

*Forging an Intelligence  
Partnership: CIA and  
the Origins of the BND,  
1945-49*

*A Documentary History*

*Volume I*

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NAZI WAR CRIMES DISCLOSURE ACT  
DATE 2002 2006

Editor  
Kevin C. Ruffner

FOR COORDINATION WITH ed US Army

*CIA History Staff  
Center for the Study of Intelligence*

*European Division  
Directorate of Operations  
1999*

## Contents

	<i>Page</i>
Foreword	ix
Preface	xiii
Notes on Sources	xxxix
Acronyms and Abbreviations	xxxiii
Persons Mentioned	xxxv
Chronology	xliii
Photographs	xlix
 <b>Part I: Firsthand Accounts</b>	
1. Statement of Gerhard Wessel on Development of the German Organization [undated]	1
2. Statement of General Winter on the History of the Organization [undated]	7
3. Statement of Hans Hinrichs on Early History of the Organization [undated]	9
4. Statement of Heinz Danko Herre, 8 April 1953	11
5. Statement of General Gehlen on Walter Schellenberg Story (Post Defeat Resistance) [undated]	17
6. Report of Initial Contacts with General Gehlen's Organization by John R. Boker, Jr., 1 May 1952	19
7. Statement of Lt. Col. Gerald Duin on Early Contacts with the Gehlen Organization [undated]	35
8. Report of Interview with General Edwin L. Sibert on the Gehlen Organization, 26 March 1970	43
9. Debriefing of Eric Waldman on the US Army's Trusteeship of the Gehlen Organization during the Years 1945-1949, 30 September 1969	45
 <b>Part II: Stunde Null</b>	
10. Seventh Army Interrogation Center, "Notes on the Red Army—Intelligence and Security," 24 June 1945	51
11. Headquarters, Third US Army Intelligence Center, Preliminary Interrogation Report, Baun, Hermann, 16 August 1945	57
12. Captain Owen C. Campbell, Evaluation Section, to Lt. Col. Parker, Enclosing Interrogation Reports No. 5724 and 5725, 29 August 1945	59
13. Crosby Lewis, Chief, War Department Detachment, German Mission to [ ], 25 October 1945	65

### Part III: The Vandenberg Report

14.	SAINT, AMZON to SAINT, Washington, "Russian Experts of German Intelligence Service," 8 January 1946	67
15.	Headquarters, US Forces European Theater (USFET), Military Intelligence Service Center (MISC), "Operations of the Blue House Project," 11 May 1946	73
16.	Headquarters, USFET, MISC, CI Consolidated Interrogation Report (CI-CIR) No. 16, "German Methods of Combating the Soviet Intelligence Services," 3 June 1946	75
17.	Headquarters, USFET, MISC, Lt. Col. John R. Deane, Jr., to Assistant Chief of Staff, G-2, USFET, "Plan for the Inclusion of the Bolero Group in Operation Rusty," 2 July 1946	93
18.	Lewis to Chief, Foreign Branch M (FBM), "Operation KEYSTONE," 9 September 1946, enclosing Lewis to Brigadier General Sibert, G-2, 6 September 1946	99
19.	Maj. Gen. W.A. Burress, G-2, to Lt. Gen. Hoyt S. Vandenberg, Director of Central Intelligence, "Operation RUSTY—Use of the Eastern Branch of the Former German Intelligence Service," with attachments, 1 October 1946	103
20.	Lewis to Richard Helms, Acting Chief of FBM, 8 October 1946, enclosing Lewis to Donald H. Galloway, Assistant Director for Special Operations, 22 September 1946	153
21.	Draft to Deputy A, "Operation Rusty," 16 October 1946	159
22.	Galloway to DCI, "Operation Rusty," 17 October 1946, enclosing Heidelberg Field Base to Chief, IB, "Agent Net Operating in the Bamberg Area," with attachment, 17 September 1946	163
23.	DCI to Maj. Gen. Stephen J. Chamberlin, Director of Intelligence, War Department, "Operation Rusty—Use of the Eastern Branch of the Former German Intelligence Service," 20 November 1946, enclosing Burress to Vandenberg, "Operation RUSTY—Use of the Eastern Branch of the Former German Intelligence Service," 1 October 1946	189
24.	Col. W.W. Quinn to Galloway, "Operation Rusty," 5 December 1946	193
25.	Helms, Memorandum for the Record, "Operation RUSTY," 19 December 1946	195

### Part IV: The Bossard Report

26.	Cable, Special Operations to [ ] 31 January 1947	197
27.	Cable, SO to [ ] 10 February 1947	199
28.	Lt. Col. Deane to the German Chief of Operation RUSTY, "Assignment of Responsibilities," 25 February 1947	201
29.	Cable, SO to Frankfurt, 6 March 1947	203
30.	Cable, Heidelberg to SO, 11 March 1947	205
31.	Report, "Operation KEYSTONE," 13 March 1947	207
32.	Cable, SO to Heidelberg, 14 March 1947	209

33.	Samuel Bossard to [Galloway], 17 March 1947	211
34.	Memorandum to Helms, "American Intelligence Network," with attachment, 18 March 1947	213
35.	Bossard to Gordon M. Stewart, Chief, War Department Detachment, German Mission, 20 March 1947	221
36.	Cable, Heidelberg to SO, 21 March 1947	223
37.	Report, "American Intelligence in Bavaria," 29 March 1947	225
38.	SC, AMZON to FBM for SC, Washington, "KEYSTONE: LESHCINSKY," 31 March 1947	227
39.	Memorandum to [Galloway] and Bossard, "Evaluation of RUSTY CI Reports," with attachments, 1 April 1947	229
40.	Cable, Heidelberg to SO, 8 April 1947	333
41.	[Bossard] to [Galloway], 5 May 1947	335
42.	Bossard to DCI, "Operation Rusty," 29 May 1947	359
43.	Galloway to DCI, "Operation RUSTY," 3 June 1947, enclosing Bossard to DCI, "Operation Rusty," with annexes, 29 May 1947	363
44.	Memorandum for [unspecified], "Operation RUSTY," with attachment, [undated]	379
45.	DCI to Secretary of State, et al, "Operation Rusty," [undated], enclosing "Memorandum on Operation RUSTY," 6 June 1947	383
46.	Cable, Central Intelligence Group to ACS, G-2, European Command, 5 June 1947	387
47.	Cable, EUCOM to CIG, 6 June 1947	389
48.	Galloway, Bossard, Memorandum for the Record, 11 June 1947	391
49.	Brig. Gen. E.K. Wright, Memorandum for the Record, 20 June 1947	393
50.	Galloway, Bossard, Helms, "Report of Meeting at War Department 26 June 1947," 26 June 1947	397
51.	Bossard, "Recommendations drawn up at request of Gen. Chamberlin for the attention of Gen. Walsh," 27 June 1947	399
52.	Cable, SO to Heidelberg, 27 June 1947	401
53.	Cable, SO to Heidelberg, 27 June 1947	403
54.	Cable, Heidelberg to SO, 24 July 1947	405
55.	Chief of Station, Heidelberg to FBM, "RUSTY," 1 October 1947	407
56.	Headquarters, First Military District, US Army, General Orders Number 54, "Organization of 7821 <sup>st</sup> Composite Group," 1 December 1947	409



## Forging an Intelligence Partnership: CIA and the Origins of the BND, 1945-49

### Foreword

I am pleased to present this volume of historical documents to the *Bundesnachrichtendienst*, one of our oldest foreign intelligence liaison services. Since 1949, the Central Intelligence Agency (CIA) has maintained close ties to the Gehlen Organization which became West Germany's BND, or Federal Intelligence Service, in 1956. Through the long decades of the Cold War, the CIA and the BND worked closely together to expand freedom in Europe. We continue to cooperate on intelligence matters as both countries face new threats in the form of terrorism, proliferation of weapons of mass destruction, and unrest in Europe and other regions of the world.

Forging this intelligence partnership between the United States and Germany was not an easy task. In 1945, the United States and its allies had just been at war with Nazi Germany. Germany itself lay in ruins, its towns and cities destroyed, while American, British, French, and Soviet troops divided the country into occupation zones. Democratic government was reestablished in the Western zones while a totalitarian system was forced on the East by the Soviet Union.

Germany then became a new battlefield between East and West. The Soviet blockade of Berlin in 1948 clearly signaled that the wartime alliance had dissolved. In order for Western Europe to recover from the war and to survive the threat of Communism, Germany had to be rebuilt and its government restored. The United States promoted these efforts through the Marshall Fund, the formation of the *Bundesrepublik*, the rearmament of West Germany, and its membership in the North Atlantic Treaty Organization, and the United Nations.

The Gehlen Organization operated in the vacuum of the Cold War. After the war, Gen. Reinhard Gehlen, a senior German army intelligence officer and expert on the Soviet Union, directed his officers to preserve their records and surrender to American forces. In the summer of 1945, a handful of US Army officers recognized that Gehlen's position as the head of *Fremde Heer Ost* (Foreign Armies East) could be useful in obtaining information about the Soviet army. Until this time, the United States had not focused its intelligence collection efforts on the USSR.

After sending Gehlen and several of his officers to the United States for debriefings in the summer of 1945, the Army also began to use former German intelligence officers as operatives in the American occupation zone in

Germany. Between 1945 and 1949, the US Army handled the Gehlen Organization and funded its intelligence collection.

During this period, the US Army wanted the CIA and its predecessor organizations to assume responsibility for the Gehlen Organization. CIA, still getting itself established in Washington as the nation's first peacetime, centralized intelligence organization, had reservations about the Army's efforts for it to take over the Gehlen Organization. Many of the documents in this book reflect CIA's internal debate about assuming responsibility for the Gehlen Organization from the US Army. The documents also highlight the tensions that existed between General Gehlen and various US Army officers as well as discussions between Gehlen and the Agency's representative in Munich. The Agency's decision to assume responsibility for the Gehlen Organization in mid-1949 was not made lightly and it was reached only after long debate.

It is my hope that this book of documents from 1945 to 1949 will help illuminate this fascinating period in Cold War history. The documents from the CIA's Archives and the photographs provided by the BND are the primary sources that historians in future years can draw upon to write the complete story of American and German relations immediately after World War II.

In my role as the Deputy Director for Operations, I am responsible for the collection of intelligence to ensure that our national leaders have the information necessary for informed policy decision making. As the DCI stated in his July 1998 Statement on Declassification, "although much of our work must be done in secrecy, we have a responsibility to the American people, and to history, to account for our actions and the quality of our work." In this context, we have made a serious commitment to the public release of information that, with the passage of time, no longer needs to be protected under our security classification system.

The CIA has an active historical program and separate classification review and release programs. The Agency sponsors historical conferences, and our historians research and write on a multitude of historical topics. In recent years, the Agency has released millions of pages of historical documents ranging from World War II Office of Strategic Services records, CORONA satellite and U-2 aircraft imagery, documents for the *Foreign Relations of the United States* series, material on various Cold War covert action projects, and information for the John F. Kennedy Assassination Records Review Board. In addition, the Agency responds to thousands of Freedom of Information Act (FOIA) and Privacy Act requests each year.

None of this is easy. There are no shortcuts here. It takes experienced, knowledgeable people sitting down with each document and going over it page by page, line by line. There is no alternative. We take our obligation to protect those who have worked with us in the past very seriously. We also have to consider the release on our ongoing diplomatic and intelligence relationships. A mistake on our part can put a life in danger or jeopardize a bilateral relationship integral to our security.

Although the documents in this volume, *Forging an Intelligence Partnership: CIA and the Origins of the BND, 1945-49*, are already 50 years old or older, we recognize the need to protect our liaison relationship with Germany. We cannot declassify material of this nature, nor do we want to, without the consent of our partner intelligence service. Until the time that this material can be released to the general public, both in the United States and in Germany, the CIA wishes to commemorate the establishment of its ties to the *Bundesnachrichtendienst* by publishing this *classified* volume of historical documents. **The volume is for internal BND use only and cannot be released to other German agencies or foreign countries without the express consent of the CIA.**

We owe a great debt of gratitude to the early pioneers, both in Germany and in the United States, who struggled during this period to form new and close ties to both countries. These pioneers, including General Gehlen and his colleagues as well as American intelligence officers, persevered in the face of uncertainty. Their determination in the 1940s has resulted in a strong intelligence partnership based on cooperation, trust, and focus as we move into the 21<sup>st</sup> century.

Jack Downing  
Deputy Director for Operations



## Forging an Intelligence Partnership: CIA and the Origins of the BND, 1945-49

### Preface

The Central Intelligence Agency's sponsorship of the nascent West German intelligence service in mid-1949 marked an expansion into uncharted operational waters.<sup>1</sup> This new direction irrevocably linked the CIA to former members of the General Staff of the defeated Wehrmacht and Nazi Germany's intelligence services, some of whom had notorious wartime reputations.<sup>2</sup> The Agency made this decision after a long-running debate with the US Army about the wisdom of supporting a resurrected German General Staff and a quasi-independent national intelligence organization. (U)

### Collapse of the Third Reich

The story behind CIA's involvement with the Gehlen Organization actually started during the ebbing hours of World War II. With the Soviets fighting in the streets of Berlin and the British and Americans racing across the shell of the Third Reich in the spring of 1945, many German officials realized the desperation of their cause. *Generalmajor* Reinhard Gehlen, the former chief of the *Fremde Heer Ost*, or Foreign Armies East, the German Army's intelligence branch dealing with the Eastern Front and Soviet forces, planned to survive Hitler's *Gotterdammerung* as the thousand year Reich crumbled. Like most Germans, Gehlen preferred surrender to the Western Allies as opposed to an uncertain fate at Russian hands. (U)

Born in 1902, Gehlen entered the Reichswehr, the Weimar Republic's small army, shortly after the end of World War I. He advanced through the officer ranks and joined the General Staff as a captain in 1935. During the invasion of Poland four years later, he served as a staff officer in an infantry division where his organizational planning and staff work attracted the attention of

<sup>1</sup> For an "open" history of the American relationship with the German intelligence service after World War II, see Mary Ellen Reese, *General Reinhard Gehlen: The CIA Connection* (Fairfax: George Mason University Press, 1990). Other books, of varying degrees of reliability, include E.H. Cookridge (nom de plume for Edward Spiro), *Gehlen: Spy of the Century* (London: Hodder and Stoughton, 1971); Heinz Hohne and Hermann Zolling, *Network: The Truth About General Gehlen and His Spy Ring*, trans. by Richard Barry (London: Secker and Warburg, 1972); and lastly, Reinhard Gehlen, *The Service: The Memoirs of General Reinhard Gehlen*, trans. by David Irving (New York: World Publishing, 1972). A draft manuscript by James H. Critchfield, entitled *Germany: From Enemy to Ally 1946-1956*, promises to add significantly to the literature on this topic. (U)

<sup>2</sup> For a radical view regarding the CIA's link to the West German intelligence service, see Carl Oglesby, "Reinhard Gehlen: The Secret Treaty of Fort Hunt," *Covert Action Information Bulletin* 35 (Fall 1990), pp. 8-14. (U)

senior officers. By mid-1942, Gehlen took charge of the *Fremde Heer Ost*, with the responsibility of preparing intelligence on the Soviet Union. Gehlen's work in this position eventually incurred Hitler's wrath who rejected Gehlen's pessimistic reports about the strength and capabilities of the Soviet Army. Hitler summarily dismissed Gehlen in April of 1945. (U)

Gehlen did not leave Berlin emptyhanded. He knew that the FHO had some of the most important files in the Third Reich and that the possession of these records offered the best means of survival in the post-Hitler period. As the Soviets drew closer to Berlin, Gehlen dispersed his staff and transferred the FHO's intelligence files to secret locations in Bavaria. There, Gehlen and his handpicked officers waited to surrender to American forces. Gehlen believed that the Western Allies and the Soviet Union, while wartime partners, would soon become peacetime rivals. With his knowledge about the Russians, combined with the FHO's collective resources, Gehlen felt he could influence relations between the East and West and help shape Germany's role in post-war Europe.<sup>3</sup> (U)

### The US Army Picks Up Gehlen

Even before Nazi Germany's capitulation, Allied forces were on the lookout for German officers and enlisted personnel with intelligence backgrounds. Indeed, as the Americans looked for Gehlen, he tried to surrender to an American unit. After a circuitous route, the US Army finally delivered Gehlen and his men to the 12th Army Group Interrogation Center near Wiesbaden in June 1945. Interned at the "Generals' House," Gehlen reassembled his staff and files under the overall direction of Army Capt. John R. Boker, Jr. (U)

Boker, who had previously interrogated other German officers, expressed his feelings as he started his interrogation of General Gehlen. "It was also clear to me by April 1945 that the military and political situation would not only give the Russians control over all of Eastern Europe and the Balkans but that as a result of that situation, we would have an indefinite period of military occupation and a frontier contiguous with them." Boker quickly became the 12th Army Group's resident expert on the Soviet Army because of his interrogation of German officers who had fought on the Eastern Front. (S REL GER)

Gathering Gehlen's staff and records required some subterfuge on Boker's part. He was aware, from previous experience, that "there existed in many

<sup>3</sup> For a review of German intelligence during the war, see David Kahn, *Hitler's Spies: German Military Intelligence in World War II* (New York: Macmillan Publishing Company, Inc., 1978). (U)

American quarters a terrible opposition to gathering any information concerning our Soviet Allies." He did, however, gain the support of Col. Russell Philp, commander of the Interrogation Center, and Brig. Gen. Edwin L. Sibert, G-2 for the 12th Army Group, to employ the former FHO staff members to produce reports on the Soviets. Gehlen also wanted Boker to establish contact with some of his frontline organizational elements, such as *Oberstleutnant* Herman Baun, who commanded *Stab Walli I*, which conducted espionage work against the Soviets using Russian defectors and collected raw intelligence for Gehlen's FHO. Gehlen insisted that he had access to still-existent agent networks in the Soviet Union through Baun's sources. (S REL GER)

Army headquarters in Washington learned about Gehlen's activities at Wiesbaden, and, after some discussion, Boker received orders to bring the German group to the United States. Army G-2's primary interest, however, centered on the retrieval and analysis of the FHO records, not in its personnel. Boker, who had become quite attached to his project, opposed losing control of Gehlen and his staff section after their departure for Washington on 21 August 1945. Placed as virtual prisoners in a classified location at Fort Hunt, Virginia (known simply as P.O. Box 1142), the Army planned to use Gehlen in conjunction with a larger project being conducted at Camp Ritchie, Maryland, to compile a history of the German army on the Eastern Front. (S REL GER)

Through Boker's efforts (he accompanied Gehlen's group to the United States) and those of officials with the Eastern European Order of Battle Branch at the Pentagon, the situation for the Germans gradually improved. The BOLERO Group, as Gehlen's unit became known, served under the direction of Army Capt. Eric Waldman until its return to Germany in June 1946. By this point, Gehlen's men not only prepared reports based on German records but also had access to and commented on American intelligence reports. (S REL GER)

### **SSU Rejects Gehlen**

While the Army exploited Gehlen and his officers in Washington, US intelligence also sought to question German scientists and engineers about Nazi rocket and atomic developments. The Office of Strategic Services, however, played little role in these activities. In the throes of disbandment during the fall of 1945, OSS declined the Army's invitation to employ Baun in Germany. The new Strategic Services Unit also expressed some reluctance about using the German FHO for American intelligence purposes. SSU, however, did try to determine the exact nature of the relationship between

Gehlen and Army intelligence. On 25 October 1945, Crosby Lewis, SSU's X-2, or counterintelligence, branch chief in Germany, asked for "Special Sources" information from files pertaining to *Stab Walli* and various German personalities, including Baun and Gehlen. The German Mission stated:

For your information only, Baun and a group of other members of Fremde Heere Ost, experts in the G.I.S. on espionage against the Russians, are being collected by two officers of the G-2 section, USFET, who are responsible only to Gen. Sibert. It appears likely that Sibert got an OK from Washington on this when he was in the US last month, at which time it appeared that OSS might fold up. Von Gehlen and several high-ranking staff officers who operated for Fremde Heere Ost and for some of the Army Group staff on the Eastern Front during the war have been flown to the US—all this without any contact with the OSS here. (S REL GER)

In early January 1946, Lewis, now the chief of SSU's German Mission, reported to Headquarters what it had learned "through discreet inquiries" about the Army's activities. Lewis described the flight of Gehlen and his FHO staff from Berlin and their activities with the Americans. His report also noted that Gehlen had recommended that Herman Baun be contacted to provide further information about the Soviets while the general worked in the United States. In the meantime, Baun had been arrested by the US Army as a "mandatory arrestee" (members of Nazi party organizations and high-ranking German Army and SS officers were subject to immediate apprehension by the Allies) in late July 1945 and interrogated at the Third Army Interrogation Center the following month. The announcement of his arrest and the distribution of a Preliminary Interrogation Report raised great concern at Army G-2 because the Soviets now demanded the extradition of both Baun and Gehlen. (C REL GER)

The Army, however, refused to accede to Soviet demands and secluded Baun and several other FHO personnel at the Military Intelligence Service Center (MISC) at Oberursel on the outskirts of Frankfurt (also known as Camp King and later officially designated as the 7700th European Command Interrogation Center). The small group, including Gerhard Wessel, who had succeeded Gehlen as the head of FHO in 1945, was quartered at the "Blue House," where Baun planned to develop a full-scale intelligence organization. According to SSU, the Army's G-2 in Germany wanted to use Baun to resurrect his Abwehr network against the Soviets. This proved difficult, and SSU reported that it "advised them [the US Army] to interrogate Baun at length and have nothing to do with his schemes for further intelligence activity." (S REL GER)

In November 1945, in fact, the German Mission had responded to a request by General Sibert that SSU take over Baun's operation from the Army. After reviewing Baun's plans, SSU rejected them outright, calling them "rather grandiose and vague suggestions for the formation of either a European or worldwide intelligence service to be set up on the basis of wartime connections of Oberst Baun and his colleagues, the ultimate target of which was to be the Soviet Union." SSU found a number of shortcomings with the employment of Baun, including cost, control, and overall poor security measures. The fact that the Russians wanted to question Baun and Gehlen, as well as other German intelligence figures, also did not sit well with the American intelligence organization. (S REL GER)

Meanwhile, a SSU/X-2 officer in Munich had interrogated another officer of *Stab Walli* about German intelligence activities against the Russians. In fact, SSU felt that this officer was a better source of information on German intelligence activities on the Eastern Front than Baun, a Russian-born German. Despite SSU's advice that the Army dismiss Baun and reduce its reliance on FHO-derived intelligence, the opposite took place. Baun thrived under US Army auspices, and he established a service to monitor Soviet radio transmissions in the Russian zone in January 1946. Two months later, Baun received further authorization from the Army to conduct both positive and counterintelligence activities in Germany. (S REL GER)

### Operation Rusty

In July of that year, the Army returned General Gehlen and the remaining FHO members to Germany from Washington. At this point, Lt. Col. John R. Deane, Jr., MISC's Operations Officer, announced his plans to merge Gehlen's BOLERO group with Baun's already-existent staff, known as KEYSTONE, at Oberursel. General Gehlen would coordinate the functions of both elements of the German organization while he had direct responsibility for the Intelligence Group. This element evaluated economic, military, and political reports obtained by agents of Baun's Information Group. The Army designated the entire organization as Operation RUSTY, under the overall supervision of Col. Russell Philp, Lt. Col. John R. Deane, Jr., and Capt. Eric Waldman, who had preceded Gehlen's return to Germany from Washington.<sup>4</sup> (S REL GER)

<sup>4</sup> The operation is variously described as getting its designation from either a nickname given to Lt. Colonel Deane's young son or that given to Col. Russell Philp. See Reese, *General Reinhard Gehlen*, p. 207. One source emphatically states that Operation RUSTY was named after Deane's son. (U)

