

DISPATCH		CLASSIFICATION SECRET	DISPATCH SYMBOL AND NO. EQFA-25156
TO INFO Chief, EE COS, Germany	HEADQUARTERS FILE NO. 32W-006-0022/3		
FROM Chief of Base, Frankfurt	DATE FEB 3 1959		
SUBJECT Operational/CATARSI/CABATON Progress Report - 8 August 1958 to 19 January 1959		RE: "43-9" - (CHECK "X" ONE)	
ACTION REQUIRED See para 2		<input type="checkbox"/> MARKED FOR INDEXING	
		<input checked="" type="checkbox"/> NO INDEXING REQUIRED	
		<input type="checkbox"/> INDEXING CAN BE JUDGED BY QUALIFIED HQ. DESK ONLY	
REFERENCE(S) EQFA-23231, 2 September 1958 <i>f/Cabaton ops</i>			
<p>1. <u>Summary</u>: The outstanding developments of the reported period were the loss of CABATON 7, the recruitment of CABATON 22, the dropping of Identity 1, the development of three other prospects to the point where recruitment should be imminent, and the security problems represented by the use of CABATON 21 in connection with an operation out of Rome.</p> <p>2. <u>Action required</u>: Assignment of cryptonyms CABATON 22 and CABATON 23 to Identity 2 and Identity 3 respectively.</p> <p>3. <u>Progress towards fulfilling project objectives</u>: We commenced the reporting period with the following agents active, in the sense that they were fully prepared to take on assignments: CABATON 1, 5, 7, 9, 20, 21, and 24. CABATON 19 was in a situation where he could not receive mail because this could not be done securely where he was living at the time. CABATON 22 had not yet been recruited, and CABATON 23 had not been given any definite assignment. CABATON 19 now lives where he can probably receive mail securely. CABATON 22 is active, and CABATON 23 had undertaken to provide us with a mailbox. All requirements levied upon this project have been fulfilled during the reporting period.</p> <p>4. <u>Agent Performance</u>:</p> <p>(a) CABATON 1 (Case officer - Alternate)</p> <p>(1) <u>Operations being serviced by agent</u>: [redacted] and emergency communications for [redacted]. There has been no traffic for any of these operations in the reported period.</p> <p>(2) <u>Performance</u>: Agent continues to be very willing to undertake this type of responsibility. He is prompt in arriving at meetings, and he informs the case officer whenever he is going to be out of town.</p> <p>(3) <u>Finance</u>: He continues to get DM 100 per month.</p> <p>(4) <u>Plans</u>: Because of the practically non-existent traffic for the operations to which he is assigned, he may be able to absorb one or two more requirements. Meetings are now scheduled once a month to insure keeping track of agent's frame of mind and keeping the commo mechanisms in good running order.</p> <p>(5) <u>Commo</u>: No new developments.</p> <p>(b) CABATON 5 (Case officer - Alternate)</p> <p>(1) <u>Operations being serviced by agent</u>: CARET, CARLI 1, CABATON 19, CABATON 24. CADORM mail goes through a postoffice box subscribed to by Subject, but serviced by staff personnel.</p> <p>(2) <u>Performance</u>: The agent has performed in excellent fashion throughout her association with us. She has made deliveries promptly, often despite considerable inconvenience and bad weather. She has notified the case officer promptly when it has been necessary to be away. As of this writing, CABATON 5 is out of town due to serious illness in her family. She left on 9 January 1959 to be absent for three weeks.</p> <p>(3) <u>Finance</u>: She continues to be paid DM 100 per month.</p>			
FORM 10-57 1491 53b	USE PREVIOUS EDITION, REPLACES FORMS 51-29, 51-20X AND 51-29 WHICH ARE OBSOLETE.	CLASSIFICATION SECRET	PAGE NO. <input checked="" type="checkbox"/> CONTINUED 1

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(4) Security: One security weakness with this agent is the fact that her husband (CABATON 6) is unwitting of her activities for us. This presents a constant hazard since when agent may be called away for any time, all operations going through this drop must be alerted immediately to stop any possible flap through CABATON 6 picking up operational mail. There is always a chance that something may be put in the mail by an agent using the drop before he can be notified to suspend use of the address.

(5) Plans: We plan to make [] the regular case officer for this agent. At the earliest opportunity after agent's return from the emergency visit to her parents, we shall re-open the question of making CABATON 6 witting. It is doubtful whether this will be successful because the agent has been enjoying an income of DM 100 per month for several years without the knowledge of CABATON 6, and is not likely to dare to bring this into the open at such a late date.

