

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM: ACSR/2/Baltic *g/m*
 NO. SR/2-B-61-455
 DATE 13 November 1961

TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
	RECEIVED	FORWARDED		
1. CSR/2				JHF to 1. You are already in receipt of the report referred to in para 4. <i>jhf</i>
2. DC/SR/9			<i>g/m</i>	
3. SR/2/Baltic			<i>g/m</i>	For filing -- AEBALCONY
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 CENTRAL INTELLIGENCE AGENCY
 SOURCES METHODSEXEMPTION 25X2B
 NAZI WAR CRIMES DISCLOSURE ACT
 DATE 2007

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SR/2-B-61-455

9 November 1961

MEMORANDUM FOR: Chief, SR/2

SUBJECT : AEBALCONY Quarterly Progress Report
(July 1 1961 - 30 September 1961)

1. This is the first in a series of quarterly progress reports covering Headquarters' Projects. This is an FI report and will be followed by the three CA reports covering AEPOLE, AEFLAG and AEBASIN.
2. It is apparent that the period covered in this report was the most productive quarter in AEBALCONY history and resulted from the hard work and long hours of overtime of the SR/2/Baltic Section.
3. It is hoped that all but one of the outstanding REDSKIN reports will be completed within the next month. The [] report will be considerably delayed because of other priority activity.
4. Within the next two or three days a summary report will be completed which reviews the SR/2 Baltic traveller program for the past three years with special emphasis on the 1961 REDSKIN program.

✓ ACSR/2/Baltic ✓

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QUARTERLY REPORT FOR PROJECT AEBALCONY -- ESTONIAN DESK

1. Objectives: To conduct REDSKIN operations into the Estonian SSR as a segment of the over-all objectives of Project AEBALCONY, which encompasses the collection of intelligence from the three Baltic States in furtherance of the CIA mission. More specifically: SR/2/Baltic/Estonian desk, in pursuit of the above cited objectives, attempted to conduct mounted legal traveler operations for the purposes of (1) contacting, assessing and, when warranted, reassessing potentially vulnerable Soviet Estonians who could be developed into internal reporting sources; (2) carrying out "covert action" activities; and (3) collecting positive and operational intelligence.

2. Operations and Production: Three REDSKIN candidates were contacted and assessed for utilization as legal travelers to the Estonian SSR. The three candidates were willing to undertake assignments. However, two of them proved to be unsuitable for such tasks. One of the two was determined to be psychologically unsound to engage in a legal traveler operation; the other (C J) proved to be so involved in a domestic situation that it appeared to be unwise to further pursue his potential. The third candidate, AEBALCONY/6, was acceptable and was recruited, trained and dispatched, via Stockholm, Sweden, in August 1961. Although AEBALCONY/6 received a visa to travel to the Soviet Union, he was unable to obtain the required INTOURIST Hotel "reservations" for his stay in the area. He returned to the U.S. and was debriefed on his efforts by CSR/2/Baltic. AEBALCONY/2, a previously recruited and trained legal traveler to the Estonian SSR, continued his efforts to obtain a visa to travel to the Soviet Union. To date he has not procured the visa.

There was no Estonian production.

3. Finance: The cost of these activities to CIA was limited to Case Officer travel and operational expenses related to contacting the individuals and travel and operational expenses of the candidates to the Washington, D.C., area for purposes of assessment, recruitment and training. AEBALCONY/6's travel to Sweden was financed by a travel grant to attend an international convention of bio-physicists.

4. Security: No incidents involving security have been developed in relation to Estonian desk AEBALCONY activities other than those discussed in Paragraph 2 in connection with (C J), whose wife and parents were aware of the United States Government having an interest in his traveling to the Estonian SSR.

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5. Future Plans: Contingent upon the success of the spotting net of the Estonian desk, it is anticipated that suitable candidates will become available for selection as REDSKIN agents in the year 1962.

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QUARTERLY REPORT FOR PROJECT AEBALCONY -- LITHUANIAN DESK

1. Objectives: The objectives of Project AEBALCONY are to conduct mounted, and in selected cases, piggy-back legal traveler operations into Soviet occupied Lithuania in furtherance of the CIA intelligence mission. The purposes of the legal traveler operations are to support internal assets, to make assessments and re-assessments of potentially vulnerable Balts, to conduct subtle "covert action" activities and to collect operational intelligence.