Gehlen's reports, Deane expected, "will be of great value to the G-2 Division in that they will furnish the closest thing to finished intelligence that can be obtained from sources other than US." Deane's optimistic outlook indeed spurred the Army to submit even greater number of requests to Operation RUSTY. Baun quickly expanded his collection efforts to meet the Army's insatiable appetite for information on the new Soviet threat in Europe. By October 1946, Gehlen and Baun claimed to have some 600 agents operating throughout the Soviet zone of Germany, who provided the bulk of intelligence on the Russian Order of Battle. (S REL GER)

As the Army's demands grew, Operation RUSTY transformed from a select cadre of German General Staff officers to a large group that suffered from poor cohesion and mixed allegiances. In addition to covering the Soviet zone, Operation RUSTY took on new missions in Austria and other areas of Europe as well as broadened FHO's wartime contacts with anti-Communist emigre groups in Germany and with members of the Russian Vlasov Army. The few American officers assigned to the Blue House barely knew the identities of RUSTY agents, thus making it difficult to confirm the validity of German reporting. Baun's recruiting and training of his agents proved haphazard, while their motivation also raised questions because of RUSTY's black-market activities. Throughout the Western Allied zones of Germany, men and women openly claimed to be working for American intelligence, leading to many security breaches that undermined RUSTY's overall effectiveness. (S REL GER)

Lacking internal control and American oversight, Operation RUSTY was an expensive project. By mid-1946, the Army found itself running out of funds, and it once again tried to persuade SSU to take over the operation after Gehlen returned to Germany. On a tour of SSU installations in Germany, Col. William W. Quinn, SSU's director in Washington, DC, conferred with General Sibert and Crosby Lewis about the Army's proposal. Once again, Lewis repeated many of his objections that he had made earlier in the fall of 1945, and he suggested that SSU make a "thorough study" of RUSTY prior to any decision by Headquarters. In early September, the German Mission chief specified in writing to General Sibert the conditions in which SSU would be prepared to assume responsibility for Operation KEYSTONE.<sup>5</sup> He emphasized the need for US intelligence to have complete access to all German records and identities of leading personalities and agents for initial vetting. (S REL GER)

<sup>5</sup> The Americans referred to the German intelligence service through a variety of project names, including BOLERO, KEYSTONE, and RUSTY. The use of the term "RUSTY" supplanted KEYSTONE in 1946 until CIA's assumption in 1949. After that point, the operational terms changed once again. (C REL GER)

Neither SSU's chief of mission in Germany nor any other American official expressed any doubt about employing America's former enemies as sources of information. The Americans, for example, had already launched an extensive project using German officers to write about their wartime experiences. The Army's German Military History Program continued until the mid-1950s and influenced US Army doctrinal and historical writing.<sup>6</sup> The debate about Gehlen's project, as it evolved after 1945, centered around more practical matters, such as cost and security. A summary of SSU's viewpoints about RUSTY was prepared for Col. Donald H. Galloway, Assistant Director of Special Operations, in September 1946:

It is my opinion that SSU AMZON should be given complete control of the operation and that all current activities of this group be immediately stopped before further security breaches nullify the future usefulness of any of the members of the group. I further recommend that an exhaustive study be made along CE lines of the entire operation, past and present, so that at least, if it appears that the group is too insecure to continue an operation, the wealth of intelligence which is contained in the minds of the various participants as regards Russia, Russian intelligence techniques, and methods of operation against the Russians, could be extracted. In conclusion, however, it is most essential that if a final decision is made to exploit these individuals either singly or as a group, SSU understands that their employment in the past and their exploitation in the future constitutes to a greater or less degree the setting up of an incipient German intelligence service.  
(S REL GER)

### The Vandenberg Report

Upon the conclusion of General Sibert's tour as G-2 in Europe, the discussion about which agency should be responsible for Operation RUSTY shifted from Germany to Washington. Maj. Gen. Withers A. Burress, Sibert's successor as the chief intelligence officer in Germany, appealed to Lt. Gen. Hoyt S. Vandenberg, formerly Army Chief of Staff for Intelligence and now Director of Central Intelligence, to have the newly formed Central Intelligence Group (CIG) assume control of RUSTY. His memorandum, supported by extensive documentation, noted that the Army's headquarters in Germany considered RUSTY to be "one of its most prolific and dependable sources." (C REL GER)

<sup>6</sup> Kevin Soutour, "To Stem the Red Tide: The German Report Series and Its Effect on American Defense Doctrine, 1948-1954," *Journal of Military History* 57 (October 1993), pp. 653-688. (U)

General Vandenberg, in turn, directed that the CIG take a fresh look at RUSTY. On 16 October 1946, CIG presented its summary of the Burress material and dismissed Gehlen's Intelligence, or Evaluation, Group as "drawing broad conclusions from inadequate evidence and a strong tendency to editorialize." Regarding Baun's Information Group, CIG determined that "there is no evidence whatsoever which indicates high-level penetration into any political or economic body in the Russian-occupied zone." The review also blasted Operation RUSTY for its yearly budget of \$2.5 million, while CIG's German Mission cost only \$120,000. CIG decidedly rejected assumption of RUSTY although it did call for a full study in order to identify salvageable aspects of the operation. The report made two significant comments that reflected CIG's overall frame of mind:

1. It is considered highly undesirable that any large scale US-sponsored intelligence unit be permitted to operate under even semi-autonomous conditions. Unless responsible US personnel are fully acquainted not only with the details of each operation carried out but also with the identities and background of all individuals concerned, no high degree of reliability can be placed from an American point of view upon the intelligence produced.

2. One of the greatest assets available to US intelligence has always been the extent to which the United States as a nation is trusted and looked up to by democratic-minded people throughout the world. Experience has proven that the best motivation for intelligence work is ideology followed by common interests and favors. The Germans, the Russians, their satellites, and to a lesser extent, the British, have employed fear, direct pressure of other types, and lastly, money. With most of these factors lacking to it, Operation RUSTY would appear to be dependent largely upon the last and least desirable. (C REL GER)

### **The Bossard Report**

In a letter to Gen. Vandenberg in October 1946, Colonel Galloway reiterated CIG's concerns about RUSTY's costs and questions about its security. He recommended that CIG not take over the operation. The Army and CIG, however, agreed in the fall of 1946 that the CIG could conduct its own examination of RUSTY. As a result of discussions held in New York City in December, Samuel B. Bossard, CIG's representative, arrived at Oberursel in March 1947 to evaluate the German operation and its future potential. Unlike Crosby Lewis, Bossard had a different, and favorable, impression of Operation RUSTY during the course of his two-month study. "The whole pattern of operation is accordingly positive and bold; the factors of control and risk have become secondary considerations and thus yield to the necessity of obtaining information with speed and in quantity." (S REL GER)

In a stunning reversal of earlier criticism of RUSTY, Bossard compared the operation to the wartime work of OSS with various resistance groups where results mattered more than control. He dismissed "the long bill of complaints prepared by our own counter-intelligence agencies against the lack of security in this organization." He declared, "in the end [this] serves more as a testimony to the alertness of our counter-intelligence agencies and a criticism of our own higher authorities for not effecting a coordination of interests than a criticism of the present organization and its operating personnel." (S REL GER)

The Bossard Report marked the first time that either SSU or CIG had an independent opportunity to examine the operation and to question both Gehlen and Baun as well as other members of the German organization. Impressed with the anti-Communist sympathies of the Germans and the breadth of their contacts (especially with various emigre groups), the CIG representative found "no evidence to prove that the unusual confidence that had been placed by American authorities in the German operators had been abused." He made eight recommendations to the DCI, with the bottom line being that the CIG should take responsibility for RUSTY. (S REL GER)

The CIG representative believed that Operation RUSTY had proven to be a useful anti-Communist intelligence organization. If the United States abandoned RUSTY, it would still have the same intelligence requirements as before although with fewer resources. Likewise, American control of the German operation could only strengthen the overall project and reduce its security risks. He felt that Operation RUSTY offered the Americans a readymade, knowledgeable German intelligence service that formed a "strong core of resistance to Russian aggression." (S REL GER)

The findings unleashed a flurry of activity in Washington during the summer and fall of 1947. On 3 June, Colonel Galloway recommended to Rear Adm. Roscoe H. Hillenkoetter, who had just taken over as DCI from General Vandenberg, that he approve Bossard's report. Galloway added that CIG's takeover of RUSTY should be cleared through the G-2 in Germany and brought to the attention of the National Intelligence Authority, predecessor to the National Security Council. Colonel Galloway remained concerned that support of the GIS could conflict with both State Department policies in dealing with a "potential resistance group" as well as interfere with the signals intelligence work of the US Army and Navy. (S REL GER)

A few days later, Admiral Hillenkoetter prepared a memorandum for the secretaries of State, War, Navy, as well as President Truman's personal representative to the National Intelligence Authority on Operation RUSTY. It outlined the organization's history and CIG's earlier examination into the question of assuming responsibility. In his cover memorandum, Admiral

Hillenkoetter expressed the "strong" recommendation that "Operation RUSTY be liquidated and that CIG assume no responsibility for its continuation or liquidation." Hillenkoetter felt that the CIG should have no connection with RUSTY without the knowledge and approval of the National Intelligence Authority. (S REL GER)

Hillenkoetter's recommendation raised a furor in Army circles. At a high-level conference on 19 June 1947 to discuss Army-CIG relations and Operation RUSTY, Maj. Gen. Stephen J. Chamberlin, the Army's Director of Intelligence, asked that Hillenkoetter's proposed NIA memorandum be withdrawn. He stated that he did not plan to discuss the matter even with the Secretary of War. Consequently, the Army momentarily relented in its efforts to have CIG assume responsibility for RUSTY. Hillenkoetter warned Chamberlin about the national security risks posed by the US support of a resurgent German General Staff and intelligence service. General Chamberlin agreed that this perception created problems and promised to have Maj. Gen. Robert L. Walsh, the chief intelligence officer in Germany, oversee tighter control over the operation. (S REL GER)

While the CIG and the Army debated the merits of Operation RUSTY in Washington, Lt. Colonel Deane at Oberursel oversaw the almost-daily growth of Gehlen's intelligence service. The rapid expansion of agents and reports in 1946 presented a challenge in terms of control and quality. General Gehlen, upon his return that summer, discovered that Baun had his own plans for a German intelligence service that did not meet with Gehlen's approval. Baun's ambitious grasp for control of the organization coupled with mounting questions about his agents and finances resulted in his gradual removal by the Americans and Gehlen during the course of 1947.<sup>7</sup> The Army, in the meantime, did take some steps to improve its control over RUSTY, including the formation of a new military cover unit. In late 1947, RUSTY moved from Oberursel to its own compound in Pullach, a small village near Munich. In addition, Col. Willard K. Liebel replaced Deane as Operations Officer.<sup>8</sup> (S REL GER)

<sup>7</sup> The situation between Baun and Gehlen created internal division within the GIS within days after the general's return to Germany in 1946. Gehlen, however, retained Baun and decided to send him to Iran to conduct strategic planning in the Middle East. He died in Munich in December 1951 at the age of 54. (S REL GER)

<sup>8</sup> Reese, *General Reinhard Gehlen*, pp. 93-97. Relations between Colonel Liebel and General Gehlen deteriorated quickly after Liebel's arrival; in part due to the American officer's insistence on obtaining identities of the German agents. Colonel Liebel also criticized Gehlen (referred by his operational name Dr. Schneider) for poor security practices. Captain Waldman supported Gehlen's stand during this period, which created tension within the American chain of command. Liebel departed Pullach in August 1948, and Col. Russell Philp arrived as his successor in December 1948. Liebel's own black-market activities and the poor discipline of US personnel at Pullach ultimately injured the Army's efforts to tighten control over the Germans. (U)

### CIA's Lack of Enthusiasm Toward RUSTY

There was still little enthusiasm for RUSTY after the establishment of the Central Intelligence Agency in the fall of 1947. In March 1948, a CIA officer in Germany provided an update to Richard Helms, chief of CIA's Foreign Branch M that handled CIA's operations in Central Europe, about the German intelligence organization's activities. The officer observed that, while RUSTY "enjoys the unqualified backing of the Army in Germany," he felt that the Soviets must have penetrated the German group. "The political implications alone (leaving aside the espionage angle) would come in handy if the Russians at any time should look for a pretext to provoke a showdown in Western Germany." Likewise, he was concerned about "the political implications of sponsoring an organization that in the opinion of qualified observers constitutes a re-activation of the German Abwehr under American aegis." (S REL GER)

With great disgust, the acting chief of CIA's Karlsruhe Operations Base related his experiences with RUSTY in an August 1948 memorandum to Headquarters. This officer first encountered Baun's operatives in the summer of 1946 when the Army's Counter Intelligence Corps (CIC) arrested a number of Germans who claimed to work for American intelligence. CIC informed the SSU representative about these arrests who launched an investigation as to the background of the German agents. He found that "some of the agents employed were SS personnel with known Nazi records and, in most cases, undesirable people. Recruiting methods then employed," he complained, "were so loose that former German officers and noncoms were blindly being approached to work for American intelligence in espionage activity directed against the USSR." (S REL GER)

RUSTY's approach went against all principles of intelligence work. "In the recruitment methods no attention was paid to the character of the recruits, security, political leanings, or quality with the result that many of the agents were blown almost immediately." This officer felt that RUSTY's "recruiting methods indicated a highly nationalistic group of Germans who could easily become the nucleus [sic] of serious subversive activity against any occupying power. At the same time, the distribution of operational supplies, money, and so forth was so loose and elaborate that the influence on the black market certainly was considerable." (S REL GER)

He expressed his displeasure with RUSTY and protested any plans for future association between this group and CIA. In a lengthy summary, this officer presented the viewpoint of many of his colleagues:

The general consensus is that RUSTY represents a tightly-knit organization of former German officers, a good number of which formerly belonged to the German general staff. Since they have

an effective means of control over their people through extensive funds, facilities, operational supplies, etc., they are in a position to provide safe haven for a good many undesirable elements from the standpoint of a future democratic Germany. Most of these officers are unable to find employment and they are therefore able to maintain their former standard of living without having to put up with the present difficulties of life in conquered Germany. They are likewise able to maintain their social standing as former officers and to continue their own study in the military field and continue training along military lines. The control of an extensive intelligence net makes it possible for the leaders to create a cadre of officers for the perpetuation of German general staff activity. The organization of RUSTY makes it possible for them to continue a closely knit organization which can be expanded at will.  
(S REL GER)

A former SSU/X-2 chief in Germany and now head of CIA's Munich Operations Base related his views of RUSTY in a July 1948 memorandum to Gordon M. Stewart, who had replaced Crosby Lewis as chief of mission in Germany. Like his colleagues, this officer protested RUSTY's poor security practices and its "free-wheeling" methods of agent recruitment. He expressed particular distaste at RUSTY's abuse of the denazification laws that undermined the operation's overall standing. Quoting a "local cynic," this officer noted that "American intelligence is a rich blind man using the Abwehr as a seeing-eye dog. The only trouble is—the leash is much too long." (S REL GER)

In summarizing the sentiments of Agency officials in Germany, Richard Helms told Colonel Galloway in March 1948 that "nothing about RUSTY has been altered which could lead us to change the position taken by us last year. In fact, the reports in the Soviet dominated press in Germany concerning the use of former German staff and intelligence officers are such that there is no question that the Russians know this operation is going on even though they may have some of the details wrong." Helms added, "certainly the fact that so much publicity has been given to this indicates serious flaws in the security of the operation." (S REL GER)

Little by little, however, the Army managed to get CIA more involved with RUSTY, despite complaints from the field and even Admiral Hillenkoetter's overall opposition to the project. In December 1947, General Walsh brought up the issue of CIA's taking over of RUSTY with CIA's chief of base in

Berlin. Walsh maintained that, while the handling of RUSTY by the Army in 1947 might have been considered a "sin of commission," the failure for the Americans to continue the operation in 1948 would constitute a "sin of omission." (S REL GER)

As late as mid-1948, Admiral Hillenkoetter resisted the Army's overtures to assume control of RUSTY. In July 1948, the DCI informed the Army's Director of Intelligence that he did not want the Army to use a 1946 letter of agreement between the War Department and CIG to obtain services, supplies, and equipment for the Army's cover organization for RUSTY. Hillenkoetter believed that a new, and separate, agreement should be drawn up between both organizations to support the Army's requirements for RUSTY. (S REL GER)

At the same time, Hillenkoetter provided General Chamberlin with some news about RUSTY that he had learned from various sources. In one case, the CIG officer who had reviewed the Gehlen Organization in 1947 received a letter from a mysterious "R. Gunner" about "some dangerous points." Gunner, believed to be General Gehlen, asked for "personal advice concerning certain business questions" and wanted him to come to Munich. Disagreements between Gehlen and his American military counterpart, Colonel Liebel, now made their way to the highest levels of CIA. The entire project appeared on the verge of disintegration. (S REL GER)

### The Critchfield Report

Matters soon came to head that forced the CIA to act whether it should assume responsibility for the German intelligence organization. In October 1948, General Walsh informed Admiral Hillenkoetter that the Army could no longer fund RUSTY for any activities other than Order of Battle intelligence. During a visit to Germany, the DCI discussed the matter with Walsh and agreed to provide limited funds while CIA conducted an investigation of the Army's German operation. Immediately prior to Admiral Hillenkoetter's agreement with the Army, Colonel Galloway and CIA's chief of mission in Germany conferred about RUSTY. They concluded that the Agency needed to begin  RUSTY, "or at least [be] carefully watched and reported upon, and that we should pay particular attention to its attempts to become the official German intelligence service." (S REL GER)

On 27 October 1948, Colonel Galloway told Stewart that he wanted James H. Critchfield, the newly arrived chief of Munich Operations Base, to examine RUSTY and prepare a report similar to that done by CIG in 1947.

Critchfield's mandate specified that he should evaluate RUSTY's OB facilities and determine which elements should either  CIA, exploited, left with the Army, or liquidated. The report, Galloway noted, should be thorough, but finished within a month. (S REL GER)

Critchfield, a young US Army combat veteran, had served in military intelligence staff positions in both Germany and Austria when he joined the new CIA in 1948. He embarked on his new project with vigor and met his deadline when he cabled a summary of his findings to Washington, DC, on 17 December. His full report, with annexes, arrived at Headquarters after that point. An extensive study, Critchfield and several associates examined the Army's relationship with RUSTY, its funding, organizational structure, intelligence reporting, overall operations and procedures, and Gehlen's own future projections for his group. Critchfield's report stands as the CIA's (and its predecessors) most thorough review of the growing German intelligence service. (S REL GER)

Critchfield's report also set the tenor for future CIA relations with Gehlen. While he made several important points, Critchfield observed that CIA could not ignore the presence of RUSTY. He wrote:

In the final analysis, RUSTY is a re-established GIS which has been sponsored by the present de facto national government of Germany, i.e. by the military occupational forces. Because the 4,000 or more Germans who comprise RUSTY constitute a going concern in the intelligence field, it appears highly probable that RUSTY will emerge as a strong influence, if not the dominant one, in the new GIS. Another important consideration is that RUSTY has closest ties with ex-German General Staff officers throughout Germany. If, in the future, Germany is to play any role in a Western European military alliance, this is an important factor. (S REL GER)

As Critchfield pointed out, RUSTY was a *fait accompli*, regardless of whether CIA wanted the German organization or not. He advocated the Agency's assumption of RUSTY because, "from an intelligence viewpoint, it seems desirable that CIA enter RUSTY at that point where it can control all contacts and operational developments outside of German territory." Admiral Hillenkoetter, however, reluctantly agreed to this move and made it clear that "CIA was not asking to take over Rusty and was expressing a willingness to do so only because the Army was requesting it." (S REL GER)

Gen. Omar Bradley, the Army's Chief of Staff (and soon-to-be Chairman of the Joint Chiefs of Staff) and Secretary of Defense James V. Forrestal both supported the Agency's move as did individual members of the National Security Council. Throughout the first months of 1949, the Agency, the Department of the Army, and Lt. Gen. Lucius D. Clay, US military governor of Germany, debated the issue of the CIA's assumption of RUSTY. Likewise, Critchfield in Pullach had his hands full with ongoing disputes between Gehlen and Colonel Philp, the US Army commander on the scene. With General Clay's departure from Germany in May, the Agency assumed control on 1 July 1949.<sup>9</sup> (S REL GER)

### CIA's Trusteeship of the Gehlen Organization

Even before the official transfer in mid-1949, Critchfield specified the terms of agreement between the CIA and the German organization. The basic agreement reached by Critchfield and Gehlen in June 1949 recognized that "the basis for US-German cooperation in this project lies in the mutual conviction of the respective parties that increasing cooperation between a free and democratic Germany and the United States within the framework of the Western European Union and the Atlantic Community is indispensable for the successful execution of a policy of opposition and containment of Communist Russia." (S REL GER)

Critchfield acknowledged that "the members of the German staff of this project are acting first and foremost as German nationals working in the interest of the German people in combating Communism." Yet, the Agency's chief of base insisted that, until Germany regained its sovereignty and the two countries made new arrangements, the Central Intelligence Agency would remain the dominant partner and call the shots. Critchfield, for example, would specify US requests to Gehlen for intelligence priorities and that "complete details of operational activities will be available to US staff." While US officials would deal with the Germans in "an advisory and liaison capacity," Critchfield planned to closely examine the Gehlen Organization. "All operations outside of Germany will," Critchfield noted, "be reduced to a project basis with funds provided for each project as approved

<sup>9</sup> Shortly after CIA took over RUSTY from the Army, the Office of the US High Commission for Germany (HICOM) assumed control from the Office of the Military Government for Germany (OMGUS) and the Occupation Statute went into effect. In September 1949, the Federal Republic of Germany formed following the ratification of the Basic Law, the new republic's constitution, in May. In the spring of 1952, Germany and the Western Allies replaced the Occupation Statute with Contractual Agreements. Three years later, West Germany became a sovereign nation and joined the North Atlantic Treaty Organization (NATO). Several months later, West Germany formed its military forces, and the Gehlen Organization became West Germany's Federal Intelligence Service in 1956. (U)

and on the basis of continuing review of operational details and production." (S REL GER)

Relations between the Agency and German intelligence service during the first half of the 1950s were often at odds. Gehlen resented CIA's intrusion into his affairs that were far more sweeping than the Army's. In 1950, for example, Critchfield reduced the number of Gehlen's projects from 150 to 49, and he soon whittled this latter number to 10. CIA cut the vast bulk of German projects for nonproduction of any worthwhile intelligence or even possessing any potential value. Critchfield bluntly told Gehlen in 1950 that "it was high time he recognized the fact that his organization, while viewed in a most creditable light for its tactical collection and especially its military evaluation work, was considered definitely second class in any intelligence activity of a more difficult or sophisticated nature, and that if he had any aspirations beyond that of producing a good G-2 concern for the future German Army, some drastic changes were in order." (S REL GER)

While the Central Intelligence Agency and its predecessors had long protested against the use of the German intelligence service, the American service soon found itself defending its own ties to the Gehlen Organization. As early as 1953, the two agencies had become so entwined that even Roger M. Keyes, Deputy Secretary of Defense, criticized the Agency's role in Germany. Frank Wisner, the Deputy Director of Plans, responded that "there is no adequate answer or correction of the assumption that we rely very largely upon the [Gehlen Organization] effort for intelligence on Eastern Europe generally." Wisner stated, "this is a common fallacy which is always cropping up and it should be pointed out that we have our own independent operations in addition to the [Gehlen Organization] effort." Despite Wisner's rebuttal, the Agency learned that it was expensive to support the Gehlen Organization and that the CIA never had full control of the German personnel. (S REL GER)

### **A Double-Edged Sword**

CIA's support of the Gehlen Organization proved a double-edged sword. On the one hand, US assistance to the nascent West German intelligence service strengthened ties between the two countries. The United States and the Federal Republic of Germany remained close allies during the long years of the Cold War, which witnessed not only the collapse of the Berlin Wall and the German Democratic Republic, but also the end of the Soviet Union itself. The partnership between the CIA and the BND certainly contributed to this success. (U)

On the other hand, CIA's relationship with the Gehlen Organization also had serious counterintelligence implications and boosted the Warsaw Pact's propaganda efforts. The Communists branded the BND as the successors to Nazi Germany's military and intelligence heritage. Gehlen's intelligence service suffered devastating penetrations by the KGB as seen by the Hans Clemons and Heinz Felfe spy scandals of the early 1960s. These disasters highlighted the Central Intelligence Agency's concerns about the Gehlen Organization that it had warned about as early as 1945. The KGB's exploitation of former Nazis in the 1940s and 1950s led to further penetrations of the BND by the East German STASI until the fall of the Berlin Wall in 1989. Ten years later, reunified Germany is still coming to terms with the full extent of the East's penetration of West Germany's military and civilian agencies. (U)

The Agency's support to the Gehlen Organization remains a controversial topic, yet it took on this responsibility after lengthy debate and with the full knowledge of the risks. The CIA recognized that its ties to Gehlen meant it inherited many negative aspects that had also plagued the US Army between 1945 and 1949. Gehlen's intelligence on the Soviet Union, however, outweighed these problems during the hottest years of the Cold War. The history of postwar Germany needs to take into account the origins of the CIA's trusteeship of the Gehlen Organization and its influence on Germany's Federal Intelligence Service. (U)



## Notes on Sources

This volume of historical documents pertaining to the Central Intelligence Agency and the Gehlen Organization from 1945 to 1949 is drawn from original records in the possession of the Central Intelligence Agency and declassified records at the National Archives and Records Administration (NARA). In the early years, CIA, and its predecessor organizations, including the Office of Strategic Services, the Strategic Services Unit, and the Central Intelligence Group, obtained its information on the Gehlen Organization from a variety of sources.