(6) Commo: There are no new developments here, but there is a need for a reserve system. This will be implemented at the earliest opportunity.

(c) CABATON 7 (Case officer []
Alternate [])

The termination of this agent was reported by Mottley in EGFA-24663, dated 19 December 1958.

(d) CABATON 8 (Case officer []
Alternate [])

[] was introduced to agent by [] at a meeting in the apartment of CABATON 7 shortly before her departure for residence in PEPRIME. At that time communications arrangements were made for contacting agent either in PEPRIME or in Western Germany. It is expected that she will periodically return to Germany in connection with business for the airline for which she works. When she does, we expect to use her for spotting.

(e) CABATON 9 (Case officer []
Alternate [])

(1) Operations being serviced by agent: AEBCHAMP (a CART operation). The mail comes out of the French Saar.

(2) Performance: Satisfactory. Agent recently said to case officer that she supposed her fate was now pretty closely tied with that of the United States because she had been working for us for so long. Therefore, she thought she should have plans made to get out of Germany quickly if anything happened. This is one of the best indications to date of a real sense of involvement with us on the part of CABATON 9. She seems to enjoy the conspiratorial aspects of the business very much.

(3) Finance: Contrary to what was reported in previous progress report, agent is not paid anything. The only compensation she gets is in the form of gifts at Christmas time and on her birthday. She is, by German standards, a rather wealthy woman in her own right, being owner and manager of one of the largest printing firms in Frankfurt. Therefore, up to this time, we have felt that control was very weak in this case. However, we now have indications that agent now feels so deeply involved in operations with us that she is somewhat dependent upon us for her personal security in case there are drastic changes in the West German political situation.

(4) Security: The biggest cipher in regard to this agent up until now has been control. It appears that with the development cited above, the control of the agent is more solid than before. There are no other outstanding security problems.

(5) Plans: It is contemplated that this agent will be kept on double agent cases in the future. It is also expected that, short of a security blow, her usefulness should last for a long time.

(f) CABATON 10

The Agent Service Record on this dropped agent has been forwarded to Headquarters (EGPA-24037, 10 November 1958). She was never actually used in any capacity. She plans to go to PEPRIME in March or April 1959. Arrangements have been made with [redacted] so that if CABATON 10 contacts his family when she arrives in PEPRIME, word will be relayed to the undersigned case officer to make possible the contacting of CABATON's mother who lives in Frankfurt and might then fit into the CABATON picture.

(g) CABATON 15 (Case officer: None. Contacted by BEGAY)

This agent has been handled from the outset by BEGAY who recruited him. Last contact with the man, according to BEGAY, was in September 1958. He has only been paid once, and at that time just DM 50.

He was given as an address to BEKISS who redefected to Poland in 1958. The relationship with him has not been terminated, however, because he had also been given to HIROYAL-2 for BOB and there had been no opportunity to cancel that. Therefore, contact will be maintained since there is a possibility that at some time mail may come in from that source. Eventually, he will be dropped, and no difficulty is anticipated in this regard. No commitments were made to the man.

(h) CABATON 19 (Case officer [redacted]
Alternate [redacted])

(1) Operations being serviced by agent: None at present.

(2) Performance: Agent was turned over to [redacted] by [redacted] in one room at a meeting in Hannover on 29 October 1958. At that time agent was living in a farmhouse outside town which made receipt of operational mail impossible. However, there was a requirement to acquire a safehouse in Hannover for the CADAISSY project of FOB/CR. Agent was told to begin looking.

[redacted] met the agent again on 1 December 1958. At this time agent was encouraged to find a better job for himself in the city of Hannover and to move into town. This he has done. Arrangements were made for agent to communicate immediately with case officer if he found a suitable apartment. He was given money to advertise for an apartment.

[redacted] was called by agent again on 21 January. Meeting was held in Hannover on Saturday, 24 January 1959. Agent had done a thorough job. He had advertised several times in the paper, had visited realtors, and answered other advertisements, rejecting many possibilities. The result was the location and procurement of a fine safe apartment which should fit the prescribed requirements for a meeting site very well. Furthermore, agent obtained it for a very low price. He will take possession on 31 January 1959, and will reside in the apartment as safe-house keeper. The meetings will occur approximately once every two months. Agent did an excellent casing and selection job as well as a good job of establishing cover for use of the safehouse. He now has acquired a much better job in the headquarters office of the agricultural supply firm for which he was serving as a field salesman previously.

