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*Security Information*

23 October 1951

Chief, Foreign Division M  
ATTN :    
Chief of Station, Karlsruhe

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Operational

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USAGE - Conversation between General LIEBITZKY and AA-1

1. As an example of how interwoven the activities of USAGE can become with matters that are properly the concern of the Austrian station, two verbatim reports from USAGE regarding conversations with his close friend and informant, AA-1, and General LIEBITZKY, a contact of the Austrian station, are reproduced below.

2. The relationship AA-1 viz a viz USAGE has always intrigued   who has stated that AA-1 could be helped into a place of some importance within Austria were it not for his basic loyalty to USAGE, and consequent lack of control possible by the Austrian station.   recently requested   to have USAGE get a list of young officers from AA-1, who would be considered suitable for a liaison position with G-3 USFA, such as that described in para. 4 in the raw USAGE report below.

3. The first report concerns intelligence activities of AA-1:

LIEBITZKY, in opening the conversation on 1 August, informed AA-1 that he had been informed by General RONNE that AA-1 and VV-2 were working for an American-connected German intelligence line. He further explained that branches of this German intelligence line were found frequently in Austria.

AA-1 informed LIEBITZKY that he had no dealings whatsoever with any German lines.

LIEBITZKY now asked AA-1, whether he was acquainted with the organization or personnel of 'Deutsche Bruderschaft'.

AA-1 replied that this organization and its personnel was completely unknown to him.

LIEBITZKY now asked AA-1, whether he held any other intelligence connections.

AA-1 (following the officer's line) replied: Yes, but explained that he was not willing to give any further explanation.

LIEBITZKY cautioned AA-1 to use extreme care that no leakage of such connection could appear as not to expose the Austrian Government in general and the office headed by LIEBITZKY in particular, and carried on that he himself (LIEBITZKY) had also had some intelligence connections (not expressly stating

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that this was with the US).

AA-1 asked LIEBITZKY, whether he would be officially interested in intelligence results from neighboring Eastern countries, to which LIEBITZKY replied in the affirmative. AA-1 now informed LIEBITZKY that, should he come into possession of such intelligence, he would endeavor to generally inform LIEBITZKY personally, if he (AA-1) would consider such intelligence as of immediate interest to Austria and her future. He ended his conversation by informing LIEBITZKY that he was naturally not willing to disclose any further facts. LIEBITZKY, in turn, promised that he would keep this matter as secret."

4. The second report concerns Austrian rearmament:

"After his return from his leave, AA-1 was approached by both, Emil LIEBITZKY and General NEUGEBAUER (both of Pensionsabteilung A with Austrian Ministry for Finance) for his advice concerning the nomination of a liaison group with US Forces.

As the above informed AA-1 (indicating that no other member of their office was informed on Subject), they had been asked to propose a liaison group with US Forces for the technical preparation of a quiet Austrian armament (presently under the cover of Austrian Gendarmerie units in Western Austria). The United States, during a number of negotiations, had agreed to granting Austria not only the necessary technical equipment, but also a sum of 3 million dollars for the direction of such units. One of the conditions was that a liaison group between LIEBITZKY and the US Forces should be erected immediately consisting of one military and two ordnance advisers. It had been requested that a personal proposal of 4 men each would have to be made.

Because of the fact that FIGL personally wanted to be in permanent contact with this clandestine General Staff (the LIEBITZKY Office), this office would not be allowed to move from VIENNA. On the other hand a permanent contact with US Forces outside Russian reach would have to be erected.

The above had found extreme difficulty in nominating suitable personnel that should also be able to speak English. So far they had not been able to find a single military liaison adviser and upon AA-1's proposal gratefully accepted former Colonel (Austrian Army - Brigadier General German Army) Felix VODEPP, who until 1938 served under SCHILKAVSKY, and is presently employed with the City Engineers Office at WELS. Regarding the ordnance personnel, they considered Engineer (fm) FRAS of Vienna, a former member of the war-technical Staff, especially because of his good knowledge of the English language the former Colonel (Austrian Army) STEINHARDT of Vienna, a former artillery Staff officer with Austrian armament and ammunition, who had served during the war (but allegedly had been accused of cowardice) with the German Army, and Friedrich BRECHT, a professor for technics, excellent scientist on fortification. AA-1's personal reaction on these proponents was that STEINHARDT and BRECHT could be considered, whereas FRAS was unknown to him. All above are now endeavoring to nominate further personnel as to meet the US

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