The US Army provided some of the material presented in this volume as it attempted on several occasions to persuade CIA and its predecessors to assume responsibility for the German intelligence service. The Army documents, now located in the CIA's Archives, have been reviewed by Army declassification officials and approved for publication in this classified volume.

A handful of documents pertaining to German World War II intelligence on the Soviet Union have already been declassified and are held at the National Archives in College Park, MD. They are published in this classified volume to highlight the importance that the US Army regarded information on the Soviet Union provided by German military personnel.

The bulk of the material presented in this book is drawn from CIA's Archives and consists of classified documents generated by CIA officials in Germany and in Washington, DC. These documents represent the bulk of CIA's holdings on the Gehlen Organization during this early period. Most of the documents are cables and dispatches to and from CIA officials in Germany and Headquarters discussing the merits of the Gehlen Organization, the Army's own operations, and whether the Agency should take control of the German service.

The documents have been organized into six chronological sections. Part I, covering the first months after the war, contains firsthand accounts by some of the key players as the Germans and Americans began to work together. These accounts were written in the 1950s although some interviews were conducted as late as 1970. Part II deals with the end of World War II in 1945 as the US Army began to interrogate German officers about their knowledge of the Soviet Union. Part III focuses on what the CIG knew about the Army's efforts to work with Gehlen and his officers as well as the Army's attempt to get CIG to assume responsibility of the Gehlen Organization.

During 1947, CIG conducted an investigation of the Gehlen Organization, which forms the basis for Part IV. The following year, CIA conducted another investigation of the Gehlen Organization, which is Part V. In 1949, CIA assumed responsibility for the German service from the US Army; documents pertaining to this takeover are found in Part VI.

The volume also includes a list of acronyms and abbreviations, identifications of persons mentioned in the documents, and a chronology of world events as well as highlights in the relationship between the Army, CIA, and the Gehlen Organization from 1945 to 1949. A few of the documents have been "sanitized," or had some words or passages removed to protect intelligence sources and methods. Limitations in space have forced us to print some documents only in part. For example, the lengthy 1948 Critchfield Report does not contain all of the annexes. The excerpts published in this volume, however, constitute the most useful and historically relevant information.

The documents reproduced in this book vary greatly in quality. Some are copied from typed or printed originals, but others are faint carbon copies or reproduced from microfiche. Thus, we may have a poor copy to work from, and its reproduction for this volume further reduces its legibility. Over the years, the documents have been marred by classification stamps and other extraneous markings that have also been "sanitized" to some extent.

All of the documents, with the exception of the declassified material at the National Archives, have been classified as "Secret/Release to Germany Only." Consequently, this volume and the individual documents are still classified, and the Central Intelligence Agency retains ownership of the original material. The CIA must review and approve any further dissemination of this volume to other countries or intelligence services. Likewise, the Agency must approve any release of this volume to the public by German authorities.

The photographs in this volume are unique. They come from the BND's own Archives as well as the holdings of the CIA. They lend a personalized view of the first years of the German-US intelligence relationship.

*This information is Confidential Rel GER.*

## Acronyms and Abbreviations

<b>Abwehr</b>	German military intelligence service in World War II
<b>ADSO</b>	Assistant Director for Special Operations (CIG and CIA)
<b>AMZON</b>	American Zone of Occupation in Germany
<b>CIA</b>	Central Intelligence Agency (1947-)
<b>CIC</b>	Counter Intelligence Corps, US Army
<b>CIG</b>	Central Intelligence Group (1946-47)
<b>COPS</b>	Chief of Operations (CIG and CIA)
<b>DCI</b>	Director of Central Intelligence (CIG and CIA)
<b>DDCI</b>	Deputy Director of Central Intelligence (CIG and CIA)
<b>DoD</b>	Department of Defense
<b>EUCOM</b>	European Command
<b>FBM</b>	Foreign Branch M (CIG and CIA)
<b>FHO</b>	German Fremde Heer Ost, or Foreign Armies East
<b>G-2</b>	Intelligence section
<b>HICOM</b>	Office of the US High Commission for Germany
<b>JCS</b>	Joint Chiefs of Staff
<b>MIS</b>	Military Intelligence Service
<b>MISC</b>	Military Intelligence Service Center
<b>NIA</b>	National Intelligence Authority (interdepartmental)
<b>NSC</b>	National Security Council

<b>OMGUS</b>	Office of the Military Government for Germany (US)
<b>OSO</b>	Office of Special Operations (CIG and CIA)
<b>OSS</b>	Office of Strategic Services (1942-45)
<b>RSHA</b>	Reichssicherheitshauptamt (Reich Main Security Administration)
<b>RSHA VI</b>	Department VI (foreign intelligence) of the RSHA
<b>SAINT</b>	X-2 (counterespionage) (OSS, SSU, and CIG)
<b>SC</b>	Security Control (successor to X-2 in CIG and CIA)
<b>SHAEF</b>	Supreme Headquarters, Allied Expeditionary Force
<b>SSU</b>	Strategic Services Unit, War Department (1945-47)
<b>USFET</b>	United States Forces in the European Theater

*This information is Unclassified.*

## Persons Mentioned

This section provides a brief identification of the Americans mentioned in the various reports and correspondence.

**Boker, John  
Robert, Jr.**

Born in New York in 1913, Boker graduated from Yale University in 1933. He served in Army intelligence in Europe during the war, where he interrogated Gehlen. After the war, Boker operated a family-owned manufacturing firm.

**Bossard, Samuel  
Brennan**

Born in Pennsylvania in 1912, Bossard graduated from Princeton University in 1933 and Columbia University in 1938. He studied in Germany during the 1930s and was a professor of German. During the war, Bossard served as an enlisted man and officer in OSS where he was assigned to X-2. He remained as a liaison officer with CIG and CIA and handled the Gehlen Organization at CIA's Headquarters. Bossard resigned from the Agency in 1950. He died in 1996.

**Bradley, Omar  
Nelson**

Born in Missouri in 1893, Bradley graduated from the US Military Academy at West Point, N.Y., in 1915. During World War I, Bradley served in the United States and he spent the interwar years as an instructor or student. He commanded two infantry divisions in World War II and rose to corps, army, and, finally, 12<sup>th</sup> Army Group command by 1945. After the war, Gen. Bradley served as director of the Veterans Administration and then as Chief of Staff of the Army. Bradley became the first Chairman of the Joint Chiefs of Staff in August 1949. Promoted to the rank of General of the Army in 1950, Bradley retired three years later. Bradley died in 1981.

**Burress, Withers  
Alexander**

Born in Virginia in 1894, Burress graduated from the Virginia Military Institute at Lexington, VA, in 1914. He served in World War I with the 2<sup>nd</sup> Division's 23d Infantry Regiment at Chateau-Thierry, St. Mihiel, and in the Aisne-Marne offensive. Between the wars, Burress served at the Infantry School at Fort Benning, GA, and attended various military schools. Promoted to brigadier general and then major general, Burress commanded the 100<sup>th</sup> Infantry Division in World War II. He held command and staff assignments in Germany after the war and commanded the Infantry School. In 1951, Burress commanded the VII Corps in Germany and then the First Army until his retirement in 1954. Burress died in June 1977.

**Chamberlin,  
Stephen J.**

Born in Kansas in 1889, Chamberlin graduated from the US Military Academy at West Point, NY, in 1912. He was commissioned in the Infantry and served in the United States during World War I. During World War II,

Chamberlin held staff positions in the Pacific Theater of Operations and in Washington. He served as Assistant Chief of Staff, G-2, at the War Department from October 1948 through August 1950. In 1948, Chamberlin commanded the Fifth Army, and he retired as a lieutenant general in 1951. Chamberlin died in October 1971.

**Clay, Lucius D.**

Born in Georgia in 1897, Clay graduated from the US Military Academy at West Point, NY, in 1918. An Engineer officer, Clay took various assignments in the United States and in Panama. During the war, Clay served in Washington and in Europe where he was named as deputy military governor for Germany in 1945. Two years later, he was assigned as military governor and commander of all US forces in Germany. Lt. General Clay retired in 1949, and he died in 1978.

**Critchfield, James  
Hardesty**

Born in North Dakota in 1917, Critchfield graduated from North Dakota State in 1939. Commissioned in the Regular Army, Critchfield rose from second lieutenant in 1939 to lieutenant colonel by 1943. Critchfield commanded a battalion in the 36<sup>th</sup> Infantry Division and saw extensive combat in Europe. After the war, he served as the chief of the Counter Intelligence Branch of the Third Army in Germany from March 1946 until January 1947 and then as chief of the Intelligence Branch of the United States Forces in Austria from January 1947 until January 1948. Critchfield joined CIA in March 1948 and was assigned as the Agency's chief in Munich from September 1948 until March 1949. He later was the Agency's representative to the Gehlen Organization at Pullach from June 1949 until 1956. Critchfield held a number of senior positions in CIA until his retirement in 1974.

**Deane, John  
Russell, Jr.**

Born in California in 1919, Deane graduated from the US Military Academy at West Point, NY, in 1942. Commissioned as an Infantry officer, Deane commanded a battalion of the 415<sup>th</sup> Infantry Regiment of the 104<sup>th</sup> Infantry Division from 1942 to 1945. Following postwar service in Germany and in Washington, Deane was a battalion commander in the 17<sup>th</sup> Infantry Regiment, 7<sup>th</sup> Infantry Division and later commanded the 2d Battle Group, 6<sup>th</sup> Infantry from 1961-62. In 1965, Deane was the assistant commander of the 82d Airborne Division in the Dominican Republic and later commanded the 173d Airborne Brigade in Vietnam. From 1968-70, Deane commanded the 82d Airborne Division and served as Deputy Director of the Defense Intelligence Agency from 1972-73. Deane retired as a full general after serving as commander of the US Army Material Development and Readiness Command in 1977.

**Duin, Gerald Herman**

Born in Wisconsin in 1911, Duin graduated from the US Military Academy at West Point, NY, in 1936. Commissioned in the Field Artillery, he served in various units until 1942 when Duin was assigned to the War Department.

Duin later held overseas assignments in the North Africa Theater of Operations and with the Supreme Headquarters Allied Expeditionary Force. Duin was assigned to the War Department after 1945 and served in Germany from 1947-51. He was detailed with CIA and the National Security Agency from 1951-57 and then served at the Intelligence Center at Fort Holabird, MD, until 1959. He retired in 1959 as a colonel.

**Dulles, Allen Welsh**

Born in New York in 1893, Dulles graduated from Princeton University in 1914 and 1916 and from George Washington University in 1926. He served in the Department of State from 1916 until 1926 and then practiced law in New York until World War II. Dulles joined OSS in 1942 and was assigned to its post in Bern, Switzerland. Dulles joined CIA in 1951 as Deputy Director of Plans and later served as DDCI and DCI until 1961. He died in 1969.

**Galloway, Donald  
Henry**

Born in New York in 1898, he served with the Cavalry in World War I. Galloway graduated from the US Military Academy at West Point, NY, in 1923. During World War II, Galloway served as Deputy Chief of Staff of the VI Corps in the Mediterranean Theater in 1943-44. From July 1946 to December 1948, Colonel Galloway served as CIG's and later CIA's first Assistant Director for Special Operations. During the Korean Conflict, Colonel Galloway was the chief of staff of the Korean Armistice Delegation. He commanded the post at Ft. Myer, VA, until his retirement in 1954. Galloway died in December 1980.

**Hall, William Evens**

Born in Oklahoma in 1907, Hall graduated from the US Military Academy at West Point, NY, in 1929. He served in the Field Artillery and transferred to the Army Air Corps. After serving at the Army Air Forces headquarters, Hall was assigned to the Fifteenth Air Force and then as the chief of the military mission to Bulgaria from 1944 to 1945. He later served in various command and staff positions with the US Air Force, including commander of the Fourth Air Force and the Continental Air Command. He retired as a lieutenant general in 1961 and died in 1984.

**Helms, Richard  
McGarrah**

Born in Pennsylvania in 1913, Helms graduated from Williams College in 1935. He worked as a journalist until the outbreak of World War II when he was commissioned as an officer in the US Navy. Helms joined the Office of Strategic Services in 1943 and served in Europe with Secret Intelligence (SI). After the war, Helms remained with the Strategic Services Unit, Central Intelligence Group, and CIA where he served as the chief of Foreign Branch M (later Foreign Division M), which handled operations in Central Europe. In 1951, Helms was named the Deputy Assistant Director for Special Operations and later held senior positions in the Deputy Directorate of Plans. In 1965, President Johnson selected Helms as the Deputy Director of Central Intelligence. The following year, Helms assumed the DCI's post and he remained there until 1973. Helms later served as Ambassador to Iran.

- Hillenkoetter, Roscoe Henry** Born in Missouri in 1897, Hillenkoetter graduated from the United States Naval Academy at Annapolis, MD, in 1919 as a member of the Class of 1920. He served as assistant Naval Attache in France before, during, and after World War II as well as intelligence officer in the Pacific Theater in 1942-43. Hillenkoetter was promoted to rear admiral in November 1946 and appointed as Director of Central Intelligence by President Truman in May 1947. He remained as DCI for both the Central Intelligence Group and the Central Intelligence Agency until October 1950. Hillenkoetter later commanded a cruiser division during the Korean Conflict and served as the Navy's Inspector General. Hillenkoetter retired as Vice Admiral in 1957 and died in June 1982.
- Irwin, Stafford LeRoy** Born in Virginia in 1893, Irwin graduated from the US Military Academy at West Point, NY, in 1915. Irwin was an instructor at the Field Artillery School in World War I. He commanded the 9<sup>th</sup> Infantry Division artillery in the North Africa Theater of Operations from 1942-43 and later served as the commanding general of the 5<sup>th</sup> Infantry Division in the European Theater of Operations in 1944-45. He then commanded the XII Corps after the war. Major General Irwin was the Assistant Chief of Staff, G-2, General Staff from October 1948 to August 1950. He was promoted to lieutenant general in 1950 and retired two years later. Irwin died in November 1955.
- Jackson, William Harding** Born in Tennessee in 1901, Jackson graduated from Princeton University in 1924 and from Harvard University in 1928. A prewar lawyer and investment banker, Jackson served on General Bradley's intelligence staff during the war. He served as DDCI from 1950-51. Jackson died in 1971.
- Lewis, Crosby** Born in 1916, Lewis joined the Canadian Army in 1940. He transferred to the US Army in 1942 and was commissioned as an officer the following year. He commanded the 202d CIC Detachment in North Africa and in Italy. Major (later Lt. Col.) Lewis joined OSS in late 1945 and was selected as the chief of the German Mission's X-2 branch. He became chief of SSU's German Mission in January 1946 and remained until early 1947. He resigned from CIA in early 1948 and died in 1992.
- Liebel, Willard Koehler** Born in Kentucky in 1901, Liebel graduated from the US Military Academy at West Point, NY, in 1924. An Infantry officer, Liebel served as the chief of staff of the 17<sup>th</sup> Airborne Division in World War II. Colonel Liebel oversaw Operation RUSTY from the summer of 1947 until the fall of 1948 when Colonel Philips replaced him. Colonel Liebel transferred to Austria as the Provost Marshal of the United States Forces in Austria. He later commanded the 86<sup>th</sup> Infantry Regiment in 1950-51 and was the assistant commanding general of the 10<sup>th</sup> Infantry Division from 1951-52. He was promoted to brigadier general in 1951. Liebel retired as a major general in 1957, and he died in 1961.

**Lovell, John  
Raymond**

Born in Iowa in 1904, Lovell graduated from the US Military Academy at West Point, NY, in 1927. He served as assistant Military Attache in Berlin in 1939-41 and later served in the Military Intelligence Service in Europe during the war. From 1946 to 1949, Lovell was the Military Attache in Rumania and then was assigned to the Intelligence Division at Headquarters, US Air Force. He was killed in Korea in December 1950.

**McCracken, Alan R.**

Born in Illinois in 1898, McCracken graduated from the US Naval Academy at Annapolis, MD, in 1922. McCracken served in Asia before and during the war and was captured at Corregidor in 1942. He spent 33 months in Japanese prisoner of war camps and was released in February 1945. Captain McCracken served as Deputy Assistant Director for Special Operations from August 1947 and as acting Assistant Director for Special Operations from January 1949. McCracken retired as rear admiral in January 1950. He died in November 1989.

**Philp, William  
Russell**

Born in Ontario, Canada, in 1892, Philp joined the US Army in 1916. Colonel Philp commanded the Military Intelligence Service Center at Oberursel from June 1945 until September 1947; in this capacity, he oversaw Operation RUSTY. He was detailed to the CIA as the chief of the Foreign Documents Branch in the Office of Operations from October 1947–October 1948. He returned to Germany to take over the 7821<sup>st</sup> Composite Group from Colonel Liebel. Colonel Philp left this assignment in early 1950 after CIA assumed responsibility for the Gehlen Organization.

**Quinn, William  
Wilson**

Born in Maryland in 1907, Quinn graduated from the US Military Academy at West Point, NY, in 1933. He was commissioned in the Infantry and served as G-2, or intelligence officer, of the IV Corps and later with the Seventh Army. Colonel Quinn joined the Strategic Services Unit in 1945 and served as its director in 1946-47. During the Korean Conflict, Quinn was the G-2 for X Corps and later commanded the 17<sup>th</sup> Infantry Regiment. After his promotion to brigadier general, Quinn headed the Joint Military Advisory Group in Greece and then commanded the 4<sup>th</sup> Infantry Division and Ft. Lewis in 1957. General Quinn later served as Deputy Director of the Defense Intelligence Agency from 1961-64 and then as the commander of the Seventh Army until his retirement as lieutenant general in 1966.

**Schow, Robert Alwin**

Born in New Jersey in 1898, Schow graduated from the US Military Academy at West Point, NY, in 1918. Commissioned as an Infantry officer, Schow was assistant Military Attache to France and then served on the staff of the Supreme Headquarters, Allied Expeditionary Force, in 1944-45. He later served as G-2 for the Fifteenth Army from 1945-46 and remained in Germany until his assignment to CIA as Assistant Director for Special Operations in March 1949. Schow remained as ADSO until February 1951

and, during that time, he was promoted to brigadier general. In 1951, Schow was promoted to major general and assigned as G-2 to Supreme Headquarters Allied Powers Europe. He returned to Washington, DC, in 1954 as Deputy Assistant Chief of Staff for Intelligence and served as Assistant Chief of Staff for Intelligence from 1956-58. He retired in 1958 and died in April 1991.

**Sibert, Edwin Luther**

Born in Arkansas in 1897, Sibert graduated from the US Military Academy at West Point, NY, in 1918. He was commissioned in the Field Artillery and served as a Military Attache in Brazil in 1940. During the war, Sibert commanded the 99<sup>th</sup> Infantry Division artillery in 1942-43. He later served as the G-2 of the 12<sup>th</sup> Army Group in 1944-45 and then as the G-2, USFET until 1946. Sibert was assigned as the Assistant Director for Operations in the Central Intelligence Group in September 1946, a position that he held until mid-1948. After his return to the Army from CIA, Sibert served as the chief of staff of the Far East Command in Japan and later as commanding general of Camp Edwards in 1952. Promoted to major general in 1953, Sibert retired the following year. He died in December 1977.

**Stewart, Gordon  
Matthews**

Born in New York in 1911, Stewart entered the US Army in 1942. He served with OSS in both R&A and SI in Washington and overseas. Stewart remained with SSU and CIG and became the chief of the German Mission in February 1947; a position that he held until mid-1953. Stewart held a number of senior positions in the Agency until his retirement in 1971.

**Vandenberg, Hoyt  
Sanford**

Born in Wisconsin in 1899, Vandenberg graduated from the US Military Academy at West Point, NY, in 1923. He served in the Army Air Corps and commanded the Ninth Air Force in Europe during World War II. From January through June 1946, Lt. General Vandenberg was the Assistant Chief of Staff, G-2, on the War Department General Staff. In June 1946, President Truman appointed Vandenberg as the Director of Central Intelligence, and he remained in that position until May 1947. After his service with the Central Intelligence Group, Vandenberg was the Vice Chief and later Chief of Staff of the US Air Force from 1947-53. General Vandenberg retired in 1953 and died the following year.

**Waldman, Eric**

Born in Vienna, Austria, in 1914, Waldman immigrated to the United States in 1938. He joined the US Army in 1942 and became an American citizen the following year. After receiving his initial training at Fort Sill, OK, and Camp Ritchie, MD, Waldman spent the war in Washington, DC, where he served in the Intelligence Division specializing in German Order of Battle collection. In 1945, he debriefed General Gehlen and his officers at Fort Hunt, and he returned with Gehlen's group to Germany in 1946. Captain Waldman served as the deputy to Operation RUSTY in Oberursel and in

Pullach until his release from active duty in May 1949. Between 1950 and 1955, Waldman earned his BA, MA, and Ph.D. degrees while working with the War Documentation Project in Alexandria, VA. From 1955 to 1966, Waldman was a professor of political science at Marquette University and the director of the Institute of German Affairs. He later moved to the University of Calgary in Alberta, Canada. Waldman wrote a number of books, including *The Spartacist Uprising of 1919: The Crisis in the German Socialist Movement* (1958) and *The Goose Step is Verboten: The German Army Today* (1964).

**Walsh, Robert  
LeGrow**

Born in 1894 in Washington, Walsh graduated from the US Military Academy at West Point, NY, in 1916. Commissioned in the Cavalry, he spent most of his career in the Air Corps and Army Air Forces. He was a pilot during World War I and later served as assistant military attache for air in France and Spain. During World War II, Walsh served with the US Military Mission to the Soviet Union. Promoted to major general in 1943, he was stationed with Headquarters, Army Air Forces, in 1944-45 where he served as the assistant chief of staff for intelligence. He later served as Director of Intelligence in EUCOM in 1948. Walsh retired in 1953 and died in June 1985.

