the beginning of the war, and was well known to members of the Spanish commercial and military organisations. KLEYENSTÜBER was of the opinion that von BENTHAİM was the best man to replace Obst von WENCKSTERN at I Luft, MADRID. In 1944, von BENTHAİM was Untergruppenleiter WEST of OKW I Luft, and KLEYENSTÜBER arranged that he should be transferred to MADRID at the same time as he himself was posted there. Von BENTHAİM was of course given a cover mission as representative of the Luftfahrt Industrie; this dispensed with the need for diplomatic protection, and was in keeping with KLEYENSTÜBER's policy of attempting to restore some slight form of security to the KO. Von BENTHAİM's first task was to liaise with the people with whom he would have to deal, and to renew his old contacts; in pursuance of this, he visited LISBON to contact Obst von HASSHAGEN and Obst FREDERICI. He also intended in PORTUGAL to exploit the possibility of obtaining raw materials in his capacity as representative of the Reichsverband, and also to attempt to sell German transport aircraft to the Portuguese civil air service (transport aircraft were at that time available for sale in GERMANY, as a result of the limitations imposed by the war, and foreign exchange was urgently needed). He liaised for this purpose with the representative of LUFTHANSA, Graf BEROLDINGEN. Von BENTHAİM did not get on well with BEROLDINGEN, and there was considerable friction between the two as to who should have the financial reward if their plans were successful. This friction was becoming serious, and HASSHAGEN was called in to settle matters between the two. Then the incident of the news agency telegram occurred; the head of Mil D, Standf STEIMLE, and SCHELLENBERG, inquired into this when KLEYENSTÜBER visited BERLIN in Nov 44. KLEYENSTÜBER had the impression that they suspected that von BENTHAİM was endeavouring to extract funds from GERMANY and deposit them for later use in neutral countries. It was perfectly clear to KLEYENSTÜBER that, whatever the truth of the matter, von BENTHAİM had received no orders from BERLIN to establish any form of retreat organisation.

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3. KLEYENSTÜBER admits meeting FREDERICI on several occasions, usually when FREDERICI broke his journeys to BERLIN at MADRID. Technical points which FREDERICI had to discuss were handed over to Obstlt KIEKEDUSCH or Obst von ROHRSCHELD, and KLEYENSTÜBER confined himself to maintaining social contact with FREDERICI. He admits that it is quite possible that von BENTHAIM was present at meals which KLEYENSTÜBER had with FREDERICI, but cannot remember this occurring, and states that in any event no special questions were discussed. KLEYENSTÜBER is emphatic that no such meeting took place in LISBON, and had such a meeting taken place in MADRID, it must have been before end Jan 45, at the very latest, and in all probability was before end 44.

4. Conclusion

KLEYENSTÜBER's opinion of von BENTHAIM given in DIC Memo dated 29 Oct 46 is repeated here, ie that von BENTHAIM was by character and political inclination the last type of man to consider organising any form of retreat org, and moreover, he would not have been entrusted with such a task by the appropriate German dept.

II. POST-WAR ARRANGEMENTS

5. The KO had received orders to make preparations to continue its activity a) if SPAIN were invaded by the Allies, or b) if relations between SPAIN and GERMANY were broken off. It was clear that Abw III would have no interest in such arrangements, and therefore preparations were made only for Abw I. Abw II had ceased operations in summer 44, and the last head, NAUMANN zu KÖNIGSBRUCK, had returned to BERLIN. The adm of his section was carried out by SCHULZ, but instructions had been received that all sabotage should cease from that time.

Prisoner emphasises that it was only under these circumstances that the activity of the KO should continue, ie as long as the German Army remained in being. Of post-war arrangements as such, ie arrangements which would have had to take into consideration the complete collapse of German adm in EUROPE, no account had been taken. Even in 1945, such preparations would have been regarded as "defeatist", and would have entailed serious consequences for those taking part.

6. Operation "R" (retreat organisation) was therefore planned to put the agents already available in a position to send their reports direct to GERMANY instead of to the KO. STUTTGART was to have been the HQ, with the Abw WT station SIGMARINGEN as reserve. In actual fact, Operation "R" never came into effect, as the KO continued its activity right to the end. It was clear to Prisoner that the complete collapse of GERMANY was at hand, and therefore, in spite of orders to the contrary, he called together Obst von ROHRSCHELD (Gruppenleiter III), and Dr SCHÖNE (Gruppenleiter O&BV), disclosed his hand to them confidentially, and told them to make preparations for Operation "Z", the name which he used to indicate the final closing down of all KO activity. This Operation "Z" was merely action to be taken to wind up the KO and to discontinue the service, and it involved remuneration for six months to all members of the staff, and to such agents as were left, in addition to the sale or destruction of equipment and secret documents. It had been originally intended to post all KO members who might be expelled from SPAIN, to SIGMARINGEN, which the Abw in BERLIN was preparing as emergency quarters. The preparations never passed the initial stage, however, and no KO members were sent there.