Positive and *to recruit internal assets*
2. Operations and Production: SR/2/Baltic/Lithuania assessed, recruited, trained, briefed, dispatched and debriefed four "mounted" REDSKIN agents (AEBALCONYs 7, 8, and 9, and [] and three "piggy-back" REDSKIN agents (AEBALCONYs 12, 13 and 14) into Soviet occupied Lithuania. Although the debriefings have not yet been completed, it is felt that SR/2/Baltic/Lithuania has amply met the objectives outlined in paragraph one, since (a) eight dead-drop sites were selected for future use to support internal assets in Soviet occupied Lithuania; (b) five of the REDSKIN agents reported on Soviet military installations and some of these installations are missile sites; (c) identifying data on Soviet-Lithuanian citizens who are considered vulnerable have been submitted and they may become targets for future recruitment; (d) two REDSKIN agents conducted a somewhat successful CA campaign by informing some of the Soviet-Lithuanian citizens of the Soviet Union's resumption of nuclear testing and by passing out colored postcards of President Kennedy and of the larger cities of the United States; (e) the agents have reported on defense plants in Vilnius and activity in the railroad marshalling yards; and (f) they have reported numerous items of operational intelligence.

3. Finance:

a. AEBALCONY/7: It cost CIA \$1,500.00 to send AEBALCONY/7 on a REDSKIN mission to Soviet occupied Lithuania.

b. AEBALCONYs 8 and 9: It cost CIA \$3,000.00 to send AEBALCONYs 8 and 9 on a REDSKIN mission to Soviet occupied Lithuania.

c. AEBALCONYs 12, 13 and 14: AEBALCONYs 12, 13 and 14 were "piggy-back" operations and the only cost to CIA was for case officer travel during assessment, recruitment, briefing and debriefing.

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d. []: AEBALCONY funds (\$1,000.00) were expended to send [] to Soviet occupied Lithuania for sixteen days.

4. Miscellaneous: AEBALCONY/10 was recruited, trained, briefed but was not dispatched because of the tense international situation and an incident which happened during a training exercise and which was thought at the time to have security implications.

5. Security: No incidents involving security were reported other than the item mentioned in paragraph four above.

6. Future Plans: It is planned to contact and assess approximately four individuals for REDSKIN missions into Soviet occupied Lithuania in the year 1962.

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QUARTERLY REPORT FOR PROJECT AEBALCONY -- LATVIAN DESK

OBJECTIVES

1. REDSKIN Travel

a. One "mounted" domestic legal traveler operation into the Latvian SSR was successfully accomplished through the assistance of MOG, which conducted the final training, dispatch and debriefing of AEBALCONY/5 and AEBALCONY/11, two naturalized Latvian Americans. Two PI reports have been disseminated. Evaluation of this information has not been received as yet. AEBALCONY/5 and her husband, AEBALCONY/11, are now settled in California where they will act as REDSKIN spotters. No security or control problems are foreseen.

b. AEKILC a naturalized Latvian-American REDSKIN candidate, was assessed in August and rejected as unsuitable by reason of family background for undertaking a mission to load a dead drop in Latvia.

c. A U.S. citizen of Latvian origin was assessed favorably as a REDSKIN candidate but no satisfactory explanation for his absence from his place of employment could be devised for the current travel season.

d. A U.S. citizen of Latvian origin was contacted and assessed unfavorably for a REDSKIN mission to load a dead drop in Latvian SSR by reason of Subject's intemperate use of alcohol.

e. A naturalized Latvian-American citizen living in Florida who was rejected on medical grounds in 1960 for a REDSKIN mission recently completed a month's trip to Latvia. Subject recently notified the Latvian desk and will be debriefed in the near future.

2. Recruitment-in-Place

AEFLAG has assisted in enrolling a Soviet Russian churchman in a divinity school in Canada. Ultimately, AEFLAG will try to bring this individual to the United States for an attempted recruitment-in-place by SR/2/Baltic assets. The control and security of this potential operation utilizing AEFLAG presents no serious problem at this time. The special status of Canada as regards SR/2/Baltic operations is being fully considered.

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3. Positive Intelligence

Observations by AEFLAG, a naturalized Latvian-American REDSKIN traveler during May-June 1961, have been disseminated in a thirteen page report. Evaluation of this information has not been received. Debriefing of AEFLAG has been completed. OI concerning Soviet realities will be further disseminated.

4. CA Activity

a. Successful CA activity was registered by AEFLAG who visited Canada to talk with three Soviet churchmen. The two senior members were contacted to elicit the tenor of feeling in Moscow regarding the world crisis over Berlin and to spread ideas designed to further U.S. aims in making clear to the Soviet people that the U.S. can be pushed only so far.

b. AEFLAG a naturalized Latvian-American, was granted a CSA for domestic use to develop CA activities and to act as a REDSKIN spotter within the youth organization that he heads.

5. Comments

This quarter has been one of the most productive for the calendar year.

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