**Wright, Edwin  
Kennedy**

Born in 1898 in Oregon, Wright was commissioned in 1922 in the Oregon National Guard and received a Regular US Army commission in 1923. He served in the 12<sup>th</sup> Army Group in World War II and was assigned as Executive Director of the Intelligence Division, US Army General Staff, War Department, from February-June 1946. From June 1946 through January 1947, Wright (he was promoted to brigadier general in February 1947) held the position of Executive to the DCI of the Central Intelligence Group. In January 1947, Wright became the Deputy Director of Central Intelligence, a position that he held until March 1949. After his service in CIG and CIA, Wright held staff positions in the Far East Command until 1952. He was promoted to major general in 1952 and assigned as commander of the Military District of Washington until 1954. Wright commanded the 6<sup>th</sup> Infantry Division at Fort Ord, CA, until his retirement in 1955. General Wright died in September 1983.

*This information is Confidential Rel GER.*



## Chronology

This chronology provides a general timeline of major world events between 1945 and 1949. Significant developments affecting the American intelligence services and the Gehlen Organization are also listed. Where possible, the events described in this chronology are linked to specific documents presented in this volume.

### 1945

- 9 April Hitler removes Generalmajor Reinhard Gehlen as head of FHO; Gerhard Wessel takes charge. Gehlen proceeds to Bavaria to hide documents and personnel and await the war's end. Hiding place is at Elendsalm near Munich, while records are stored in the Alps near Schliersee, Wilde Kaiser, and Marquardtstein. (Doc. 1)
- 10 April Gehlen meets with Hermann Baun, head of Abwehr Leitselle I Ost, to coordinate plans for postwar operations. (Doc. 1)
- 8 May Germany surrenders.
- 23 May Gehlen surrenders to the US Army; he is moved from Woergel to Augsburg and then to Wiesbaden's 12th Army Group Interrogation Center commanded by Col. William R. Philp. Gehlen is interrogated by Capt. John R. Boker. (Doc. 6)
- 5 July Boker contacts Wessel to ask him to work for the United States. Wessel later meets with Gehlen who states that he had met with the G-2 of the 12th Army Group to rebuild the German intelligence apparatus. (Doc. 1)
- 17 July The Potsdam Conference of the leaders of the United States, Great Britain, and the Soviet Union convenes to discuss peace terms and the fate of Germany.
- 29 July Baun is captured. He is interrogated later in August. (Doc. 11)
- August The War Department directs that Gehlen's group and records be transferred to Washington, DC. (Doc. 6)
- 21 August Gehlen and six of his officers fly to Washington, DC, accompanied by Capt. Boker to work on intelligence reports on the Soviet Union for the Army's G-2. The group is known as the BOLERO Group. (Docs. 1, 3, and 6)

- 2 September World War II ends as Japan formally surrenders.
- 19 September Baun and Wessel meet at MISC, Oberursel, and agree to work for the Americans. (Doc. 1)
- 20 September Executive Order 9621 dissolves OSS, effective 1 October. The Research and Analysis Branch is transferred to the Department of State; Secret Intelligence (SI) and X-2 (counterintelligence) branches form the new Strategic Services Unit under the War Department.
- 1 October Project moves to the Blue House in Oberursel under US Army auspices. (Doc. 15)
- October 1945 The Army's G-2 in Germany approaches SSU and requests that it take over the German project. Crosby Lewis rejects the Army's request. (Doc. 20)
- 1946**
- January Baun begins counterintelligence work in Germany and launches a radio monitoring service. He later starts positive intelligence collection in the Soviet zone of Germany.
- 22 January President Truman creates the Central Intelligence Group and appoints Rear Admiral Sidney Souers as the first Director of Central Intelligence.
- 5 March Winston Churchill delivers his "Iron Curtain" speech in Fulton, MO.
- 21 April The Social Democrats and Communists in the Soviet zone merge into a single party, the Socialist Union Party (SED).
- 10 June Lt. Gen. Hoyt S. Vandenberg is sworn in as second DCI.
- 2 July Lt. Colonel Deane prepares plan to include BOLERO Group with Operation RUSTY in Oberursel. (Doc. 17)
- 10 July BOLERO Group returns to Germany from the United States. Lt. Col. John R. Deane, Jr., is named as head of the project with Capt. Eric Waldman as assistant. (Docs. 3 and 9)
- 11 July The Office of Special Operations is constituted under Col. Donald H. Galloway as the first Assistant Director for Special Operations. Schedules are drawn up to merge SSU into CIG.

July Colonel Quinn, Director of SSU, meets with Brig. General Sibert and Crosby Lewis to discuss the German project. (Docs. 20 and 24)

6 September Lewis tells Sibert that SSU is prepared to take over Operation KEYSTONE (SSU's project name for Operation RUSTY) under certain conditions. (Docs. 18 and 20)

30 September The International Tribunal at Nuremberg reaches its verdicts and proclaims the Nazi leadership, SS, and secret police as criminal organizations.

1 October Maj. Gen. Withers A. Burrell, new G-2, USFET, requests that SSU take over Operation RUSTY from the Army. (Doc. 19)

17 October Col. Donald H. Galloway, ADSO, recommends against any takeover. (Docs. 21 and 22)

20 October SSU field personnel are transferred to CIG's OSO.

2 December The United States and Great Britain agree to form an economic fusion of the American and British zones of Germany.

19 December CIG committee meeting to discuss Operation RUSTY. Agrees to conduct an investigation of the German project. (Doc. 25)

**1947**

20 January Col. Edwin K. Wright is appointed as Deputy Director of Central Intelligence.

March Samuel B. Bossard goes to Oberursel to investigate Operation RUSTY on CIG's behalf. (Docs. 26, 27, and 29)

12 March In a message to Congress, President Truman announces the Truman Doctrine of aid to nations threatened by Communism.

10 March-24 April The Moscow Conference of the United States, United Kingdom, France, and USSR reveals great discord among the allies on the question of Germany.

11 April SSU headquarters personnel in Washington, DC, are transferred to CIG.

1 May Rear Adm. Roscoe H. Hillenkoetter is sworn in as the third DCI.

5 May Bossard submits report to the DCI recommending CIG takeover. (Doc. 41)

- 29 May Bossard submits additional recommendations concerning Operation RUSTY. (Doc. 42)
- 3 June Colonel Galloway submits Bossard Report to the DCI. (Doc. 43)
- 5 June Secretary of State George Marshall calls for a European Recovery Plan in a speech at Harvard University. It is soon known as the Marshall Plan.
- 5 June DCI sends a cable to G-2, EUCOM, stating that the matter should be presented to the NIA. Gen. Walsh replies in the affirmative pending concurrence by Gen. Chamberlin in Washington, DC. (Docs. 44, 45, 46 and 47)
- 11 June Colonel Galloway and Bossard brief General Chamberlin on CIG's interest in Operation RUSTY. Chamberlin opposes bringing the matter to the NIA's attention. (Doc. 48)
- 19 June DCI meets with General Chamberlin. Adm. Hillenkoetter states that CIG will not have anything to do with RUSTY without NIA's authorization. (Doc. 49)
- 20 June CIG decides to not have anything further to do with Operation RUSTY unless approached by the Army. (Doc. 45)
- 26 June CIG meets with Army once again to discuss Operation RUSTY. Bossard provides specific recommendations to the Army. (Docs. 50, 51, 52, 53, and 54)
- Summer 1947 Col. William K. Liebel replaces Lt. Colonel Deane as US commander of RUSTY.
- 26 July President Truman signs the National Security Act of 1947, which provides for a National Security Council, Secretary of Defense, and Central Intelligence Agency.
- 18 September CIG becomes the Central Intelligence Agency under the provisions of the National Security Act of 1947.
- 2 December The 7821st Composite Group is formed to provide a US military cover organization for Operation RUSTY. (Doc. 56)
- 6 December First elements of Operation RUSTY move from Oberursel to Pullach. The covername for the Pullach site is the Nikolaus Compound because the Gehlen Organization occupied Pullach on the German holiday.

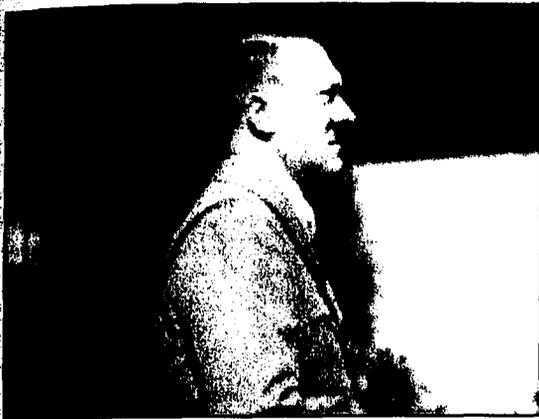
- 17 December In NSC-4A, the National Security Council authorizes CIA to conduct covert "psychological warfare."
- 1948**
- January Maj. General Walsh announces that he will try to get CIA to take over Operation RUSTY. (Docs. 58 and 59)
- 25 February A Soviet-led coup in Czechoslovakia destroys that country's remaining anti-Communist leadership; the United States is concerned about Communist victory in upcoming Italian elections.
- 20 March Soviets walk out of the Allied Control Commission.
- 18 June NSC 10/2 (which rescinds NSC 4-A) expands CIA's authority to conduct covert action and gives a supervisory role to the Departments of State and Defense and the Joint Chiefs of Staff.
- 18 June The Western Allies introduce currency reform in western Germany.
- 24 July Soviets cut electricity and halt all land and water traffic into West Berlin. The Berlin Airlift begins and lasts until May 1949.
- 31 August DCI Hillenkoetter writes General Chamberlin about problems with the Gehlen Organization. (Doc. 64)
- 1 September The Office of Policy Coordination formally begins operations.
- October Problems with Army's control of the Gehlen Organization come to a head. CIA will investigate Operation RUSTY. (Docs. 65, 66, 67, and 68)
- November Colonel Philp assumes command of Operation RUSTY from Colonel Liebel.
- 18 November James H. Critchfield begins his investigation of Operation RUSTY. (Doc. 69)
- 17 December Critchfield completes investigation and submits report to Headquarters. (Docs. 71 and 72)
- 21 December Colonel Galloway provides recommendations to DCI Hillenkoetter. (Doc. 73)

- 22 December DCI Hillenkoetter meets with Maj. General Hall to discuss Operation RUSTY. (Docs. 75 and 76)
- 1949**
- 19 January Maj. General Irwin stipulates the conditions for the transfer of Operation RUSTY to the CIA. (Doc. 77)
- 1 February DDCI Wright reports on reluctance of the US Army to discuss Operation RUSTY at the NSC and the unwillingness of General Clay to let CIA run the German service. (Doc. 78)
- 10 February DCI Hillenkoetter informs Maj. General Irwin of the declining state of relations between General Gehlen and Colonel Philp. (Docs. 83 and 84)
- 4 April The North Atlantic Treaty is signed; the Senate confirms the treaty in July, thus forming the North Atlantic Treaty Organization.
- 8 April The Western powers agree to an Occupation Statute for western Germany to go into effect on 21 September.
- 23 May Federal Republic of Germany is proclaimed following the adoption of the "Basic Law." The city of Bonn is designated as the new capital of West Germany.
- 1 July CIA assumes responsibility for the Gehlen Organization from the US Army. (Doc. 92)
- 15 September Dr. Konrad Adenauer is elected West Germany's chancellor.
- 23 September President Truman announces that the Soviet Union has successfully tested an atomic bomb.
- 1 October The People's Republic of China is proclaimed in Beijing.
- 15 December West Germany receives Marshall Plan assistance.

*This information is Confidential Rel GER.*

**Photographs**

2



*Adolf Hitler*



*The German invasion of Poland in 1939 marked the beginning of World War II*



*By the end of the war in 1945, Germany lay in ruins.*



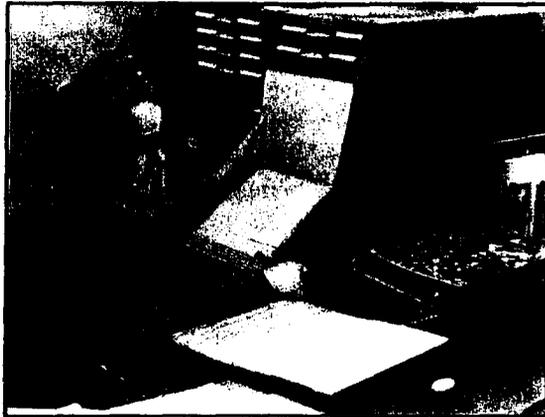
*The Allied conquest of Nazi Germany meant that Germany was now an occupied country divided into four zones. Berlin was a divided city.*



*The Allies quickly sought German military intelligence personnel among the millions of prisoners in the spring and summer of 1945.*



*German wartime intelligence files, in particular, were valued by the victors. Files of the German Fremde Heer Ost contained a wealth of information on the Soviet Union and the Red Army.*



*The US was particularly interested in the FHO's Soviet Order of Battle information.*



*Generalmajor Reinhard Gehlen commanded the FHO from 1942 until a month before the collapse of the Third Reich. He planned to use his records as a means of ensuring Germany's survival. Gehlen, seen with his soldiers, is seated on the right.*



*As Soviet forces fought in the streets of Berlin, Gehlen and his officers waited out the end of the war in Bavaria. FHO records and personnel were scattered throughout southern Germany. Gehlen sought refuge in a cabin in the Alps near Elendsalm.*



*In addition to General Gehlen's hideouts, American intelligence officers sought to locate other hidden Nazi records, looted art, and gold at the end of the war.*



*Army Capt. John R. Boker, Jr., recognized the importance of General Gehlen and his FHO records. Boker interrogated Gehlen and gathered his officers and files in Wiesbaden.*



*In August 1945, the US Army sent General Gehlen and five of his officers to Washington, DC, for further debriefings. Heinz Danko Herre joined the BOLERO Group in 1946. They remained at a secret location at Fort Hunt, VA, until the summer of 1946.*



*Herbert Fünér*



*Heinz Danko Herre*



*Horst Hiemenz*



*Hans Hinrichs*



*Karl Freiherr von Luetendorf*



*Albert Schoeller*



*Conrad Stephanus*



*To mark the occasion of the arrival of the German officers in the United States, Captain Boker and the BOLERO Group signed this dollar bill.*



*Brig. Gen. Edwin L. Sibert, the G-2 for the 12<sup>th</sup> Army Group and later USFET G-2, authorized the use of the FHO personnel after the war.*



*Sibert as he appeared in the 1950s.*



*While Gehlen and his officers were in the United States, Hermann Baun began intelligence operations in Germany.*



*The Military Intelligence Service Center at Oberursel, the first home of the Gehlen Organization.*



*Lt. Col. John R. Deane, Jr., served as the Operations Officer for Operation RUSTY at Oberursel.*



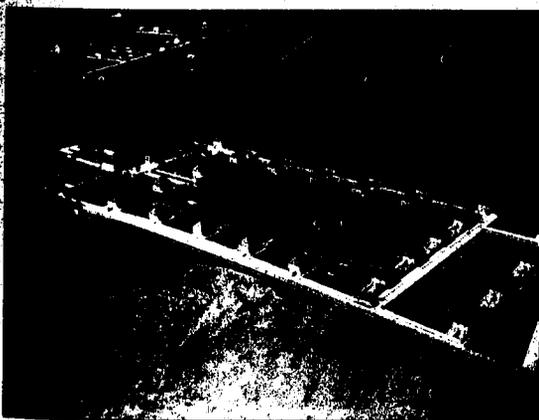
*After the return of the BOLERO Group from Washington, DC, Capt. Eric Waldman joined Lt. Col. Deane at Oberursel.*



*Operation RUSTY used its Army-provided supplies to raise extra money on the black market. These activities came to the attention of American occupation officials and intelligence agencies. The 1948 currency reform curtailed RUSTY's illegal activities and created a funding crisis at a time when the US Army could no longer fund the German service.*



*Increasing tensions between East and West and the fear of the spread of Communism led the US Army to place increasing demands on Operation RUSTY for intelligence. The Germans, in turn, expanded their collection efforts.*



*In late 1947, Operation RUSTY moved from Oberursel to Pullach, a small town on the outskirts of Munich. The original compound, seen here in 1938, had been built for Martin Bormann.*



*Pullach offered a central and secure location for Operation RUSTY's German and American personnel. Here are several scenes of the Nikolaus Compound taken prior to the transformation of the Gehlen Organization into the BND.*



*The "Kolonialhaus," or the club house and Kindergarten at Pullach.*



*CIA headquarters at Pullach.*



*The garden and pool behind the "Doktor-Haus," or Gehlen's office and residence.*



*One of the statues in the garden at Pullach.*



*Pullach was more than just an intelligence headquarters in the early days, it was also home to German and American employees and their families. Here are several scenes of daily life in Pullach.*



*Mrs. Gehlen (in middle) and Mrs. Wessel (with baby) entertain American guests*



*The kindergarten at Pullach.*



*Birthday party of a daughter of an American officer stationed at Pullach with German and American children.*



*Mountain climbing expedition with German and American officers*



*In mid-1947, Col. Willard K. Liebel assumed command of Operation RUSTY; relations between the Germans and the Americans deteriorated during Liebel's time at Oberursel and Pullach.*



*Gen. Hoyt S. Vandenburg, DCI*



*Rear Adm. Roscoe H. Hillenkoetter, DCI*



Future DCI Allen W. Dulles



Future DCI Richard M. Helms



Brig. Gen. Edwin K. Wright, DDCI



In late 1948, Col. William R. Philp succeeded Col. Liebel as the US commander of Operation RUSTY. Col. Philp, seen here with Capt. and Mrs. Waldman, had commanded the MISC at Oberursel and was well acquainted with Operation RUSTY.



In response to the Army's request to take over Operation RUSTY, DCI Hillenkoetter ordered James H. Critchfield to review the project. Critchfield's December 1948 report was critical in persuading CIA officials of the need to assume responsibility for the Gehlen Organization.



Lt. Gen. Lucius D. Clay, the US military governor in Germany, opposed the CIA's involvement with Operation RUSTY. His retirement in the spring of 1949 cleared the way for the Agency to assume control in July of that year.



While the Agency's relationship with the Gehlen Organization had its rocky moments, the trust built up between Critchfield (seated at the rear on the right side) and Gehlen (seated in the right front) helped chart the future affairs of the CIA and the BND.

21x

Part I  
Firsthand Accounts



1. Statement of Gerhard Wessel on Development of the  
German Organization [undated]

Statement of Gerhard WESSEL on Development of the German Organization

- May 1942-1942      Gen. GEHLEN, at that time Lt.Col., became Chief of the Fremde Heere Ost (FHO) in May 1942, at which time Lt.Col. WESSEL, at that time Capt, and "Lagebearbeiter" in the section FHO, first came into contact with him. In the summer of this year in the course of a discussion of the military situation, WESSEL asked GEHLEN whether he believed that Germany would win the war. GEHLEN at this time stated without qualification that he did but WESSEL had the impression that this answer did not correspond with the real opinion GEHLEN had in this moment. In May 1943 WESSEL, succeeding Lt.Col. HERRE, had become GEHLEN's deputy and closest co-worker and the question of German military victory again was discussed in the same summer. At this time GEHLEN asked WESSEL whether he believed Germany would win the war and both agreed that there was no hope. Further discussion took place at length during daily noon-time walks but no one else was apprised of their mutual feeling about this question.
- Spring 1944      In the spring of 1944 GEHLEN decided that it was essential to take some action toward salvaging the basic files and records of the FHO, for the West. It had become quite clear to both GEHLEN and WESSEL that after the war there would be two hemispheres, the East and the West, and that it would be essential to ally with one side or the other; no neutral position would be possible. GEHLEN's decision had already been reached- to side with the West.
- 20 July 1944      On 1 July General GEHLEN fell seriously ill, that means three weeks prior to the 20th of July attempt on HITLER's life. During the time of GEHLEN's absence WESSEL became acting chief of the FHO. At the time of the bomb attempt WESSEL was unable to get in touch with GEHLEN, but as it turned out no members of the department were directly implicated and no crises arose. GEHLEN returned as chief in fall but never discussed the question of the 20th of July with WESSEL. Later, when the latter asked him about it, GEHLEN stated that he had known something about the endeavors directed against the leadership of HITLER but had considered the matter to be too dangerous to discuss with WESSEL or other staff members.

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1. (Continued)

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- Late Fall, 1944      Toward the end of 1944 a third man, Hermann BAUN, was informed of the intention of GEHLEN to salvage files and personnel of the FHO for eventual transfer to the West. BAUN was at this time head of the collection work (Abwehr Amt I under PIECKENBROCK, later CANARIS). All relations between BAUN and the FHO were personally conducted by GEHLEN, who made every effort to place a "ring of secrecy" around BAUN and the relationship between BAUN and the FHO.
- Early 1945            Early in 1945 GEHLEN informed still further FHO personnel of his plans with regard to his organization. HIEMENZ and SCHOELLER were advised at this time. In February HERRE who after having been Chief of Staff of the "General of Volunteers" was just building up the Wlassov-Division, was informed.
- January 1945         On 21 January 1945 WESSEL, on GEHLEN's orders, became G-2 of HIMMLER's Heeresgruppe and from this time until 22 March (the date Gen.Ob. HEINRICI took over the Heeresgruppe) had close connections with the SS for the express purpose of attempting to prevent HIMMLER from getting control of the G-2 and Amt I work. HIMMLER had been trying to do so since May 1943 but was in the main unsuccessful inasmuch as he was able to get control over parts of the I work only but never all of it. In connection with GEHLEN's efforts, high ranking SS officers were treated as honored guests by the FHO, were shown the work, made to feel that nothing was being concealed from them, that the basis for all work was a fervent belief in victory, etc.
- February or March 1945      GEHLEN was presented to HITLER in February or March of 1945 for the first time. HITLER asked him for estimates of the military situation in the East and when he did not like those that were presented to him, relieved GEHLEN of his post (9 April). After this date WESSEL served as GEHLEN's successor as chief of the FHO.

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1. (Continued)

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- Early April 1945 Following his dismissal, General GEHLEN was given the choice of becoming a division commander or being transferred to the "Führerreserves OKH". He chose the latter, primarily in order to be able to start the process of removing FHO files, which had already been photostated and microfilmed, to southern Germany for burial. The transfer took place by merely loading the files on army trucks, and they were dispersed in three places in Bavaria: in the Wilde Kaiser, near Marquartstein and near Schliersee. GEHLEN's intention upon arrival in the south was to remain as long as possible in his mountain retreat and thus to avoid becoming involved in the anticipated postwar confusion or even loosing the just salvaged files of FHO.
- 10 April 1945 In beginning of April 1945 GEHLEN arrived in Bad Elster, where BAUN was located, for a meeting with BAUN prior to going further south. WESSEL was with GEHLEN at this meeting, the purpose of which was to inform BAUN of what to do once the war was over. Agreement was reached regarding the disposition of both files and personnel. WESSEL learned for the first time at these meetings of GEHLEN's plans for rebuilding the German intelligence organization; prior to this time all discussions had been within a larger frame of reference, in terms of salvaging files and personnel for the benefit of the West without a definition of the future or outcome of this step.
- 24-25 April 1945 On 21 April 1945 WESSEL, who had been in Zossen near Berlin with the task of dissolving the FHO, left for the south. Parts of the files had already been sent on and WESSEL was still in contact with GEHLEN and informed of his movements.
- 6 May 1945 On 6 May with the approval of General WINTER, to whom he was assigned, WESSEL went to the Bavarian retreat area, to Ruhpolding. GEHLEN, SCHOELLER, and HINRICHS at this time were at the hut near Schliersee, while reserve officer personnel were at the Wilde Kaiser hut. When attempts to establish radio contact between the three areas were unsuccessful, each area was forced to act on its own.

