SELTIL.

1. BB/OUR

att to memo & Selms 6 May 47 (see interoffice

A. At the last Heidelberg conference it was decided to sever our connections with the dissident Ukrainian group in Munich and maintain contact only with the SB of OUN, the counter-intelligence branch of the Ukrainian Mationalist Movement. The main purpose of this contact was to be the securing of positive and counterintelligence information from the Ukraine, which the SB group had told us they were in a position to get for us by means of couriers going back and forth. They were also to give us information on the claudestine setivities of Soviet intelligence officers within the American Zone and, in particular, information on Soviet attempts to penetrate the Ukrainian group in AMZON. Several reports have been received (e.g. MSC 459, 440, and others) which are extremely poorly written, practically unintelligible and of an extremely low. CIC, level. It has been impossible so far to elicit from our 88 contacts the names of any of their sub-sources - this in spite of repeated attempts to get such data from them. Time and again mation has been made by our Ukrainian sources of the existence of "Bunkers," supposedly small intelligence cells, in the American Zone of Germany as well as in Csechoslovakia. It is fully appro-ciated that it is often extremely difficult to check on the veracity of such reports; on the other hand unless attempts are made to verify the existence of such groups, we will never be able to evalwate the quality of the intelligence reporting of the Ukrainians. So far no attempts seem to have been made in this direction.

B. Some time ago a report was received on the "Soviet Party Apparatus in the Western Ukraine," (MSG-484) which had been supplied to SB/OUH by a courier just arrived from Soviet Russia. The information was evaluated B-5 by the field and was disseminated here to various agencies. In its general outlines it is probably quite correct. Very recently it appears that the SB/OUH has begun to suspect the good faith of this courier who had withheld certain vital information from them and is now considered a possible Soviet plant.

Upon the receipt of the original report an inquiry was sent to ANZON requesting very detailed information as to the identity of this courier, the papers on which he had travelled, the method by which he left the Ukraine, his estensible reason for coming to Munich, etc. These questions were asked since it seems obvious that the background of any person now coming out of Seviet Russia should be very carefully investigated. He report was received until this recent pouch covering the SB's suspicions.

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C. Late in 1946 a former UPA (Ukrainian Partisan Army) Euerrilla fighter was dispatched to Munich by the EGB as a resident agent. According to his own story he was captured by the Soviets, nursed back to health and after some limited training, sent to Munich in order to penetrate the Ukrainian circles and find out what their American contacts were and try to be recruited by them for a penetration mission. He allegedly told his SB-OUR friends about his MGB mission, gave them certain information on Soviet intelligence officers, including the name of the case officer running him, and said that he was willing to go back as an SB - American penetration agent. According to SLAVKO (the code name given to this MOB agent) he was not given very specific directives since "as an intelligence agent he would know what Ukreinian interests were. There is in his account no mention whatever of any previous intelligence experience and it is not clear at all why he out of many thousands of UPA fighters was picked for this mission. Late in March SLAVKO left for Prague where he was to meet his case officer, report on his accomplishments so far and return with new directives. We report has been received as yet subsequent to his return to Munich.

SB/OUN has consistently refused to tell our people in Munich the name of this Ukrainian agent.

When all is said and done the contact with the Ukrainians in Munich has been almost completely worthless and has probably jeopardized the security of our detachment to a considerable extent.

It is seriously recommended that this contact be severed completely, although graciously. During the time it will take to accomplish this, it should be found out whether anything worth-while can be expected from SLAVKO. Unless he is a high-level MSB agent and unless he is playing fair with the SB (which is doubtful to say the least) it is not worthwhile to continue this operation since so far it has the appearance of being quite low level. We cannot afford to do what the Russians are doing, i.e. to spend a great deal of manpower on penetrating these dissident groups. We do not have very much manpower and will have to aim at higher CE goals.

2. Recruiting.

A. A request has just been received for the vetting of a German (NONE - HSC/Ops/57) who is to be used as a cut-out for projected operations into Czecheslovakia. HOMM was a successful German businessman in Turkey, where he was engaged in the exportimport business; he is said to have been a member of the German

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Abwehr and is presently interested in again developing his export business throughout the Balkans and Turkey. He was intreduced to Mr. BYLIC by a CIC officer, who had inherited him from the CIC in Salsburg, for which he had worked for a short time. At this juncture it is not seen why a man like this should be considered for operations running into Csechoslovakia since his personal history does not even mention that country. Apparently he is planning to establish a branch office in Prague which might serve as a cover establishment for whatever operations into Csechoslovakia are being planned by the Munich detachment.

- B. About two or three months ago there was an abortive attempt to establish a chain from Munich to Prague. The proposed agent was residing in Munich, his wife in Prague and the plan was to have her secure secret intelligence from her excellent contacts within the Csechoslovak Government and have this information relayed to Munich by means of couriers (BIRCH Operation). The couriers were supposed to be a group of Czechoslovak students residing in AMZOM near the border; however, these students were all strongly anti-Communist and had had to flee Czechoslovakia for fear of being arrested by the police there. Several serious objections were raised to the mounting of this operation and we have recently been informed that the project has been dropped. This is to serve as an illustration of the haphasard and often immature way in which so-called operations are planned in Munich.
- C. In this connection it might be apropos to mention the planned recruitment of Paul FIDERUC as an agent, to reside in Eunich and run operations into Czechoslovakia. There have been widely divergent reports on FIDERUC's integrity. The FBI has called him an inveterate liar and during the war there were reports from London to the effect that some of the information relayed by him to his headquarters in Germany was completely fabricated. Without question he was an extremely successful German operator, stationed mostly in Portugal. FIDERUC seems to be a very shrewd and highly intelligent person who could be permitted to work for us only if his case officer were at least as intelligent and shrewd as he; there is no one in Munich at present who would be able to handle a man of this stature. The plan is to give him considerable latitude in running agents for us. We certainly cannot afford to have another RUSTY operation on our own hands.

It would probably be a very excellent idea to give serious thought to penetrating Czechoslovakia from Munich but this will have to be done, first, in close cooperation with the Prague station; and secondly after very serious investigation of the men whom we might use on such a project. It is always a good idea to start at the home base and no effort seems to have been made as





yet to find out the essential elements of information concerning the activities in AMZON of Csech intelligence officers operating there. We know that they are operating and have repeatedly asked questions concerning them; so far we have had no results.