7. The Winding-up of the KO

a) WT Equipment

One of the last orders issued by the German Embassy before it closed was to destroy all secret int eqpt, in particular WT. This was done at KO HQ by Oberwachtmeister DEMBINSKI, who destroyed all the material and removed the debris overnight.

Note: The KO sets were under the adm of I i, the offr in charge being Oblt LÖBE. (Walter LÖBE)

Any eqpt which was left over, believed to consist of a normal receiver and generator, was sold by LÖBE to provide funds for his men's subsistence. LÖBE reported to KLEYENSTUBER that he had no eqpt left.

A further set belonging to I i was in BARCELONA, and this set was handed over to the Spanish authorities. This was done under the supervision of the US Consul General in BARCELONA. Further WT eqpt had been held up at the Franco-Spanish frontier since Dec 44. This eqpt was intended to reinforce the BERLIN-MADRID service, and to give the KO a reserve of Mark A sets. It was seized by the Spanish authorities and retained by them.

In addition, KUHLENTHAL's Referat had its own WT service, which was located outside the Embassy. Obstlt KIEKEBUSCH reported to KLEYENSTUBER that this set had also been seized by the Spanish authorities. Prisoner is not sure that this is the truth, as KIEKEBUSCH refused to submit a final report on the winding-up of his Abt. Prisoner adds that there were other sets in SPAIN belonging to agents sent there by other Abw offices in GERMANY. Communication between these people and the KO was forbidden, and Prisoner is therefore not in a position to know their whereabouts.

b) Coding Machines and Books

Coding machines and tables were controlled by I i, who issued them to the Referat concerned, when WT link was required. All KO secret documents were destroyed in Mar 45 with the exception of the code books, which were necessary for those connections still in being. KLEYENSTUBER issued orders to destroy all remaining machines and books on the day before the Embassy closed.

c) Funds

The last time the KO drew a supply of Pesetas was in Dec 44, from SOFINDUS (Sociedad Financiera e Industrial); the remittance due in Apr 45 was never received, the result being that by Apr the KO's liquid assets were very meagre. To eke them out, safes, motor-cars etc, and the balance of foreign exchange were sold. Winding-up arrangements were made as follows:-

- (i) all officials and employees were to be given six months' pay in lieu of notice;
- (ii) gold and the balance of foreign exchange were to be safeguarded outside the Embassy;
- (iii) heads of departments were to report what sums they needed to pay off agents.

These arrangements were carried out as follows:-

The reserve of salaries was paid out in the early days of May, before the closing of the Embassy. FRANZBACH (adm group) and KLEYENSTUBER were arrested by the Spanish police when they removed the currency and foreign exchange to the annexe of the Embassy. They were accused of endeavouring to embezzle the money, but were released after handing it over to the Spanish authorities. In Nov 45, Prisoner was summoned to the Allied Commission in MADRID to clear up various financial questions still outstanding. The principal question was the advance made to the Gruppenleiter (see (iii) above). In an endeavour to clear up this matter, he got in touch with the former Leiter, with the result that von ROHRSCHEID, Leiter III, SCHÖNE, Leiter OzbV, and OBERMÜLLER, Leiter I M, submitted their accounts, as did the adm group in MADRID and the pay office in BARCELONA. Leiter I did not submit accounts, nor did Group II, but neither could have had very much money. Prisoner himself kept 50,000 Pesetas in hand when the Embassy closed, and by Jan 46 he had paid out to former dependants 25 - 30,000 from this money. On leaving SPAIN, he handed over the balance and the accounts to the Allied Commission in SPAIN. Prisoner states that there was no intention of secreting any funds, or of arranging for any remittances abroad, and as far as he knows, nothing of this nature was done.

8. This is the extent of Prisoner's knowledge regarding the final stages of the KO. It is possible that arrangements were made by the Referate without his knowledge, but Prisoner considers that very unlikely. He emphasises that no purpose could have been served by organising any form of int service in the Iberian Peninsula when the central German HQ ceased to function. He has no knowledge whatever of what occurred in PORTUGAL; but in this connection see USFET CI FIR 118 dated 18 Jul 46, BLAUM.