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1. (Continued)

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20 May 1945

In the middle of May 1945 rumors reached the retreat areas that all German soldiers who were hiding in the mountains would be shot by the Americans if caught, since the war was over and there was no further cause for hiding. Accordingly, and because there were indications that the Americans knew about the location of their hideouts, on the 21 ~~March~~ May the decision was made by WESSEL and the group with him (NAUCK, HIEMENZ, RITTER, SCHOENBECK GOELLNITZ, HOHEISEL, HINDERSIN, von WANGENHEIM and three typists) to report to the Ruhpolding PW Camp. On the same day, GEHLEN independently reported to the Schliersee PW Camp. According to prior arrangement, members of the groups did not indicate any connection with members of the other groups. No contact was established between WESSEL and GEHLEN.

In the next few weeks almost all of the personnel were released from these camps. Nine general staff officers had to remain, however, including WESSEL and HIEMENZ.

End of July

While still in a PW camp, WESSEL and HIEMENZ on the 5 July were contacted by John BOKER, who asked them to cooperate in work for the Americans. Since WESSEL had had no contact with GEHLEN and thus did not know what decisions GEHLEN might have reached it was difficult for him to reach a decision on cooperation with BOKER. However, BOKER was in possession of a letter signed by GEHLEN which proved the BOKER/GEHLEN relationship so that further indecision was unnecessary.

Mid August 1945

Weeks later, in the end of July 1945, WESSEL, HINRICHES and HIEMENZ met GEHLEN in Wiesbaden, at the Pagenstecher House, where GEHLEN was housed with FUENER, SCHOELLER, STEPHANUS and LUETGENDORF. General GEHLEN told WESSEL that he had met the G-2 of 12th Army Group and had started the work of rebuilding the German intelligence apparatus.

Late August 1945

On the 2/August the GEHLEN group was sent to the United States. WESSEL was left in Wiesbaden for the express purpose of finding out where BAUN was, and from this time until the end of December 1945 had no contact with GEHLEN, largely because of the treatment received by the GERLEN group after they arrived in the US.

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1. (Continued)

- 5 -

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Following the departure of General GEHLEN was transferred to the Blue House at Oberursel, and discovered that BAUN also had been lodged in the neighborhood i.e. in the Camp King, Oberursel. In the course of discussions between WESSEL and BAUN which ensued, it was agreed that BAUN would try to get in touch with his former co-workers, with or without the consent of GEHLEN since contact had been cut off. A clear statement was made to BAUN by WESSEL at this time, and BAUN agreed that any establishment of German intelligence work for the Americans would be on the basis of a unified service, i.e., that there would be no separation of the positive intelligence collection work from the military intelligence work as previously. GEHLEN, it was also clearly understood, would be the chief of all the work. BAUN would head the collection staff and another man, unnamed, would head evaluation work. (Although it later appeared that BAUN may have had mental reservations, at the time of this decision he gave his unqualified approval of the organization as outlined to him by WESSEL).

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2. Statement of General Winter on the History of the Organization [undated]

Statement of General WINTER on the History of the Organization

Between 26 April and 2 May 1945 (exact date no longer certain), R. GEHLEN (until 9 April 1945 Chief of the Division Fremde Heere Ost) came to me at Königsee near Berchtesgaden for a private conversation. I myself was then a Lieutenant General and Chief of the Führungsstabes SdM of the combined OKW/OKH. General GEHLEN requested a strictly confidential conversation and revealed the following to me:

He was of the opinion, as I was, that active warfare would end in the course of the next few days. As a result of the clearly put challenge for an unconditional surrender, the valuable and irreplaceable records on the USSR in all probability either would fall into Soviet hands or would be destroyed as a result of local action which would be taken in the future by the West and which could not be foreseen by the German leaders. In view of our complete agreement that the next phase which necessarily would evolve out of the European catastrophe would be conflict between the Soviet system and the Western concept of freedom, he (GEHLEN) considered it his duty to preserve every valuable German Army record on the East for the sake of the jointly-held Western concepts. He intended, therefore, first of all to move to positions in the mountains, with these records and key personnel of the Division Fremde Heere Ost, in order in this way to bridge the first days following the capitulation and to try to preserve both men and materials of the FHO during the first period of violence. His further intention was to try to establish contact with the West, according to developments in the American Army front lines, in order to follow through on his line of thinking. He was ~~very definite about it~~, that he and his co-workers, if he succeeded in his aims, would have to push back all feelings of hostility and make themselves available to serve a Western concept; in so doing, he believed, he would above all be serving Germany in the best possible way.

General GEHLEN mentioned to me in this connection that he had already discussed the above mentioned basic intentions with Brigadier General GUDERIAN, who in the meanwhile had been relieved as Chief of the General Staff of the Army, and had found him to be in basic agreement. *General*

For my part, I was in full agreement with the intentions of General GEHLEN and parted from him with the assurance that ~~we~~ had the same opinions about the broader developments, as well as on our own ultimate actions. I expressed the hope that it might be possible, in spite of the difficulties of foreseeing the events of the interim period, to again work together within the frame of reference of the plan roughly sketched by General GEHLEN.

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3. Statement of Hans Hinrichs on Early History of the Organization [undated]

Statement of ~~Secret~~ HINRICHS

Early History of the Organization

- 3 - 5 May 1945      Distribution of small groups of qualified officers of Dpt. Foreign Armies East (OKH/Gen.St. d.H./Abt. Fremde Heere Ost) to 3 different hiding places in the Alps by Dr. Schneider. Camouflaged hiding of documents.
- Group Dr. Schneider      - Elends-Alm near  
Hirth                      Bayrischzell  
Schaumburg
- Group Hansen              - near Ruhpolding
- Group Wieland              - Kaisergebirge.
- 23 May 1945          Dr. Schneider + Hirth voluntarily placing themselves at disposal of 42nd US Inf Div in Schliersee.  
Dr. Schneider via Kitzbühel to Augsburg (3rd US Army) and Freising.  
Hirth via 5 other PW Camps to Moosburg.
- End of June 1945      Dr. Schneider and Schaumburg brought to special camp in Wiesbaden (Villa Pagenstecher) upon initiative of Capt Hallstead (Mr. Boker jun.) and his Field Intelligence Unit.  
Begin of research work.
- Middle of July 1945      Wieland, Hansen and Hirth brought to Wiesbaden by Capt Hallstead via Freising. First larger projects started in Wiesbaden.  
Dr. Schneider receives permission of Admiral Doenitz (last official head of German Government) for research work unter US Army.

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- 2 -

3. . (Continued)

- 2 -

25 August 1945	Group Dr.Schneider (Schaumburg, Hansen, Forster, Steurer, v.Lüttgendorf, Hirth)brough by special plane to Washington via Azores. Camp PO Box 1142, near Alexandria. Wieland remained in Germany for <sup>Liaison</sup> purposes with USFET.
Middle of Sep 1945	Begin of research work in Camp 1142, directed by Col Lowell, War Dpt./Int.Div. Liaison Officer: 1st Lt Waldmann. Projects designated as "B" ("Bolero").
Fall 1945	Improvement of office and billeting quarters in Camp 1142.
March 1946	Herdahl brought from Europe and included into Group.
End of June 1946	Group brought by train to Camp Shanks near New York, accompanied by Capt Wulff.
30.6 - 9.7.1946	Trip from New York to Le Havre on MS "Seaflier".
9. - 10.7.1946	Group led by Capt Waldmann to Paris (truck) and Oberursel (plane). Quartering of Dr.Schneider, Hansen, Hirth in "Basket".

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4. Statement of Heinz Danko Herre, 8 April 1953

Statement of Heinz Danko HERRE

Colonel HERRE was informed of GENLEN's decision to salvage German records and personnel for transfer to the Americans in February 1945 while at Muensing in charge of building up VLASSOV divisions. He later went to Czechoslovakia, where he remained until the end of the war. At the end of the war, he returned to Germany on foot and proceeded to Unterwoessen for the purpose of contacting General KUSTRIE, to see what could be done by the latter to prevent the extradition of VLASSOV volunteers to the USSR. Having arrived in Unterwoessen on 20 May 1945, he and the General discussed the situation at length and were taken into custody together the same night. Thereafter, HERRE and KUSTRIE were taken to Marquardtstein and from there were both to have been taken to Augsburg for internment. They set off in separate jeeps, however, and by a quirk of fate HERRE's jeep had a flat tire and was left behind. The American sergeant with HERRE was in doubt as to whether HERRE was to be sent to Augsburg and so drove him back to the Marquardtstein PW camp, where the Duty Officer had been changed in the meantime and the new one seized upon HERRE as a likely high ranking German officer who could be put in charge of the camp. Thereafter, HERRE was made camp commander and put in charge of dissolving one division.

At the end of June 1945, HERRE was sent to Mosberg with other General Staff officers of the rank of Colonel and above, and remained there until 19 November 1945 as a political internee. Accordingly, GENLEN was unable to locate HERRE between June and November since HERRE's name did not appear on lists of interned German officers which were being combed.

On 19 November 1945 HERRE was released from Mosberg and was taken as a PW to Neu Ulm. On 5 December he was released in turn from Neu Ulm and per-

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4. (Continued)

mitted to return to his home in Krueen. While at Neu Ulm, HERRE met the father-in-law of Gerhard WESSEL and was informed that (unspecified) developments were taking place with regard to WESSEL and former associates and that WESSEL might be going to the United States. HERRE asked him to write to WESSEL and tell him where HERRE was. On 10 January 1946 an American officer suddenly appeared in Krueen, said only the word "GEHLEN" and asked if HERRE would be ready to work. HERRE knew immediately that contact had been established and sent word that he was ready. He then received a protective letter and an assignment to remain in Krueen and to start preparing a study concerning his experiences with the VLASSOV army.

In the beginning of February 1946, HERRE went to Oberursel where he found WESSEL, Hermann BAUN, Frau BAUN, Rolf BAUN, Vladimir KUDASHEV and Gustav Adolf TIETZE. From this time until 8 March 1946 he was occupied with reestablishing connections with former VLASSOV associates (among whom notably was HENOL, his former G-2). He then received a letter from GEHLEN (end of February or early March) asking him to come to the US to join the group at Fort Hunt. This was arranged, with Captain Paul COMSTOCK as escort. HERRE and COMSTOCK left Frankfurt on 9 March, went through Paris to Le Havre, arrived in New York, processed through Fort Hamilton and arrived in Alexandria (Fort Hunt) on 26 March 1946.

At this time HERRE joined the GEHLEN group in working on old files, which were organized and brought up to date, doing press evaluation work on a small scale and preparing studies bearing on the Soviet military potential, German experience in the East, etc. As time went on, more time was devoted to evaluation work, Allied reports were made available to the group and toward the end of the Stateside period the group was preparing evaluations for the Pentagon of non-German reports, and was visited by many high ranking American officers, including Colonel LOVELL, Colonel SHIMKIN, etc. Captain Erich WALDMAN was the group's contact with the Pentagon, visiting

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4. (Continued)

on an average of two or three times a week for two or three hours of discussion. Captain WALDMAN and Major WOLF made the physical comfort of the group their personal concern, were instrumental in obtaining favors (visits to Alexandria and Washington for shopping, picnics along the Potomac, pouching of packages of food and clothing to families in Germany via "Top Secret" BOLEHO pouch, etc.) and were highly esteemed by all members of the group.

GEHLEN's request for HERRE's transfer to the United States was caused by certain differences of opinion or inclination within the group itself. On the one hand, there existed a "younger group," consisting of Hans HEINRICH, Albert SCHOFELER and Horst SIEMENZ, who wanted to stay in the US as long as possible; their concern was with the question of "survival" and their idea was to become US citizens and Pentagon researchers; their frequent contact with officers doing just that made the idea appear distinctly possible and plausible to them. On the other hand, there was an "indifferent" group, consisting of Herbert FUENAR, Konrad STEPHANUS and von LUETGENDORF, who were concerned with the cause and not so much with the sponsorship. Accordingly, GEHLEN had called HERRE over to help indoctrinate the two groups and bring them around to thinking in terms of returning to Germany to advance the work as he conceived of it. HERRE states that this work actually was easy, since he had just come from Germany, had been present there when the work got under way of assembling personnel for the collection work, etc. When Secretary of State AVERHES made the decision that all Germans in the United States were to be returned to Germany prior to the end of June 1946, GEHLEN seized upon this as an excuse to return all of his group to Germany, although HERRE believes that it would have been possible to obtain an exception for them to remain.

At the time the group was returned to Germany, there was considerable discussion as to whether the Germans should go as PWs or as scientists. All

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4. (Continued)

were equipped with both PW outfits and civilian clothing and appear to have changed from one to the other numerous times while processing for return. They finally left the United States on 12 June 1946 as German scientists, travelling on a ship otherwise loaded with German PWs. They were met at Le Havre by Captain WALDMAN, who had preceded them, and returned to Frankfurt via Paris.

On arrival at Frankfurt, the group was divided. GEHLEN, HINRICHS, HIEMENZ and SCHOELLER went to the Blue House, while STEPHANUS, von LUETGENDORF and FVENAR and HERRE were sent to the Swiss House, MISC, Oberursel. HERRE states that it is still not quite clear to him why he was separated from the GEHLEN contingent but that he was told that he was to take over the Northern part of the collection work. At this time the fate of STEPHANUS and FVENAR was still undecided; von LUETGENDORF was to be released.

In August 1946 HERRE left Oberursel and took quarters in Koernigstein, using the name FRICKER and with the idea of preparing to set up the Northern base of operations (NEZ). In this connection, he next went to Stadt Oldendorf and worked in a gypsum factory for purposes of building cover. From there, according to his orders, he actually did little work, except to take cautious steps toward establishing nets in Northern Germany. He was forbidden at this time to undertake any work against the [REDACTED]. While HERRE was so occupied, GEHLEN learned that BAUM was not "handling" HERRE as GEHLEN had understood or intended (was handing over only part of the cigarettes, money, etc., made available to BAUM for the Northern work, etc.) and so decided to have HERRE return to Oberursel. The latter did so in February 1947. At this time the plan to build the NEZ was abandoned and the decision made to conduct all work in the [REDACTED] Zone of Germany from bases in Southern Germany.

At the Blue House, HERRE found on the American staff Colonel DEANE, Captain WALDMAN and three or four sergeants. On the German staff there was GEHLEN,

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4. (Continued)

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WESSEL (as chief of the evaluation work), BAWN (as chief of the collection work and located with his staff at Schmitten) and a small administrative staff. HERRE first did press evaluation work with SEIDL and on 1 April 1947 was informed by Colonel DEANE that he was to take over Castle Kransberg (DUSTBIN). After a twenty minute inspection tour, HERRE signed for the entire castle and its furnishings and was left there as caretaker and occupant of its hundred or so rooms. He immediately telephoned to the Blue House for reinforcements and five men ~~to~~ were<sup>sent</sup> to assist. Within the next two or three weeks HERRE was in charge and the monetary, economic, press evaluation, administrative and 236 units were set up there. At the end of six months, all space was occupied, with families in residence and a school for children living in the Castle and at the Blue House established.

In June or July 1947 HERRE was removed from his position at DUSTBIN and made Chief of Staff to GEHLEN at the Blue House. At this time he worked at the Blue House and lived at the Castle, driving back and forth daily with rations for the Castle and continuing as a sort of executive officer for it.

A written statement will be prepared by Heinz HERRE to cover his activities and experiences from this time (July 1947) until the time of Mr. [REDACTED] arrival in Pullach in the fall of 1948.

8 April 1953 - 25 R

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5. Statement of General Gehlen on Walter Schellenberg Story  
(Post Defeat Resistance) [undated]

Statement of General GEHLEN on Walter SCHELLENBERG Story (Post defeat Resistance)

General GEHLEN was questioned on 11 July 1952 by James CRITCHFIELD with regard to the allegation which has been made from time to time that GEHLEN had an alternative plan of action, to retreat to a southern redoubt area for the purpose of preparing to conduct resistance activities after the surrender of the German Army. A specific reference was made to the final interrogation report on Dr. Walter SCHELLENBERG ( [REDACTED] date unknown) which quotes SCHELLENBERG as having stated that the sudden deterioration of the military situation in Germany in the last months before defeat did not allow German leaders time to develop any post defeat plans but that he had had certain discussions on this question with GEHLEN in March 1945. In the course of a private talk, GEHLEN had given SCHELLENBERG his opinion that military resistance would last at most about two more months and that he believed that preparations should be made for the eventuality of German defeat. In development of this theme, he had suggested that HIMMLER be urged to authorize GEHLEN and other General Staff officers to create a resistance movement along the lines of the Polish resistance organization. The upshot of the discussion, according to SCHELLENBERG, was that SCHELLENBERG had such a report prepared and personally explained GEHLEN's plan to HIMMLER. The latter declined it abruptly, however, with the statement that he did not wish to be "the first defeatist of the Third Reich."

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In answer to a direct question about the truth of this report, GEHLEN stated that he had talked to SCHELLENBERG and that he had prepared a study on the Polish Resistance. He stated that the preparation of the study had been merely used, however, as a pretext for keeping in touch with Gerhard WESSEL, who had replaced GEHLEN as chief of the Fremde Heere Ost. Furthermore, the study was made for the purpose of determining from considerable confusion just what had happened in the Warsaw area which had led to the

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5. (Continued)

annihilation of the Poles, and not with the idea of establishing a similar group for operations against either the West or the East. The results of his study had proved to him rather conclusively that resistance of the type undertaken by the Poles and in similar circumstances, i.e., against armed, organized troops was useless, a view which he still holds.

(Gerhard WESSEL also has stated that GEHLEN's study was made specifically to cover the fact that certain files and personnel of the Fremde Heere Ost had been moved to the south and were there awaiting the arrival of American troops, that the pretense was maintained for the benefit of the SS that last ditch efforts were to be made by the FHO from huts and crags, under the direction of GEHLEN. On the other hand, such persons as Guenther GOLLY and Hans WINTER have alleged that there was in fact a GEHLEN plan for post defeat resistance. There does not appear to be any ready means of reconciling the two stories.)

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6. Report of Initial Contacts with General Gehlen's  
Organization by John R. Boker, Jr., 1 May 1952

REPORT OF INITIAL CONTACTS WITH GENERAL GEHLEN'S ORGANIZATION

BY JOHN R. BOKER, JR.

1 MAY 1952

PART I.

I believe that a brief indication of the background that I developed prior to my meeting with General Gehlen early in June 1945 is essential to an understanding of the events which followed that meeting.

The interrogations which I made of several high ranking German Officers who had commanded units on the Eastern Fronts and interrogations which were made at CSDIC (UK) had undoubtedly awakened what was already a more than latent antipathy toward the Soviets. Early in 1945, I had also had occasion to learn what had happened to many Russian Nationals who had fought with the German Army, been captured by us in the Normandy Campaign, been returned to Russia, been re-employed by the Russians in punishment battalions against the Germans and had been captured by the Germans and reliberated by American Forces. It was also clear to me by April 1945 that the military and political situation would not only give the Russians control over all of Eastern Europe and the Balkans but that as a result of that situation, we would have an indefinite period of military occupation and a frontier contiguous with them. It was with that vague general background that while at 6824 DICMIS in Ravin, I found myself assigned to the interrogation of the German Air Forces Interrogation Center commanded by Oberstleutnant Holters, a unit in which the moving spirit and most efficient member was an Oberleutnant Idol. This unit, together with all its files, had surrendered to the American Cavalry Group "Metz" in Czechoslovakia and had been sent in two 2-ton trucks to 6824 to 6824 DICMIS in Ravin. In order to determine the real value and scope of knowledge of this unit, and in order to maintain general security, I organized this group of some twenty-two officers and men,

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6. (Continued)

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setting them up independently in a small hunting lodge somewhat removed from Ravin proper. This physical removal was suggested not only in the interests of efficiency but because I felt it desirable to keep a unit of this kind away from the Prisoner Compound proper, where, because of an apparent priority from Washington, ROA personnel was constantly passing through.

In a short time, the Holters Group had produced a catalogue of their documents which was very extensive, together with reports which they submitted on briefs I had given them to show the scope of their work as well as to indicate the discovery I had made that, while much of their intelligence was sound, the group was making many efforts to propagandize in their reports against the Russians. This propagandizing I felt somewhat obscured their real intelligence value which was, however, very great.

As a result of the attention which was given to these reports which we produced, and because it involved Air Force Personnel, we received instructions to send five of the key personnel of this unit, together with all their documents, to the Joint British American Air Force Interrogation Center in England. Because of the fact that I had discovered that many of the secondary personnel of this unit had real intelligence training vis-a-vis the Soviets, I protested this breakup of this unit to the Commanding Officer of 6824 DICMIS and, through him, to General Betts. I suggested that rather than be broken up in this manner, the group be shipped intact together with their documents to Washington so that we could maintain control of them. I also indicated that much of the value of the documents would in my opinion, be lost without a thorough interrogation of the secondary personnel who had produced these documents and who were being left behind. Unfortunately, the following day - without any decision "yes" or "no" having been given to me - two Air Force Officers had arrived at Ravin with competent orders to take the five selected per-

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6. (Continued)

3.

sonnel to England.

During this same period, 6824 was being split up, having apparently failed in its effort to stay out from under 12th Army Group control, and remain directly under SHAEF - a matter of army politics of only passing interest as influencing the breakup of the Holters Interrogation Group. Some of the personnel of 6824 went to "Ashcan" in Luxembourg, and I went with the advance party to Wiesbaden to be incorporated with the incoming FDIC teams passing to 12th Army Group Interrogation Center Control. At Wiesbaden, we came under command of Colonel W. R. Philp who had been designated by General Sibert to command the planned USFET Intelligence Center at Oberursel. After a few days in Wiesbaden, I discovered that the seventeen remaining members of the Holters Interrogation Group were in the Wiesbaden jail being held for CIC interrogation. This appeared to me to be a dangerous security breach because of the fact that it was believed by me that several of the CIC personnel were, to say the least, pro-Soviet in their inclinations and that also some ROA Officers seemed to have the run of the jail. I informed Colonel Philp of what I believed to be the dangers inherent in this situation and told him that I felt that the Holters remnants had better be taken out of PW channels altogether to prevent the Soviets learning that we had already through the Holters documents ~~and~~ gained a vast fund of information of the Soviet Air Forces together with Aerial Photographs covering most of the Russian Industrial complex within the range of German reconnaissance planes beyond the lines of farthest German advance into Russia. Colonel Philp agreed and sent me with his blessing to talk to General Betts in Frankfurt.

I was able to convince General Betts of my point of view and he told me to write out whatever orders I required. I wrote out one order authorizing the discharge from PW status of the Holters personnel and wrote another order authorizing me to use such transportation as was necessary to transport these men to their homes. He signed both

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6. (Continued)

4.

orders and on the following day I had the men processed and arranged to have Lt. Werner Daniels deliver these men to their homes.

From this experience, it became clear to me that:

1. Now was the ideal time to gain intelligence of the Soviets if we were ever going to get it;
2. Various American quarters would be opposed to gaining the intelligence;
3. Security measures against U.S. personnel were necessary in this activity, and
4. It was ridiculous to attempt to gain intelligence efficiently if the documents and the men who had produced these documents were separated.

PART II.