(3) Finance: At a meeting on 29 October agent was given DM 100 retainer, the first payment since January 1958. On 1 December he was given DM 50 to cover advertising costs. On 24 January 1959 agent was put on salary at DM 100 per month and given his salary for February and March. The cost of the safehouse will be charged to project CADAISSY.

(4) Security: Agent's security sense appears to be very good. Further, he is very prompt arriving at meetings. Meldeamt checks have been initiated on the landlord for the apartment and will be followed by complete name check. The same is true of agent's fiancée whom he says is not aware at all of his clandestine connections and activities. Case officer is inclined to believe this assertion in view of agent's over-all security consciousness and genuine concern for his mother who is still in the East Zone.

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<p>(5) <u>Commo</u>: Complete communications exist in this case with both mail and telephone channels in both directions as well as telegraphic communication to agent and a complete reserve system.</p>				
<p>(6) <u>Plans</u>: Agent has been instructed to acquire a postbox in Hannover for receipt of mail. Mail coming into this box will use his middle initial and not his first initial, thus enhancing security. This postbox will be used for receipt of mail from non-Communist areas only, but will enhance FOB's capability for servicing requests from other stations. We foresee increasing value in CABATON 19 as a safehouse keeper, letter drop, and possibly general utility support agent.</p>				
<p>(i) CABATON 20 (Case officer [redacted])</p>				
<p>There has been no change and no activity in regard to CABATON 20 since the last report.</p>				
<p>(j) CABATON 21 (Case officer [redacted] Alternate [redacted])</p>				
<p><u>Operations being serviced by agent</u>: Agent was given an address for [redacted] operation discussed in OIRA 18628 of 5 December 1958, FROB 3071 of 31 December 1958, and VIEN 4293 of 9 January 1959. Because of security implications of this operation, agent has not yet been assigned to any other.</p>				
<p>(2) <u>Performance</u>: This agent had moved into permanent housing with his family since the information provided in the last progress report. As a result of his moves and taking out a postbox for us, he had three usable addresses. Mail addressed to his old address automatically was placed in his postbox, providing an automatic cut-out. He has made all meetings promptly, has responded well to instruction, and personally has been advancing to better positions in his work as a chef. In short, his performance and his attitude have been excellent.</p>				
<p>(3) <u>Finance</u>: Agent has been receiving DM 100 per month. He has also been reimbursed for the cost of the postbox.</p>				
<p>(4) <u>Security</u>: The results of investigations in Vienna concerning the walk-in to whom [redacted] gave the agent's address indicate that the walk-in was a swindler. This is reinforced by the content of the letter sent to CABATON 21's address. Consequently, it is conceivable that we may use CABATON 21 for low-level and non-attributable correspondence in the future. The consequences of the Ross affair are the outstanding security factors here.</p>				
<p>(5) <u>Commo</u>: One change in the commo situation here is that rapid communication from agent to case officer is now possible by telephone.</p>				
<p>(6) <u>Plans</u>: Current plans have been intimated in the security discussion above. We will wait for further results from Vienna and possible further letters from the [redacted] walk-in. If, after considerable time, there seems to be nothing to stand in the way, we will consider assigning this address for certain operations of low sensitivity outside the Communist Bloc.</p>				
<p>(k) CABATON 22 (Case officer - [redacted] Alternate [redacted])</p>				
<p>[redacted] None as yet. Probably will introduce [redacted]</p>				
<p>(Identity 2 in previous progress report)</p>				
<p>(1) <u>Operations being serviced by agent</u>: Emergency commo for RNMANIPLE.</p>				
<p>(2) <u>Performance</u>: Agent was recruited on 10 November 1958. She seems to have made the decision to work with us very carefully. So far, she has fulfilled all the instructions given to her and appears to be turning into a good asset. The RNMANIPLE case officer has to permit another channel of commo to be fed through this agent which should provide a better chance to keep her on her toes and insure that the RNMANIPLE operation will be properly serviced when necessary. Agent took over responsibility for</p>				
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RNMANIPLE in early December. It is a little too early to give a conclusive appraisal of her efficiency.

(3) Finance: Agent has been paid her DM 100 salary for December 1958 and January 1959.

(4) Security: The security of this part of CABATON 22 is satisfactory and at this point, agent is subjected to security training.

(5) Commo: Agent reaches case officer via operational phone. Communication to agent is normally by phone, but can also be by letter or telegram.