After clearing up the Holters affair, I had nothing to do for a few days in Wiesbaden. The only then apparent result of the incident had been that my slight activity in the field of gaining Soviet intelligence had made me the Russian Expert of the Intelligence Group. Consequently, when I - early in June 1945 - stopped to see what PW's at the Interrogation Center they might want me to interrogate, I was given the names of Major Luetgendorf, the G-2 of the German VIII Corps, Colonel Stephanus, G-2 of Army Group "MITTE" and General Gehlen, Chief of Ic/Fremde Heere Ost. All of these men were in what was called the "Generals' House" (the Pagenstecher and von Bergen Houses on the Bodenstedtstrasse in Wiesbaden). As an indication of the variety of the personnel that had been passed through to what was then regarded as the top Interrogation Center, were Governor Frank of Poland, Pastor Neimueller (whose confinement there I am sure had a real influence on his anti-American feeling), Skorczyeny, Marschall von Rundstedt and Admiral Horthy.

Because I was quite interested in the Vlassov Army Complex (by virtue of earlier

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6. (Continued)

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interrogations in Ravin of some ROA personnel as well as discussions with General-leutnant Aschenbrenner whom I drove down to Paris to be shipped to the States), I first talked to Colonel Stephanus, (whose brief had indicated him to be knowledgeable on the subject). I did not find this to be the case and on the following day, went up to the von Bergen House right after lunch, to talk to General Gehlen.

Because of their rank and the arrangement of the two houses, none of the men were under any special guard and the American in charge, upon my inquiring for General Gehlen, informed me that he was someplace upstairs in the von Bergen House. I went upstairs and found him asleep in one of the bedrooms. One of his roommates awakened him and I told General Gehlen I was sorry to disturb him because he was partially undressed and when he had time to fix up, would he meet me on the terrace.

He came down and we sat together at a small table by ourselves in a corner of the terrace somewhat removed from the House.

I told him that I was interested in talking to him about the Soviets because I understood that he had been the head of the German Military Intelligence Service dealing with them; that I did not know very much about the Russians, but that because of certain prior experience I had had, I was supposed to be the expert on the subject. He indicated that he was very anxious to cooperate with the Americans in this connection and I then had a general discussion as to the probable future line-up of the West against the East. I requested him to give me a brief outline of his organization and the scope of its work and was amazed at its size and ramifications.

As the conversation developed, he indicated that he had - long prior to the end of the war - seen its inevitable conclusion and that he had discussed with some key members of his organization not only the preservation of his files - with the ultimate object in mind of turning them over to us - but that he had also arranged with some of his key personnel to attempt to contact them for the purpose of securing

**SECRET/RELEASE  
TO GERMANY ONLY**

6. (Continued)

6.

their cooperation with him in presenting us with as clear a picture of the Soviets as possible. These key members of his organization had been charged with the safeguarding of the files by concealing them in various places in Southern Germany for ultimate recovery. I told him that I was convinced of the value of this work and believed that the personnel and files should be reconstituted as rapidly as possible, but that at the same time, I imparted to him my belief that first we would have to convince higher American authorities that his work was really professional and extensive and that also there existed in many American quarters a terrific opposition to gathering any information concerning our Soviet Allies. I told him I would be back the following day and talk with him further.

That evening I talked over the situation with my then roommate in the Konigsalle, Lt. Paul Comstock. He and I had been quite close before and he was my only confidante in the previous Holters affair. We decided that the same mistake should not be repeated and that if General Gehlen really did have the organization and the files which it appeared he had, we would have to proceed very cautiously. Lt. Comstock agreed to be my partner in this work and we discussed other Americans whom we believed to have the proper background and efficiency, choosing 2nd Lts. Ulrich E. Landauer and Franz Brotzen, both of whom I had known intimately at Camp Ritchie, we all having been on the teaching staff. We selected them not only because of their backgrounds and inclinations but also because they were fluent German speakers, an ability which Lt. Comstock at that time did not have.

In subsequent conversations with General Gehlen, he gave me the names of his key personnel, all of whom he believed were American prisoners of war: Oberstleutnant Wessel, and Majors Hiemenz, Hinrichs and Schoeller. We also located in Wiesbaden, Hauptmann Fuehner who had been dolmetscher on the Staff of Colonel Stephanus.

In order to preserve security, we secured Colonel Philp's permission to take

**SECRET/RELEASE  
TO GERMAN EYES ONLY**

6. (Continued)

7.

over the Pagenstecher House ground floor for our offices and we four Americans moved into the upstairs. General Gehlen moved over with us and because of limitations of space, chose General der Infanterie Erfurt as his roommate, whom General Gehlen regarded as completely secure.

Partly because of their previous military positions, but partly also to keep them away from other American Interrogators, we joined Colonel Stephanus, Major Luetgendorf and Captain Fuehner to our unit.

I told General Gehlen that we would have a selling job to do all the way through and that I felt the first most impressive document that we would be able to produce would be a complete history and analysis of German Intelligence Methods in connection with Soviet Intelligence on the War Department, Army Group, Army, and Corps Level. While they were producing this report, I told him we would make an effort to secure his key staff members and documents.

Rather than attempt to secure these men through regular PW channels, I decided that it would be best to go out and get them, for various reasons. The first was that I had learned that the [REDACTED] *British* having been made aware that General Gehlen was in our custody, had sent out a request for him. This made me conscious of the fact that the system of reporting prisoners apparently had become more efficient and given wider distribution. I indicated to Colonel Philp that we should, if possible, remove General Gehlen's name from the distribution lists, upon which suggestion, I believe he took action. I also indicated that I wanted to go out and get the other members of General Gehlen's staff in the field so that formal requests would not be issued for them and it would appear that we were deliberately reconstituting this staff in Wiesbaden. To this he agreed and gave me authority to make the necessary trips.

I had another idea in my mind at the time. This was that the impression made

**SECRET/RELEASE  
TO GERM. NY ONLY**

6. (Continued)

8.

upon these men if we were to rescue them directly from the PW camps at which they might be and were able to brief them at once that we were securing them at the request of their former commanding officer who desired them to continue working with him - would be much more favorable than if they were just "forwarded" to Wiesbaden, and that their cooperation would then be more fully assured.

In a period of about two weeks, and operating from the 3rd Army Headquarters at Bad Toelz, and the 3rd Army Intelligence Center at Freising, we were able to locate these men and through them the documents which they had concealed between floors of remote foresters' lodges, had buried or otherwise cached. Out of eight caches of documents, three had unfortunately previously been discovered. One unimportant batch consisting mostly of original Soviet newspaper clippings and personality photos had unfortunately been burned. One batch we were able to rescue from the XII Corps Documents Center before it was sent up to the Joint British American Documents Center at Hoechst. The third batch had been taken by the British unit and was at Hoechst.

Getting ahead of the story a little bit, we were also able to "steal" this last batch of documents from Hoechst by including it in a large group of other documents, comprising a complete Corps "G-Staffel" set-up which consisted of a printing press with Russian type, several hundred original pay books, and many genuine and forged Russian Army Documents and Stamps. In the subsequent weeks we also made an effort - having learned of the rarity of such material - to secure all Russian language books which we possible could. These we looked for and obtained from various documents centers and on the road, putting together a very representative library of several hundred books.

By the middle of July 1945, we had succeeded in reconstituting General Gehlen's key members and staff, all of his important documents and were very much aware of the goldmine that we had found.

**SECRET/RELEASE  
TO GERMANY ONLY**

6. (Continued)

9.

We had, by now, added a typist to our staff, Master Sergeant Benjamin Greenwald, who had been the head of the typing section of the German Section at Ritchie.

The problem now became one of convincing higher American authority as to the value of the enterprise and of deciding whether or not it was possible to set up to develop current intelligence or whether we were engaged in a purely historical research project.

Our thinking was influenced by the fact that we at that time appeared to have the opportunity for re-establishing contacts with the Romanian Intelligence Group which had been operating successfully as we learned from Major Leutendorf in the higher Romanian Army Staff and of weaving a tenuous thread to the Hungarian Intelligence Service.

Most important, however, was the fact that General Gehlen had indicated to us that he was able to establish contact with Oberstleutnant Hermann Baun, the former director of and contact man to the German Agent Network.

(Wally I): General Gehlen had taken over Wally I (gathering) from Canaris when the SD tried to take over the Wehr field agencies. Wally III (Schmalachuegen) was also taken over (Not II - Scorzen).

General Gehlen, Lt. Comstock and I decided that, if possible, we would try to keep FHO going as an active unit serving the Theatre G-2. In view of the length of time it took to produce the extensive historical report at which we were working - as indicated above - we asked General Gehlen to produce individual studies on the basis of the files which we had now acquired on such subjects as Soviet Tank Production, Strength of the Soviet Army, Soviet Manpower Study, Estimate of Probable Soviet Demobilization Policy, etc. These shorter reports we furnished to General Sibert's office and they were found to be quite interesting. It was also arranged for Colonel Philp to come over to spend a social evening over some bottles of wine with the Gehlen Group, in preparation for which, because Colonel Philp had been an Artillery Officer, we had prepared a general briefing on Soviet Artillery Tactics.

**SECRET/RELEASE  
TO GERMANY ONLY**

6. (Continued)

10.

Colonel Philp was very favorably impressed with the men and with their intelligence capabilities. He agreed that they would be a desirable unit working for General Sibert as Theatre G-2 and thenceforth supported the project to the fullest.

In order to keep up the morale of the Gehlen Group, we arranged that those who were within a day's visit of their family should visit their homes. In the case of those who were further removed, I arranged to have Lt. Landauer make a round trip, taking letters and a few items of American stores to their families.

Late in July, Colonel Philp arranged for me to have a conference with General Sibert, at which conference I submitted a memorandum outlining our general plan in which General Sibert concurred. Colonel Fritzsche, however, felt that we should make no effort to contact any of the Field Organizations. I therefore discussed this matter with Gehlen and we decided that we would attempt to keep Colonel Baun "on ice" for a few more weeks until the situation was clarified.

Just at that time, a representative of G-2 Washington, Lt. Colonel Gronich had become aware of the existence of this group and called me to a conference in Frankfurt where he told me that he was recommending to Washington that they send the documents of this group back to the States. I protested strongly against this and indicated that General Sibert wanted the men and the documents kept together, and that General Sibert had agreed with my recommendation that we attempt to reconstitute the group insofar as possible. I further said that it would take at least two to three more months to accomplish this and that the sending of the documents to Washington would destroy most of the usefulness of the men. Lt. Comstock and I prepared for this meeting, of the purpose of which we had had some inkling, and we agreed to indicate to Lt. Col. Gronich that Lt. Comstock had important connections in the U.S. to whom we were prepared to report the details, in the event that the usefulness of the group was destroyed and if anything went wrong with their full exploitation.

**SECRET/RELEASE  
TO GERMANY ONLY**

6. (Continued)

11.

Lt. Comstock had close connections to then Senator Thomas of Oklahoma and he had agreed to permit me to rely on these connections. This attitude on our part stymied Colonel Gronich for a while. I immediately had a conference with General Gehlen and told him of the fact that we were prepared to use Lt. Comstock's political connections and rely as fully as we could upon General Sibert's stated support in keeping his unit together with their documents and that we would do our utmost insofar as we could - operating as we did from a very low level - to re-establish FHO as an intelligence unit working for the Americans. General Gehlen and I further agreed that we would keep Baun and his contact to the Field Organization quiet until I felt that it would be desirable to establish contact. The reason for this decision was to have a further selling point in the event that Gronich's ideas prevailed. Gronich was unaware of Baun's existence and any of the details of the organization.

A few days later, a cable was received from the War Department ordering that all of Gehlen's unit and their documents be sent to Post Office Box 1142 in Washington. (P.O. Box 1142 was the detailed Interrogation Center operating under the G-2 War Department and was located at Ft. Washington Overlook, at Alexandria, Virginia). When Colonel Philp informed me of this order, I at once went to Frankfurt to see General Sibert. He was very much perturbed and felt that Colonel Gronich had "pulled a fast one", but that although he had recommended that my original plan be followed - in the face of a definite cable order, could do nothing further. He stated that he was happy at least that we had succeeded in not having men separated from the documents, since this was really the only basic change from Gronich's original plan. I then told General Sibert that in order not to lose contact with the Field Organization - to whom the only link was Colonel Baun - it would be important that one representative member of the Gehlen Group remain at Wiesbaden with Lt. Comstock and the other U.S. members. For this, General Sibert agreed to assume

**SECRET/RELEASE  
TO GERMANY ONLY**

6. (Continued)

12.

responsibility.

I talked this matter over with General Gehlen and told him that we were ordered back to Washington and that I could do nothing about it but that I had told General Sibert definitely about Baun and he agreed that the contact was too valuable to be lost. We decided to leave Wessel behind since he was in a position to make this contact and enjoyed Baun's full confidence. In order not to make a premature contact and in order to keep our European organization operating, I arranged with Lt. Comstock a series of code cables which I would send from Washington indicating how and when contact should be made with Baun.

In the middle of August, General Gehlen, Colonel Stephanus, Majors Hiemenz, Hinrichs, Luetgendorf, Schoeller, Captain Fuhner, all the documents and I, left Frankfurt in General Smith's private plane for which Colonel Gronich had arranged. The flight was uneventful but very interesting for General Gehlen's group.

Upon our arrival at the National Airport in Washington, we were met by a Lt. and driver from 1142 who had come with a completely closed "Black Maria" to transport the Germans to 1142. Another truck took the documents which were in about twenty packing cases. I was told to report to Colonel Hopkins at the Pentagon, since he represented the Documents Section and was apparently only interested in the documents and not the men. I found that Colonel Gronich was the main field representative of the Documents Section and that he was solely interested in collecting the documents and that the men had been brought over only incidentally for interrogation at 1142. This upset me very much as it appeared that our whole plan for keeping the group together with the documents as a working unit for the future, had not seeped through to Washington and in any case did not fit in with their plans.

I found that Colonel Lovell was the man in charge of the G-2 Document and Interrogation Operation and that he was the one I would probably have to convince of

**SECRET/RELEASE  
TO GERMANY ONLY**

6. (Continued)

13.

the importance of the group and the correctness of our thinking. I found that he was willing to see me the following day.

That afternoon I went to 1142 on my own. I had been an interrogator there for some time prior to having gone to Europe in June 1944. It was, fortunately, a Sunday and I went directly to the "Old Building" prisoner compound. Much to my surprise, I found that the Gehlen group had all been put in solitary cells. Fortunately, I knew the Signal Sergeant in the Control Room, to whom the visits to prisoners had to be announced. He did not question my wanting to see Gehlen and I went through to visit him. I explained quite frankly to him the whole situation, that things were in a horrible mess and that I would do my best to straighten them out, but that I had practically nothing to say in Washington and was relying on my outside contacts to help us over the rough spots. I told him that I had gathered that I might be prevented from seeing them for some time but that in any case, I would be in contact with them through some of my friends in 1142, if not directly.

I had some inkling of the type of historical interrogation by which 1142 was trying to keep itself alive after the end of the war and I informed General Gehlen of this quite frankly. I also told him to refuse to let himself be interrogated in detail and to indicate that he was interested in talking to no one but me. I informed him that I would tell the other members of his group the same thing and that being acquainted with the "peculiar" type of interrogation that was conducted at 1142, we need have no scruples about such refusal.

Back in the Pentagon, my fears were realized when I was unable to see Colonel Lovell for another day. In view of the fact that the documents were of interest to the Eastern European O.B. Branch, however, I ended up there. This Branch consisted of primarily Lt. Colonel Shimkin, Major Kisevalter, Captains Platon and Zander and Lt. Waldmann. I decided to take the bull by the horns and had a heart to heart talk

**SECRET/RELEASE  
TO GERMANY ONLY**

6. (Continued)

14.

with Zander and Waldmann. They were both pretty well convinced of the value of the group as a group with their documents but did at that time manifest the feeling which I had sensed everywhere in the Pentagon that I had contacted - that there was considerable hostility to working with Germans in any way and the feeling that the Germans could be of no use to us in any current endeavor. Zander and Waldmann agreed however, that they come with me when I talked to Colonel Lovell.

In my talk with Colonel Lovell, I indicated my strong belief in the value of the group and asked only for permission to prove it by taking them out of confinement which they were and setting them up to work on their documents as we had had them working in Wiesbaden. I indicated also that General Sibert was personally interested in the progress of this situation and that I had orders to report to him if anything went wrong. Colonel Lovell agreed to this and in the next few days, we set up in one of the empty barracks at 1142.

The extent and value of the information that Gehlen's group possessed became at once apparent to the Eastern European O.B. Group as well as the German O.B. Section. Zander, Waldman and Miss Louise Dickey became quite enthusiastic.

We decided that it would be necessary to start securing additional privileges for the group and to secure the commitment of some higher ranking personnel. Colonel <sup>Lovell</sup> was the logical man since he was in the policy making position and was also more oriented to the Germans than anyone else, having been Assistant Military Attache in Germany for some time and having commenced his O.B. enthusiasms there.

I visited Colonel Lovell at his home one afternoon and presented him with a handwritten analysis of the Finnish Military potential which had been written for me in Wiesbaden by General der Inf. Erfurt. Colonel Lovell was very pleased with this since he had known General Erfurt prior to the war and I felt that it was an

SECRET/RELEASE  
TO GERMANY ONLY

6. (Continued)

15.

opportune moment to suggest that he would be very much interested in meeting the group with us at 1142. He agreed to this and we arranged a dinner in the barracks where General Gehlen's group was working. Lt. Waldmann was a moving spirit in this. Meanwhile, I had long since secured access to the group - given officially - and spent a good portion of the days with them.

Sometime prior to this happy event, I had secured Colonel Lovell's permission to regard General Gehlen's group as a group working with their documents which was to be increased in extent if possible and this permission of his was utilized by me to send a cable to Comstock to have Wessel make the contact with Baun. Comstock, therefore, became responsible for gathering more of the group abroad, which he did very efficiently.

General Sibert had also meanwhile come to the Pentagon on a visit and I was fortunate enough to have a brief chat with him. He indicated that it was still his intention to utilize the group abroad and that he would proceed along these lines although the Pentagon was still in the ascendency.

I had meanwhile talked the matter over with General Gehlen and told him that although there seemed to be a lot of political pulling between the Pentagon and USFET, the development seemed fairly clear since General Sibert remained firm in his opinion and since the basic goodwill of Colonel Lovell had been assured.

Under the "point" system, I had at that time - early in September - sufficient credits to be separated from the service. I told Gehlen that I had decided to ask for release from the Army - not because I was not vitally interested in securing the future of his work - but that because of my relatively low rank, I did not see how I could exercise any further decisive influence on its future while still in the Army. I felt, rather, that outside of the Army, as a civilian with a relatively important civilian background and the possibility of utilizing some important political

**SECRET/RELEASE  
TO GERMAN ONLY**

6. (Continued)

16.

connections, I would be in a better position than if I stayed in the military channel of command and received the promotion for which I had again been recommended - incidentally for the fourth time - but which had never materialized.

The political connections were somewhat nebulous, although Mrs. Comstock had been good enough to arrange for me a cocktail party where I met Senator Thomas, ex-Senator Gore, and several other, I presume, influential people, particularly from Oklahoma, so that I had at least a basis for later contact.

General Gehlen agreed that this was probably the wiser course since they were set up and operating quite well and he felt that my estimate of the future was the correct one.

With respect to taking care of their personal needs, Waldmann had been doing an outstanding job and it was merely a question of waiting for the logic of General Sibert's decision to prevail.

I gave General Gehlen my civilian address and asked him that in the event anything started to go wrong, he should arrange to contact me directly if he could, or through Lt. Waldmann with whom I had made arrangements. I also arranged for a channel with Captain Zander. In order that they could have the feeling of my continued interest and outside support, I returned to 1142 after I had been separated from the service and left a few of my firm's products as souvenirs.

That Christmas, I managed to provide them with a few Christmas presents, through Lt. Waldmann to assure them of the consistency of my position and their ability to contact me if necessary.

Fortunately, matters developed so that this was not necessary and that was the end of my initial contacts with General Gehlen and his Organization.

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7. Statement of Lt. Col. Gerald Duin on Early Contacts with the Gehlen Organization [undated]

Statement of Lt. Col. Gerald DUIN on Early Contacts with the GEHLEN Organization

Lt. Col. Gerald DUIN was assigned as Chief Interrogator at the 1142 Interrogation Center, Alexandria, Virginia, in 1942 and was Capt. John BOKER's superior officer there following BOKER's arrival at 1142 sometime in 1943. Following further wartime interrogation work in North Africa and Europe, DUIN served as Chief Interrogator at the 12th Army Group Interrogation Center, to which BOKER also was assigned sometime in 1944 or 1945. In 1945 DUIN was at MIS headquarters in Paris and later was assigned to the Oberursel staff but never actually joined the staff for reasons of being hospitalized from May until October 1945.

In October 1945, while still on sick leave in the United States, DUIN visited the 1142 Interrogation Center and requested his former job as Chief Interrogator. He was informed that there was no job available for him there at that time but that a new project was being started at Camp Ritchie in which he might be interested. This project, called the German Documents Center Project, was one of two projects at Camp Ritchie, the other being a Far Eastern project of a similar nature, and was under the immediate supervision of Lt. Col. (Paul) GRONICH. Both projects, German and Far Eastern, were under the direction of Col. BLUNDA, while Colonel John LEVELL was overall chief in Washington.

The German project consisted of a group of former German officers and about 400 German PWs. The officer intelligence nucleus included about six German generals and 20-30 colonels, lieutenant colonels and majors. The remainder of the group consisted of about 100 captains and lieutenants who had been recruited from PW camps all over the United States to serve as stenographers and translators, and about 200 enlisted men, also recruited from PW camps to serve as cooks and general service personnel.

The intelligence nucleus consisted chiefly of officers who had been taken

**SECRET/RELEASE  
TO GERMANY ONLY**

7. (Continued)

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from a German armored train, captured in toto in May 1945, which had belonged to the German General Staff and which had ended the war in Austria. Members of this train had been taken to a PW camp near Bad Tölz, where they were kept for several months, and later had been sent to Oberursel after US Army representatives from Oberursel had visited the Bad Tölz to look them over.

Personnel of the armored train included Colonel Johannes HAERTEL (HELLER), Lt. Col. Kurt RITTMANN and Major Walter LOBEDANZ (LOEWE), all still with the GEHLEN organization, General LAEGLER, Colonel KUEHNE, LITTELSCHIED, CARTELLIERI and BOGNER. At Oberursel a number of other German officers were added to this group, including the following: Lt. General BUEHLE, head of the Ruestungsamt of the OKW (possibly OKH) who had been working closely with SPEER at the end of the war, and General THOMALE, former German tank corps commander in the USSR and later assistant to General GUDERIAN.

This combined group initially was kept at Oberursel and in October 1945 was transferred to the United States, to Camp Ritchie. During October and November the recruiting of the junior officers and enlisted men from US PW camps took place and the entire group was assembled. In the meantime the documents on which the group was to work had arrived, including the GEHLEN documents which had travelled to the US with Capt. BOKER and the GEHLEN group. The latter documents had been brought to the United States, not for the GEHLEN staff but for the Ritchie group, Lt. Col. GRONICH's project, and were transferred to Camp Ritchie immediately upon arrival.

Colonel LOVELL's idea in assembling the German Documents Center Project was to collect a representative German General Staff group and put them to work writing a comprehensive history of German Army experiences on the Eastern Front in all sectors and all branches of the service. Results of their work were to be complete studies of combat under all types of circumstances and conditions. This work was started in November 1945 with the documents available

**SECRET/RELEASE**  
**TO GERMANY ONLY**

7. (Continued)

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and was continued until April 1946. Work was performed by the German officers in close association with a combined group of American, British and Canadian officers. After reports were completed by the German officers, who were in daily consultation with the Allied officers, the reports were given to the German captains and lieutenants for translation into English and typing, and were then received by the Allied officers for editing and decisions of final dissemination.

On 15 April 1946 seven members of the Camp Ritchie group were transferred to the 1142 Interrogation Center and attached to the GEHLEN group. These seven included HAERTEL, who was a transportation expert, which the GEHLEN staff lacked, and RITTMANN and LOBEDANZ, also transferred because of their specialties. At the same time all documents which had been located at Camp Ritchie and used by the German group were sent to a building in the center of Washington. About a month or so later they were moved to the basement of the Pentagon, and still later to an unknown location in Baltimore. DUIN states, however, that by this time GEHLEN had a large number of documents at his disposal at 1142, some or most of which DUIN presumes must have been sent to him from Camp Ritchie.

On 18 April 1946 Lt. Col. DUIN accompanied all members of the German group, except those seven who had been transferred, back to Germany. On his arrival back in the United States he reported to 1142 (22 May 1946), to which he had already been transferred, and became chief of the Interrogation and Research unit there. This branch then included two groups: the GEHLEN group, the larger of the two, under Captain WALDMAN, and a VLASSOV group which included a VLASSOV Air Force general and two VLASSOV Army colonels, under Lt. IVANOVSKI (now with CIA Washington).

In June 1946 the State Department decided that all Germans then in the US were to be returned to Germany. The Intelligence Division, WD, protested the ruling, inasmuch as it wanted to retain both groups in the United States, and

SECRET/RELEASE  
TO GERMANY ONLY

7. (Continued)

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the matter was taken up to the level of the Secretary of State (BRYNES). Secretary BRYNES decided, however, that there were to be no exceptions and that every German was to be returned to Europe prior to 30 June 1946. The GEHLEN personnel were dispatched, therefore, and DUIN later heard that they had been sent to Oberursel.

DUIN states that a very strict security wall was maintained between the group at 1142 and the one at Camp Ritchie. It was specifically desired to keep the two groups from learning about the presence or work of each other, particularly the Ritchie group from knowing anything about the GEHLEN and VLASSOV groups, in order to prevent any information from reaching the Soviets in the event that any of the Germans elected to enter the Soviet Zone after being returned to Germany.

The names of the other four persons who were transferred from Camp Ritchie to 1142 at the time of transfer of HAERTEL, RITTMANN and LOBEDANZ will be supplied by Lt. Col. DUIN at a later date, if possible.

SECRET/RELEASE  
TO GERMANY ONLY

7. (Continued)

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Corrections and Additions to Statements of Col. DWIN

1. HELLER was already working at 1142 at the time of transfer of Germans from Camp Ritchie to 1142. Time of his attachment to 1142 is unknown.
2. Eleven Germans, rather than seven, were transferred from Ritchie to the GEHLEN group at 1142. These included the following:
  - General THOMALE
  - General TROTTA
  - General LEGELER
  - Colonel BERENDSEN
  - Colonel (?) Meyer DIETRICH
  - Colonel RITTMANN
  - Lt. Col. ENGELTER
  - Lt. Col. LINN
  - Lt. Col. LITTERSCHEID
  - Lt. Col. (?) LOBEDANZ
  - Capt. CARTELLIERI
3. The 45 staff has been interested in sending some of its officers to Washington to work on German documents located there. Lt. Col. DWIN was asked to find out whether anything could be done to make this possible and the Heidelberg reaction, that this was a question which would have to be handled through CIA channels, was conveyed to 45. DWIN took this occasion to inquire about the disposition of documents in the early days and learned that 20 packing cases of documents had accompanied the original group to the US; that Col. GRONICH after some argument had permitted the group to keep certain documents which they considered the most important (G-2 documents); that the remainder had been taken by Col. GRONICH, a few being taken to the Documents Center in the Pentagon but the majority going to Camp Ritchie. When the Camp Ritchie group of Germans completed its work,

**SECRET/RELEASE  
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7. (Continued)

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the documents at Camp Ritchie were also sent to the Documents Center. At the time HIRTH was in the US (1142), he had access to the Documents Center and was permitted to select and take those documents which were of interest to 1142 for use by the GZHELEN staff.

**SECRET/RELEASE  
TO GERMANY ONLY  
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7. (Continued)

1. The documents which arrived in the US with the GEHLEN group included daily Eastern Front operational reports, daily situation maps, G-1, G-2, G-4 estimates, orders and reports, etc. These went to Camp Ritchie, while GEHLEN took with him to Fort Hunt those G-2 documents which he considered essential to his work for the Americans.
2. General GEHLEN and his group worked primarily for the Eastern European Branch of the Intelligence Division while at Fort Hunt. His group was under the physical control of the Prisoner of War Branch of the Intelligence Division, headed by Colonel SWEET and then by Colonel John M. WALKER. This Branch ran Fort Hunt, which was under the command of Lt. Col. Monte CONE. One of the Eastern European Branch operations contact men with the group was Capt. WALDMAN. There was an officer detailed exclusively to take care of the wants and needs of the group (Capt. EISENAUER).

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8. Report of Interview with General Edwin L. Sibert on the Gehlen Organization, 26 March 1970

26 March 1970

MEMORANDUM

SUBJECT : Report of Interview with  
Brigadier General Edwin L. Sibert  
of the Gehlen Organization

1. General Sibert first heard of General Gehlen when Colonel W. R. Philp, Chief of the 12th Army Group Interrogation Center at Oberursel reported to him on the interrogation of Gehlen by Captain Boker. This was almost certainly in June 1945. Sibert did not see Gehlen that summer, in fact he did not see him until just before his (Sibert's) departure on PCS (to an assignment with CIA), in September 1946. (Sibert was unaware that Gehlen had spent months at Fort Hunt, August 1945 through June 1946.) This is not too surprising for the activity which Philp and Boker started the Germans working on was at this stage no more than a research project using POW's. Not a very big deal. After Gehlen and his five colleagues departed for the U.S. Wessel and Baun and a couple of others remained at Oberursel producing plans and so forth. So there was a group of Germans there turning out paper during the winter and spring of 1945-46 and Sibert did not miss Gehlen.

2. Sibert did not clear the employment of the Germans with General Bradley (who departed to the U.S. very soon after VE Day), or with General Eisenhower, who stayed on for several months, or with General Smith. It was his decision.

3. Sibert said that he had definitely never met Wessel and Baun.

4. During the winter of 1945-46 there was a gradual drift into operations by the Wessel-Baun group at Oberursel; they were in small operations by March 1946, as Herre has testified. Baun, in his diary, frequently spoke of General Sibert making a decision, for instance, to allow the Wessel-Baun group to start CI operations, then COMINT, and finally positive operations during that winter. Sibert could recall none of this. It is possible that his memory has failed him, but it is equally possible that he was not informed, and that the decision was made by Philp, or perhaps Deane. This point is not too important, for wherever the locus of decision was, it was a process of drift.

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8. (Continued)

5. General Sibert did not believe that he had made a rather formal, verbal, gentlemen's agreement with General Gehlen when he saw him for the first and last time in August 1946. It is entirely possible that the two men just said hello and goodbye. Gehlen has always treated the gentlemen's agreement as his first basic charter. It may be that the details were worked out between Gehlen and Philp and that Sibert simply gave the project his blessing. When I set forth the possible terms of such an agreement (priority number one - Soviet troops in the Soviet zone, no operations against the western allies, no cryptanalysis, etc.) he readily agreed that that would have been the type of agreement on which the Gehlen Organization's work was founded. The point is not vital for it is certain that the first written directive from the army to Gehlen was that of Colonel Schow's in October 1948.

6. Sibert did not recall too much contact with Crosby Lewis, Chief of SSU Germany. He did not remember getting in touch with him in the fall of 1945 about having SSU take over the German Organization.

7. Sibert stated that he briefed *Brigadier Kenneth* ~~\_\_\_\_\_~~ *Staong* ~~\_\_\_\_\_~~ on the Gehlen Organization some time in the summer of 1946. He added the request that if the ~~\_\_\_\_\_~~ *British* arrested any mysterious Germans in their zone who claimed to be operating against the Russians at the behest of the Americans, would he please "hand 'em over" to the U.S. Army.

8. He reported to duty with CIG in September 1946 and immediately briefed General Vandenberg on the Gehlen Organization. He states that as a result of this initiative the meeting with Dulles and Jackson was held in New York in December 1946.

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9. Debriefing of Eric Waldman on the US Army's Trusteeship of the Gehlen Organization during the Years 1945-1949, 30 September 1969

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30 September 1969

DEBRIEFING OF ERIC WALDMAN ON THE U.S. ARMY'S  
TRUSTEESHIP OF THE GEHLEN ORGANIZATION DURING  
THE YEARS 1945-1949

1. Lt. (later Capt.) WALDMAN was born in Vienna in 1914. He came to the U. S. in 1938 and was naturalized. He joined the U. S. Army in 1942, where he graduated from OCS in the Field Artillery. Later he took a POW Interrogation Course and during the year 1944-1945 he was in Military Branch, G-2 of the War Department as a specialist in German tactics. At the end of the war in May 1945 he was transferred to a section which was to produce a handbook on the Soviet Army.

2. In June 1945 he was informed by his superior, Dimitri Shimpkin, that a group of German officer POWs from Fremde Heere Ost (FHO) of the General Staff would be arriving and that he was to take charge of them. The officers arrived and were placed in the stockade at Fort Hunt near Alexandria, which was under the Captured Personnel and Materiel Branch. Since the address was POB 1142, Alexandria, Va., it was commonly called "1142." Gehlen's group initially consisted of himself, Col. Konrad Stephanus, Maj. Hans Hinrichs, Horst Hiemens, (fnu) von Luettgendorf and Herbert Fuener. In February 1946 they were joined by Col. Heinz Herre. They brought a large amount of files with them and promptly set to work writing studies for G-2, which, because it had very little information on the USSR, was delighted. Randolph Zander, then a Major, later a DAC, was active at 1142, as was George Kiese-walter.

3. The original decision to make use of Gehlen, his people and files had probably been made by Brig. Gen. Erwin Sibert, G-2, USFET. Capt. John Boker, a Soviet OB specialist stationed in Europe.

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9. (Continued)

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had first discovered Gehlen in a VIP POW compound. He persuaded General Sibert of the value of Gehlen's group, which included several others in addition to those which went to the U. S., so Gehlen and his associates were soon put to work writing studies in a compound near Frankfurt. Other important personalities were Lt. Col. Gerd Wessel, deputy and successor to Gehlen in FHO, and Lt. Col. Hans Baun, former CO of Frontaufklarungsleitstelle Ost (a tactical espionage organization which operated on the Russian front under Gehlen's control). Baun, who had been witting of Gehlen's plan to offer his services to the U. S. Army, had been captured separately from Gehlen, and had evidently made a strong impression on his captors. While no one on the U. S. side had any very concrete ideas as to how these Germans would be used, Baun saw a chance to advance himself and Gehlen realized this. Therefore Gehlen, who had never fully trusted Baun, was able to see to it that Wessel stayed behind in Europe to keep an eye on Baun while Gehlen went to the U. S.

4. Thus Baun and Wessel remained in a compound at Oberursel near Frankfurt. There were some U. S. Soviet OB specialists there (Richard Sutter, Lt. Landauer, Franz Brotzen, Paul Comstock) and they had a telecon link with WALDMAN in Washington. Some time during the period from June 1945 to August 1946, probably during the first few months, the decision was made by the U. S. Army to allow this group of German officers to engage in collection of intelligence against the Soviet forces in Germany. This decision was crucial since it marked a radical departure from the concept of writing studies based on old Wehrmacht files. WALDMAN has no recollection as to when or how this decision was reached - as a First Lieut. he would not have been consulted.

5. (Note: It is not clear whether Gehlen met Gen. Sibert before the former left for the U. S. in 1945. WALDMAN is reasonably certain that when Gehlen and Sibert met for the last time before Sibert left for the U. S. in October 1946, there was no discussion of a charter, directive or contract for Gehlen. This is an important gap in our knowledge of this period, for while the Army's trusteeship was characterized by lack of control and direction, they surely must have had something in writing before the first EUCOM directive to Gehlen, which is in our files - dated October 1948).

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6. The Gehlen group arrived at Oberursel in August 1946, shortly after WALDMAN. Here the U. S. Element to run the operation was under the command of Lt. Col. John R. Deane, Jr. WALDMAN became his deputy and in addition there were two enlisted men (we do not know the name of this section. I will refer to it as the U.S. Element). The U. S. Element was lodged with the Military Intelligence Training Center (MITC)\* (MISC) which was under the command of Col. Philp, who appears later in this narrative, but Lt. Col. Deane reported directly to G-2, EUCOM (which was replacing USFET).

7. The situation facing Gehlen upon his return was a difficult one. Baun had had a year in which to install himself and whatever understanding Gehlen had with the U. S. Army, Lt. Col. Deane had bought the arrangement of "two horses abreast" (Zwei Pferde in einem Gespann) - Baun as Chief of Collection and Gehlen as Chief of Evaluation; the Brigadier General and the Lt. Col. as equals. A not unimportant point here is that Baun was not a general staff officer, and most important of all, Gehlen did not trust him.

8. The year prior to August 1946 had been spent in collecting former colleagues from POW camps, tracking down families, etc. Collection operations of a kind began in the summer of 1946. Probably the most valuable of these was the SIGINT operation, for FHO had disposed of highly skilled intercept operators.

9. The next several months were spent in getting operations started, and in Gehlen establishing his control over Baun. (Note: It appears that, for excellent reasons, WALDMAN pushed for Gehlen, and that therefore the struggle consisted of WALDMAN, trying to win over Lt. Col. Deane, of whom WALDMAN speaks very highly, but who at that time was a very young Lt. Col. with little or no experience in intelligence--and probably very little German). WALDMAN says that two incidents convinced Deane of Baun's untrustworthiness -- which was abundantly proven in later years. Gustav Hilger, the former German diplomat, had been in 1142 with Gehlen and was brought along to Oberursel. He discovered that Baun had stashed away under his bed a large trunk full of U. S. dollars, which should have been spent on operations. Another incident occurred when Baun tried to blackmail Herre, a strong Gehlen man. It had something to do with a woman with whom Herre was supposed to have had an affair. These incidents were brought to Deane's attention, and by the end of 1946, Deane had appointed Gehlen as chief of the German element, which from now on we will call the Gehlen Organization.

\*This title may be incorrect.

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10. 1947 was spent in expansion, particularly in the Field Stations (Aussenstellen). Baun was replaced as chief of operations by Dingler (@ DINTER). During this period Gehlen, who had no means of running security checks on his people, began recruiting former colleagues of the General Staff, who, as he put it, had already been thoroughly vetted. A large number of General Staffers were put in charge of Aussenstellen, thus General Heinz Guderian became chief in Aschaffenburg.

11. In the summer of 1947 Lt. Col. Deane was relieved by Col. William Liebel as CO of the U. S. Element. During 1947, as the organization expanded, other properties were acquired: Schloss Kranzberg (code name Dustbin), a house at Schmitten, and the famous Opel Jagdhaus in the Taunus Mountains. All these buildings were near Oberursel, but it was not a satisfactory arrangement and in November 1947, the headquarters of the U. S. Element and of the Gehlen Organization moved to Pullach. The U. S. Element became the 7821st Composite Group. There were perhaps 20 U. S. personnel, but none of them were particularly qualified for their job, except for WALDMAN

*Officer* *and his wife, who was the Reports*

12. WALDMAN never handled the financial side of the operation, but he estimates that the monthly subsidy at this time was well under \$100,000. The period under Col. Liebel was not a happy one. Anyone who was associated with the German occupation knows that under the temptations of the fleshpots, a lot of perfectly normal people went around the bend. This appears to have been the case of Col. and Mrs. Liebel, and the Adjutant of the Composite Group, Lt. Esslinger. While it does not necessarily prove that he reformed himself, Col. Liebel later became a Major General. (Note: It is not the purpose of this history to rake up a lot of old scandals, but a recital of some of these is important since it shows the incredibly bad performance -- in part -- on the U. S. side, and illustrates the difficulties facing the new management (CIA), which took over in 1949. In the official history none of the above persons will be mentioned by name.)

13. Col. Liebel spoke no German, did not like Germans, and did not hesitate to show it. WALDMAN recalls sitting in Liebel's office and hearing him lecture Gehlen and Heusinger, fortissimo, on how stupid the German General Staff had been. Mrs. Liebel continually made personal black market deals, taking Mrs. Herre along as an interpreter. Lt. Esslinger was a real card: one evening his wife telephoned Herre in a great panic and asked him to come quickly, her husband was threatening

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9. (Continued)

suicide. Herre found him dead drunk with the muzzle of a shot gun in his mouth. On another occasion Esslinger smashed up the living room and beat up his wife; this time WALDMAN came to the rescue. Finally, there was a proven case where the Liebels and Lt. Esslinger had used official facilities to illegally exchange their old RM's for new DM's at a favorable rate at the time of the currency reform in the summer of 1948. Mrs. Esslinger was prepared to testify, whereat she was sent hom on 24 hours notice by Col. Liebel as an undesirable dependent.

14. Another item illustrates how things were done in those happy carefree days. One day WALDMAN came to work and was told that all the Army enlisted men had been given the day off. Why? Well they were having a VD Holiday - no (reported) cases of VD for a given period. The point here is that the VD cases were treated by the German doctor in the Gehlen Organization and thus never came to the attention of the authorities at First Military District Headquarters. WALDMAN recalls that during this period Gehlen used to come to his house practically every evening and threaten to resign. Finally WALDMAN went to Col. Liebel and asked permission to go to the EUCOM Deputy Director of Intelligence, Col. Schow (later ADSO) and report on the state of affairs. Whether this permission was given or not, WALDMAN went and Liebel was shortly thereafter relieved. He was replaced by Col. Philp, probably in the fall of 1948.

15. There is little more to be added to the WALDMAN narrative. The Bossard survey (for CIG) was carried out in 1947 with WALDMAN accompanying Bossard most of the time. The same applied to the Critchfield survey of November-December 1948. WALDMAN departed in February 1949, four months before CIA took over.

16. One thing is abundantly clear from what WALDMAN says: the Army did not control or even attempt closely to steer the Gehlen Organization. EEF's, mostly unrelated to the capabilities of the Gehlen Organization, were received from time to time. Nearly all of the time of the U. S. Element was taken up in housekeeping and support tasks. Waldman, and to a certain extent the other U. S. personnel, spent their working time taking care of things such as gas coupons, housing, rations, cover documentation, etc. The list is endless and so was the time required to cope with these matters. Another factor is that the Army simply did not have enough officers trained and experienced in clandestine operations. WALDMAN was indeed an MI officer, but his field was German Army tactics.

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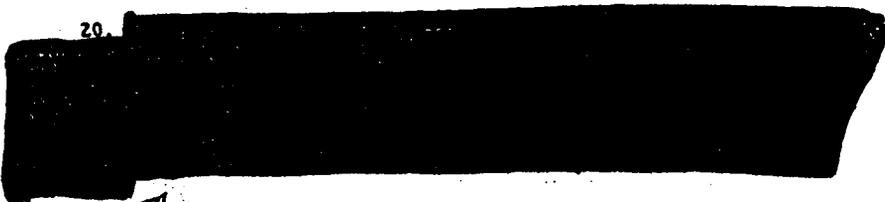
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17. The general picture then is one of lack of U. S. direction and control. During the first year of operations (summer 1946 through summer 1947) the U. S. commander was an excellent officer, but inexperienced. During the second year (to the summer of 1948) the U. S. commander was dishonest and an incompetent officer. The third and last commander was a distinct improvement over Liebel but he still knew little about intelligence. If anyone would have known about the intelligence operations run by Gehlen it would have been WALDMAN, but nearly all our conversation dealt with other matters since he did not handle operations. He could not recall any famous cases by name. When I asked him if he had any paid informants or sources in the Gehlen Organization, he looked at me blankly in astonishment.

18. I do not wish to be unfair to WALDMAN, for these events occurred over twenty years ago, but he could recall only one spectacular intelligence coup which the Gehlen Organization pulled off. It was at the time of the Moscow Conference in 1947 and through an Armenian emigre organization, which claimed to have access to Mikoyan, the Gehlen Organization reported that the USSR would include an item on China on the conference agenda. This was reported to Secretary of State Marshall, and when it turned out to be true, Marshall was delighted and wanted to know who had produced the report. (Note: It is extremely doubtful that the emigres had any connection with Mikoyan -- this report was almost certainly an educated guess.)

Swiss Security Service

19. WALDMAN accompanied Gehlen on several trips abroad to establish ties with friendly IS's and discuss evacuation plans. In 1947 Gehlen got in touch with the [redacted] through the good offices of Michael Frh v Godin, commander of the Bavarian Landespolizei. Godin had commanded the troops which fired on Hitler et al at the Feldherrnhalle on 9 November 1923 and when the Nazis came to power, he naturally fled to Switzerland. He returned to Germany after the war.



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20. When through the Swiss, Gehlen got in touch with [redacted] of the French SDECE in Switzerland. In 1948 Gehlen met the Spanish IS representative in Switzerland, the [redacted] to help arrange the travel of the widow Mrs. Canaris and her children to Spain. Finally, in 1949 a group of Germans, together with Col. Philip and Waldman visited the Pope and then went on to Spain for talks with the Spanish IS

*Part II*  
**Stunde Null**



10. Seventh Army Interrogation Center, "Notes on the Red Army—  
Intelligence and Security," 24 June 1945

*1. Duplication*  
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24 Jun 45

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SEVENTH ARMY INTERROGATION CENTER  
APO 758  
US ARMY

*2897*  
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Auth: CG, 7th Army  
Init: *2121*  
Date: 24 Jun 45

NOTES ON THE RED ARMY - INTELLIGENCE AND SECURITY

(This report should be read in conjunction with SAIC Report  
"NOTES ON THE RED ARMY - LEADERSHIP AND TACTICS", dated 21 Jun 45)

SOURCES

- a. GEHLEN, Reinhard, GENMAJ (Brig Gen), formerly Chief of Foreign Armies East Dept, OKH. Source talked freely during interrogation.
- b. SCHÖLLER, Albert, MAJ, Foreign Armies East Dept, OKH. Source, a 29-year-old professional soldier, worked under the supervision of Gen GEHLEN. His specialty was questions of leadership in the Red Army; he was very cooperative and talked willingly during interrogation.

Rating (both sources): B-2 Date of Inf: Apr 45 Interrogator: R.W.

I. INTELLIGENCE

1. INTELLIGENCE SOURCES

Unlike the German Intelligence Service, which was distinctly divided into two main branches, viz, procurement of intelligence (SPIONAGE: espionage and evaluation of intelligence (Ic DIENST: G-2 Service), these functions are very closely related in the various Russian intelligence organizations. Intelligence was obtained in peace time through the following three agencies

- a. The Fourth Dept of the Red Army General Staff (U 4) was mainly concerned with military intelligence. The Dept maintained its own net of agents and supervised the activities of the military attachés who, on their part, also established nets of agents for work in their assigned countries.
- b. The Foreign Dept of the People's Commissariat of the Interior (INO-NKVD) concerned itself with obtaining political intelligence. This same Dept also supervised, to a certain extent, the activities of the military attachés and of the Soviet diplomatic posts abroad in general. The INO maintained a separate net of agents for its own purposes.
- c. The Communist International (KOMINTERN) collected both military and political intelligence through the Communist Parties in every country. It was in close contact with both the Fourth Dept of the Red Gen Staff and with the INO-NKVD. Again, a separate net of agents was established by this agency

With the beginning of the war this procedure was maintained and made more complete through the inclusion of corresponding posts in the G-2 offices of all commands down to army. Agents of these posts were the main source of intelligence concerning the enemy's rear areas, in addition to intelligence obtained through Partisan channels, as directed by the Main Hq for the Partisan Movement in MOSCOW.