(6) Plans: Plans with this agent are to carry on fairly intensive indoctrination and in the near future to feed one more operational responsibility to her, so chosen as not to jeopardize her suitability for remaining on the job as emergency commo for RNMANIPLE.

(1) CABATON 23 (Case officer [None. Probably] in Alternate [near future])

(Mentioned as Identity 3 in previous progress report)

(1) Operations being serviced by agent: None at present.

(2) Performance: This agent has taken out a postbox in Frankfurt for our use. She was in poor health and rather high strung when first under development. Since that time her health has markedly improved, the nervousness has disappeared, and she has had considerably greater success in her job. She has built up a good following in her work as a saleswoman in an exclusive dress shop. She expects to take an apartment of her own in the city within the next two months, and her ambition and energy are now such that she is planning to open a business of her own within the near future with capital provided by her father. These moves will make her a much more valuable asset from our point of view. She responds well to instruction and seems to have a natural bent for clandestine activity.

(3) Finance: Agent was paid DM 100 in December. However, she refused to accept any money in January because she felt she had done nothing to earn it. Once she is servicing a postoffice box, she will again be paid DM 100 per month.

(4) Security: The security factor in this case seems to be very strong. Agent has a strong security sense, manifested in suggestions for commo and in thorough consideration of security factors regarding delivery of correspondence. One factor worth noting here is that she is a good friend of CABATON 10. However, according to agent, she has said nothing to her about her connections with us.

(5) Commo: A complete system has not yet been built into this relationship. Current communications are by telephone -- from agent to operational phone, and from case officer to agent's home telephone. She has her own private phone in the apartment she shares with her sister and brother-in-law.

(6) Plans: Short-range plans are to use agent to service a postbox for two or more communications channels originating outside the Communist Bloc. Long-range plans envision using the apartment she moves into as an address. She has the potential of developing into an asset at least as useful as CABATON 5, with the advantage of not being involved with unwitting persons at the same address.

(m) CABATON 24 (Case officer [] Alternate [])

(Mentioned in previous progress report as CAELFIN)

(1) Operations being serviced by agent: NEA requirement mentioned in DIR 08379 of 16 January 1959; EXCHIN mentioned in ANKA 5623 of 18 September 1958; plus one FOB/SAT operation with mail from Hungary.

(6) General: We expect other leads will continue to flow in, and should be able to at least come close to our objective of having twenty active assets in the project by the end of calendar year 1959. If we had to put on the pressure for immediate acquisition of assets, we would be able to acquire at least four or five through CATADPOLE 1. We do not wish to overwork this, however, since it does not provide the compartmentation which we desire to have in this project. We prefer to have perfectly "clean" leads which are acquired directly by staffers. From a security standpoint, such agents should generally have more long-lasting qualities.

5. Finance: Expenses for the project are still well within the budget. We now have regular salary expenses of \$ [] per month. If all goes well, this figure should be raised to \$ [] per month by the end of February. Other expenses are very slight.

6. Commitments: There are no new or outstanding commitments. The loan was made to CABATON 24 as authorized in DIR 32718 and payments are regularly being made on this loan. It seems at the moment to have been an outstandingly successful loan since it materially assisted in the establishment of one of the most flexible and useful addresses available to FOB.

7. Security: The major security problem of the reported period was the incident affecting CABATON 21 which is described in section (3) above. Otherwise, there have been no special problems.

8. Prospective Developments and Planning:

Immediate Prospects for Expansion: As can be seen from paragraph (m), section (3) of this report, we have three prospects for almost immediate recruitment.

Receipt of EGPA 54141 of 19 January 1959 indicates that BOB has a particularly pressing requirement to provide alternative communications for its agents in the DDR. We will review for BOB all the resources represented at present by CABATON and forward the results to BOB at the earliest possible date, simultaneously continuing to spot and recruit as many new assets as possible. Since correspondence of BOB agents is primarily in German, addresses in the Federal Republic will in many cases be far more secure than addresses in other countries.

Approved: []

JMB

Attachment - Identity List s/c

Distribution:

- 3 - EE w/Att s/c
- 2 - COS w/Att h/w

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s/C Attachment to
EGFA-25156

Identity 1: William S. Hardy
Identity 2: Elfriede Koch
Identity 3: Hedwig Schubart
Identity 4: Otto Loehr
Identity 5: Christa Richter
Identity 6: Franz Josef Schmidt
Identity 7: Justine Riess
Identity 8: Johannes Reinhold Hirsemann

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