Economic intelligence was collected by all three agencies described above, and an attempt to coordinate their efforts was made.

2. EVALUATION OF INTELLIGENCE

Military intelligence was evaluated by the G-2 sections of army and front hq, or by the G-2 dept of the Red Army Gen Staff, according to its scope of information. Agents' reports were compared with other intelligence sources, with information obtained through reconnaissance and through front-line contacts. The main task of the G-2 sections was to keep situation maps

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up to date and to evaluate enemy capabilities. The Germans repeatedly succeeded in capturing Russian documents of this type, originating from div or corps. These documents proved conclusively that the Russians were able to construct a generally correct picture of the forces opposing them. The last document of great importance thus captured was a situation map that fell into German hands at the start of the Russian winter offensive in the BARANOV bridgehead area. According to this map, the Russians knew the front-line units opposing them, but overestimated the number of armored divisions kept in the rear of the German lines by confusing their numbering.

As in other armies, G-2 employed various means to obtain intelligence, such as tactical reconnaissance, troop observation, PW information, capture documents, air, radio, and arty reconnaissance. Higher commands also had at their disposal excerpts of hostile propaganda publications, radio broadcasts, and the press of neutral and enemy countries.

### 3. FOURTH DEPT, RED ARMY GENERAL STAFF

As sources recall it, the Fourth Dept of the Red Army-Gen-Staff was sub-divided into the following sections:

- a. Section for registration, collection, and control of all incoming news; files
- b. Military Attachés Section
- c. Far Eastern Sec, with sub-sections for China, Japan, and Manchuria
- d. Near Eastern Section, with sub-sections for Turkey, Iran, and Iraq
- e. The Balkans and Poland
- f. Italy, Spain, and Portugal
- g. Germany
- h. France, Belgium, and Holland
- i. Scandinavia and the Baltic States
- j. Great Britain
- k. United States of America
- l. Information Office, Press, and Censorship
- m. Personnel Section and Education
- n. Technical and Materiel Office, Finance

The Foreign Dept of the NKVD was divided in a similar manner, but its sub-divisions were much more detailed.

It is noteworthy that the Far Eastern Section of the U-4 Dept, the Hq of which are probably in HARBIN, enjoyed almost complete independence from the main office and great authority.

### 4. NAVAL INTELLIGENCE SERVICES

The G-2 Service of the Red Navy was arranged according to battle areas as follows:

- a. Western Battle Area, Baltic Sea
- b. Southern Battle Area, Black and Caspian Seas
- c. Northern Battle Area, North Atlantic and the Bering Sea
- d. Far Eastern Battle Area, including AMUR River area

The Navy maintained nets of agents in all countries with which naval conflicts were thought possible. At the same time the Navy exercised control over the Naval Attachés. Close coordination with the work of the Fourth Dept and with the Foreign Dept of the NKVD was attempted concerning all common problems.

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## II. SECURITY

### 1. GENERAL

The Russians; more than any other nation, are particularly concerned with preventing any possible opponent from obtaining advance information on any important measures pertaining to their military or national life. This tendency led to such a development of camouflage and security measures that the Russians have become masters of this art which, in Russia, penetrates into every field of national activities. Naturally, in the field of military operations these characteristics found particularly fertile ground for adoption. All important military activities, such as approach-marches for major operations and troop movements, are, as a rule, exceedingly well camouflaged.

The Russian is a master of camouflage against enemy air reconnaissance, particularly when he has enough time to prepare and execute his camouflage activities. But even in the cases when much time is not available, such as during emergency shifting of larger forces to points of main efforts, the Russians always attempted to cloak their movements as much as possible, in some cases by dealing out severe punishment to violators of camouflage and security regulations.

### 2. SECURITY OF MOVEMENTS

All approach marches are executed mainly at night. Infantry units move in small groups on secondary roads, motorized units are moved on moonlit nights and without lights showing whenever possible. When it is absolutely necessary to use lights, only every third or fifth vehicle uses them in order to deceive possible reconnaissance as to the volume of traffic. The general rule of executing movements from the front area in daytime and movements towards the front at night is applied in most cases. Night movements start after dusk and end before dawn. During daytime troops are as a rule dispersed in woods, even in extremely cold weather. This is only possible because of the inborn tenacity of the Russian soldier and because of his ability to make good use of nature. In woodless areas, where towns have to be used for the billeting of troops, absolutely no movements are allowed during daytime.

#### a. Rail Movements

The bulk of movements by rail is executed under the cover of darkness. Superstructures are built over objects that can easily be recognized by air reconnaissance, especially over tanks. These superstructures are sometimes executed with surprisingly simple means.

Occasionally trains have been observed to stop when reconnaissance planes appeared. Loading and unloading activities were also well camouflaged and were executed at night whenever possible. Emphasis was placed on camouflaging the distribution of material from unloading points.

#### b. Armored Units

Movements of armored units are camouflaged with special care. Camouflage of individual tanks dispersed in woods and, if feasible, in villages was so effective that very careful photo interpretation would as a rule disclose not more than three or four poorly camouflaged tanks, and that would already be taken by the Germans as a sign of an imminent offensive. The use of dummy tanks, sometimes placed in really used tank approach-march areas for purposes of deception, the attachment of special rollers for the purpose of sweeping of tracks left by tanks, and the making of deceptive artificial tank tracks, are widespread.

In order to prevent the premature disclosure of the tank approach march armored units are brought into the final jumping off area immediately before the attack - sometimes only 4 hours before its start.

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c. Artillery Units

Security of artillery preparations is attempted by the continuous construction of additional arty positions, evenly distributed throughout the front area. Thus each front-line btry has to construct additional gun emplacements and numerous dummy installations, even when it is not intended to bring up arty reinforcements in its particular sector.

Dummy arty pieces are widely used. Newly built-up arty concentrations can best be recognized by the presence of large btrys (GROSSBATERIEN, SALVENGESCHÜTZSTELLUNGEN) of 10-12 guns, which are difficult to camouflage, and also by the direction of fire of the newly built positions.

The "attack arty" is brought into position only a few days before the start of the offensive, and an intensified fighter cover protects it from that time on. In order to prevent enemy interception through sound ranging, the "attack arty" does not register its guns. Firing data are carefully obtained by the front line arty units over a long period, and are then relayed to the reinforcing "attack arty".

The use of alternate arty positions and of roving guns is very common with Russian front-line arty units, especially in secondary sectors.

3. SOME SECURITY DEVICES

a. In order not to give away the number of troops to be used in an attack made from a bridgehead, the Russians construct bridges the surface of which is immediately below water level. These bridges can only be detected by the observation of the bridge approaches or of actual traffic on the bridge.

b. The Russians carry on the construction of infantry positions in depth at all times. Therefore especially intensive entrenching activities cannot be taken as proof of defensive intentions in a particular sector, on the contrary, it might lead to the conclusion that an attack is being prepared in the area.

c. Measures against enemy tactical reconnaissance are strongly intensified before a Russian offensive. Unit boundaries and the general picture of the front is maintained to the very end, in order not to give the enemy any hints concerning the coming attack. The necessary regrouping is executed in the last few days, and units completely unknown to the enemy are not brought up to the front until the last night before the attack. In order to prevent the enemy from obtaining information about the attack preparations immediately before the start of the offensive from PW sources, the outpost line is often vacated several days before, and then re-occupied during the night preceding the offensive, when the assault infantry units are brought into line.

4. COUNTER-INTELLIGENCE MEASURES

In addition to attempts, often very successful, to infiltrate into the enemy's intelligence agencies, the Russians exercise an exceedingly strict control over the area behind the front lines. This is made easier by the very complicated system of passes, certificates, etc. used by the Russians. It is practically impossible for individual Russian soldiers as well as for unit detachments to cover the shortest distance without the prescribed rignarole of documents. The control of the rear areas is exercised by the NKVD (People's Commissariat of the Interior), by means of several impregnable "blockade lines" (SPERRLINIEN). These lines, established one behind another, often make use of natural terrain features. Forging of documents is made difficult by the use of all possible, always changing, tricks. A strengthening of NKVD troops in a particular sector should always be viewed with suspicion.

In times of peace or armistice the Russian borders are hermetically sealed off, even when friendly relations exist. Other counter-intelligence measures are the restrictions and strict control of both the domestic and foreign correspondents, who are suspended under the slightest pretext.

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The most important measure against enemy radio reconnaissance is the suspension of all radio traffic before major Russian operations. The areas of radio silence are chosen in such a way, that they can give no indication as to the intended place of attack. Radio silence orders were rigorously obeyed, especially during the last year. In the case of the shifting of major armored forces, single radio stations of important hq were usually left operating in the old area; these stations, in addition to their deceptive role, were also used for radio traffic concerning supply matters.

### III. DECEPTION AND PROPAGANDA

#### 1. DECEPTION THROUGH THE FOREIGN PRESS

The Russians repeatedly attempted to deceive their enemies by planting specially prepared reports in the international press. During the past two years ANKARA and STOCKHOLM played an important role in this respect. Despite numerous warnings of German news monitoring agencies, these attempts met with partial success. Sometimes the Russians even succeeded in giving their "news items" the appearance of coming from different sources and of corroborating one another. Especially numerous were reports planted by the Russians concerning exhaustion within the ranks of Russian troops, low morale, food troubles in the interior, and counter-revolutionary trends within the Soviet Union. Sometimes items of a primarily propaganda value were also launched, such as the intended stopping at the CURZON Line, then at the ODER River, etc.

Beside these general methods of deception, certain deceptive "news" might also be spread by agents. This was the case in the rumors concerning the intended employment of the Black Sea Fleet, later the Baltic Fleet, in support of the operations in progress at that time.

Neutral and friendly foreign correspondents were also used by the Russians to deceive the enemy. Since the press is a most important source for evaluating the enemy situation, partly also by noticing the things which are obviously NOT covered by it, this field of deception is, in sources' opinion, more important than is usually recognized.

#### 2. DECEPTION THROUGH PW

Political indoctrination plays a very important role in the Red Army. The slogan of the times is incessantly hammered into the minds of the Russian soldiers. Since it was found that PW and deserters talk willingly about these political lectures, the Russians use them for deception purposes. Before major operations the Russians attempt, through the lectures given their own soldiers, to create false impressions either as to the main aims of the offensive, or as to the timing, strength, etc, of the intended operation. Especially stressed are supposed visits by prominent Russian military leaders in certain sectors of the front, alleged reinforcements by forces from the Far East, commitment of new tank models, etc.

#### 3. RADIO DECEPTION

No major radio deception scheme has ever been attempted by the Russian who realized that such a scheme is easily detected if it is not accompanied by thoroughly planned deceptive measures in all other fields. Tactical radio deception has been employed, but was of only limited importance.

#### 4. FRONT-LINE PROPAGANDA

The Russians cleverly select topics for their front-line propaganda activities. These include the dropping of leaflets and propaganda disseminated through loudspeakers. The most unusual procedure is sometimes followed such as trying to bluff and confuse the enemy by the announcement, over loudspeakers, of the correct time and place of the intended attack.

~~TOP SECRET~~

5

Ref No SAIC/R/2  
24 Jun 45

~~TOP SECRET~~

IV. TAILPIECES

1. Gen GEHLEN states that PW taken on the Eastern Front at the end of 1944 said they were told, during political indoctrination lectures, that an eventual conflict between the Soviet Union on one side and England and the United States on the other was inevitable. Similar statements were made by Russian PW for a short time only; and afterwards nothing was heard of these particular indoctrination lectures.
2. Twice the German intelligence agencies received reports about difference of opinion between the Russian military leaders and the political forces of the Soviet Union. The military, whose representative was supposedly ZHUKOV, maintained that the quick and complete defeat of Germany and the occupation of as much German territory as possible would automatically solve all European problems with which Soviet Russia was concerned. The political faction, whose ideological leader was STALIN, wanted to solve the Balkan questions first, before the British and Americans had time to intervene. This latter faction seemed to have prevailed, at least to a major extent.

24 June 1945

SEVENTH ARMY INTERROGATION CENTER

*Paul Kubala*  
PAUL KUBALA, Maj, MI,  
Commanding.

~~TOP SECRET~~

11. Headquarters, Third US Army Intelligence Center, Preliminary  
Interrogation Report, Baun, Hermann, 16 August 1945

CONFIDENTIAL

HEADQUARTERS  
THIRD UNITED STATES ARMY  
INTELLIGENCE CENTER  
Office of the Assistant Chief of Staff, G-2  
APO 403

PRELIMINARY INTERROGATION REPORT

Interrogation Section 16 August 1945

PRISONER: BAUN, Hermann AIC 1773 CI

PERSONAL DATA:

BAUN, 48, worked as an employee at the German Consulate at ODESSA in 1921 and in 1929 he was transferred to the Consulate at KIEV in the same capacity. By 1937 BAUN had advanced in the German Civil Service to the rank of Verwaltungsassistent when he was drafted into the Wehrmacht and given the rank of Hauptmann. He was assigned to the Abteilung Zeitschriften, OKH, and in 1938 to the Abteilung Militargeographie. Here BAUN was a translator since he was proficient in the Russian language. In 1938 he was assigned to Abwehr Abteilung I, OKH where he continued to work as a translator of military publications. BAUN was put in charge in 1940, when the Frontaufklärungsabteilung, Leitstelle I, Ost was activated. This unit was administratively controlled by Fremde Heere Ost, OKH, BERLIN. In May 1941 Leitstelle I became operational, its headquarters being at SULZOFEN near WARSAW. It consisted of headquarters and four Kolonnen, each Kolonne to be attached to one of the four existing Army Groups in the East. Each Kolonne consisted of approximately 12 line-crossers, and BAUN's main occupation was the training and replacement of agents. The agents consisted mostly of Russian prisoners who could be persuaded to do this type of work. The false identification papers were supplied by G-Offiziere who were attached to the Ia of Army Group. The necessary radio equipment was supplied by Nachrichten Regiment 506. Leitstelle I Ost was operated under the code name of HALLI and in September 1942, when Oberst SCHMIDTSCHLAGE of Heeresgruppen Abteilung OKH assumed command of HALLI, this command included only Leitstellen II and III. Leitstelle I continued to function separately under Fremde Heere Ost, OKH. During 1942 the Kolonnen were renamed Frontaufklärungs Kommandos and BAUN controlled Kommandos 101 to 105. His superior in the OKH was General GELLEN. BAUN remained active until November 1944 and then retired via BERLIN, DAN ELSTER, HILDRINGEN to the ALLIED. BAUN held the final rank of Oberstlt.

ADMINISTRATIVE DATA:

BAUN was arrested on 29 July 1945 by the 80th HIS Detachment at NIMTERBERG, Sonthofen as a former member of the Wehrmacht and arrived at the Third US Army Intelligence Center on 24 August 1945. Card Index: 1 SHAEF card.

KNOWLEDGE GAINED:

Organization and personnel of Leitstelle I Ost. Organization of Frontaufklärungs Kommandos 101 to 105. Training of Russian-speaking agents. Names of G-Offiziere in the East.

COMMENTS AND RECOMMENDATIONS:

BAUN gained prominence in the Wehrmacht on the Eastern Front as he was one of the few Russian-speaking officers. He claims not to have been a member of the Party. He is cooperative.

KB For the AC of S, G-2:

*Emmanuel L. King*  
EMMANUEL L. KING  
Major, Infantry  
Chief of Section

DISPOSITION:

**SECRET/RELEASE**  
**TO GERMANY ONLY** / COVER

DISTRIBUTION NO:

CONFIDENTIAL

1777



- 12. Captain Owen C. Campbell, Evaluation Section, to Lt. Col. Parker,  
Enclosing Interrogation Reports No. 5724 and 5725, 29 August 1945

REPRODUCED AT THE NATIONAL ARCHIVES

**SECRET** OCC/ab

EVALUATION SECTION  
POST OFFICE BOX 1142  
ALEXANDRIA, VIRGINIA

29 August 1945

*usually through*

*in for the sake of their knowledge of*

*of Russia*

MEMORANDUM FOR LT. COLONEL PARKER:

Subject: Preliminary Interrogation and Assessment of P/W Brig. Gen. Rhenhard Gehlen.

1. Herewith two reports by Captain Halle, Nos. 5724 and 5725, giving background material on the above P/W.

2. Captain Wulff advises that Colonel Brown has requested a copy of each of these reports.

*Owen C. Campbell*  
OWEN C. CAMPBELL,  
Captain, M. A. C.

*For special files*

DECLASSIFIED  
Authority NND 750 122  
By GL NARA, Date 12/2

**SECRET**

*Colonel Sweet has original copy to Colonel Shunkin and Major Kizovites only*

12. (Continued)

REPRODUCED AT THE NATIONAL ARCHIVES

Report of Interrogation No. 10, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

28 August 1945  
1/0/1 Capt. HALL

Rank: Generalmajor (Brig Gen)  
Unit: Fremde Heere Ost  
Capt'd: 23 May 1945, Schlesssee

Veracity : Believed reliable.

Civilian Career :

- 3 April 1902 : Born in Erfurt as the son of Oberleutnant Walther Gehlen and Mrs Katherina Gehlen (born Vairuewyok). After retiring from the army P/W's father became a director with a Breslau Publishing house.
- 1908 - 1920 : Humanistic King Wilhelm Gymnasium Breslau (Abitur).

Military Career :

- 20 April 1920 : Entered Reichswehr attached to Reichswehr Arty Regt 6 changed on 1 Jan 1921 to arty Regt 3 at Scheidnitz, Silesia.
- 1920 - 1933 : Member of the above Regt. Training in the Arty Observation Service (Ground and Flash and Smrvey). 4 years sports training, 2 years cavalry school Hannover. 5 years Adjutant.
- 1 Dec 1923 : Promoted to Lieutenant.
- 1 Feb 1928 : Promoted to 1st Lieutenant.
- Spring 1933 : Entrance examination for the War Academy.
- 1 Oct 33-9 Jul 1935 : War Academy Berlin.
- 1 May 1934 : Promoted to Captain.
- 10 Jul 1935 - : Attached to the General Staff, one year assistant to the Deputy Chief of Staff; one year Adjutant to the Deputy Chief of Staff, Sec I Operations. - One year I a in 10th Section of the Home defense Dept.
- 10 Nov 38 - 19: Battery Commander in Arty Regt 18.
- Aug 1939
- 1 March 1939 : Promoted to Major with seniority dated 1 June 1938.
- 20 Aug 1939 : Polish campaign attached to 213 I.D. as I a.
- 14 Oct 1939

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12. (Continued)

REPRODUCED AT THE NATIONAL ARCHIVES

15 Oct 1939 - Attached to G.H. General Staff Corps as Dept head of the East  
5 May 1940 - Defense Dept, formerly the 10th Abt.  
6 May 40 - 12 - Western campaign. Liaison officer of the Army Hq Staff 16 (ADK 16)  
June 1940 - Armored Group Both - Armored Group Guderian.  
  
15 Jun 1940 - : Adjutant to the Chief of Staff Generaloberst Halder.  
6 Oct 1940  
7 Oct 1940 - : Chief of the Eastern Dept in the operational section of the  
6 Apr 1942 - General Staff.  
  
1 July 1941 : Promoted to Lt Col.  
  
7 Apr 1942 - : Dept Head of the Dept Fremde Heere Ost.  
9 Apr 1945  
1 Dec 1942 : Promoted to Col with seniority of 1 Apr 1942.  
  
1 Dec 1944 : Promoted to Brigadier General (Generalmajor).  
  
10 Apr 1945 : Placed on inactive status (reserve Corps).

12. (Continued)

~~SECRET~~

Report of Interrogation : No. 5725

28 August 1945  
I/O : Capt. Halle

P/W : ~~Schlesinger~~ *Gillenkamp*  
Rank : Generalmajor (Brig Gen)  
Unit : Fremde Heere Ost  
Capt'd : 23 May 1945, Schliessee

*HW Nostrom (R1D)*

Veracity : Believed reliable.

Report : Preliminary Interrogation and Assessment.

Extract of P/W's military career.

1920	enlisted in the Army, attached to Arty Regt. 3.
1920-1933	with his regiment at Schweidnitz, Silesia.
Autumn 1933-1935	War Academy, Berlin.
July 1935	Attached to the General Staff; appointed adjutant to the Deputy Chief of the General Staff (Oberquartiermeister OKH), covering
	I Operations
	II Training
	III Organization
	IV Intelligence
	V Research
Autumn 1936-37	With Abt. I (Operations).
1937-1938	Ia in Home Security Office (Abt 10--10te Abt, Landesbefestigung)
1938-1939	Sent to Arty Regt 18 at Liegnitz for troop duty.
Aug 1939	Ia, 213th Div (Polish Campaign).
	Returned to OKH, Gruppe Landesbefestigung (Home Security Section).
Western Campaign	Liaison Officer of C in C Army, of Army HQ Staff 16 (ACK 16).
	Later with Armored Group HODT and Armored Group GUDERIAN.
Autumn 1940	Adjutant to Chief of Staff Halder (special position of trust).
Autumn 1940- April 42	Eastern Section of the Operational Dept.
April 42-9/4/45	Fremde Heere Ost (OB East).

Interrogations :  
at WOERGEL, near KITZBUEHEL, by a divisional intelligence officer; only minor details given.  
AUGSBURG Army level; interrogated by a Lt. Drake; limited information given.  
WIESBADEN Special Interrogation Center; interrogated by Capt. Bokk; fullest cooperation given.

~~SECRET~~

DECLASSIFIED  
Authority: *ND 75022*  
By: *ERC* DATE: *1-7-85*

12. (Continued)

Members of the General Staff now at 1142 :

Major SCHOELLER With the General from 1944 to 1945; Section Chief, Group I (tactical section engaged in daily situation reporting).  
Major HIEMENZ With the General from 1943 to 1945; Section Chief Group II (general situation reports on Russia and the Balkans; evaluation).  
Major HINRICHS With the General from 1943 to 1945; Training Officer in Group II in charge of evaluation.

Finished Reports :

- 1) Methods of the German Intelligence Service in Russia (detailed report on organization and working methods, approx. 250 pp.; inter alia it deals with  
Group III, Interpreters, Translations, Interrogations;  
Group IV, Sweden, Finland, and Nordic States;  
Group V, Technical Section, Drawings, Reproductions, etc.;  
Group VI, Administration.)  
(Total strength of Fremde Heere Ost : 50 officers  
70 non-commissioned officers and enlisted men  
60 women clerk auxiliaries)
- 2) Development of the Russian High Command and its conception of strategy during the Eastern campaign (appr. 35 pp.).
- 3) Fighting methods of the Russian armies based on experience gained from the large-scale Russian offensives in the summer of 1944 and the winter of 1945 (appr. 40 pp. and a number of annexes).
- 4) Development and establishment of the Russian political commissars within the Red Army (appr. 40 pp.).

Document Material :

Documents of Group I probably in London. (See Capt. Bokk)  
Documents of Group II : 30,000 Index Cards on Russian Units, personalities, Field Post Numbers, etc., available at 1142.

Potentialities on Future Reports :

- 1) Order of Battle of the Russian Army (appr. 1,000 divisions, brigades, and other units). This work would take appr. 4-6 weeks.
- 2) Survey of Russian Army Units (Independent Armored Units, Assault Units, Army Artillery, AA Regts., AT Units, Army Engineers, MG and Arty Bns.)
- 3) Survey of Russian Equipment.
- 4) Organization of Russian commands and Russian troop leadership.

12. (Continued)

~~SECRET~~

- 5) The General Staff of the Red Army.
- 6) Organizational Structure of Russian units and their characteristics.
- 7) Development of Russian manpower since the outbreak of the war.
- 8) Development of Russian Tanks and tank production during the Eastern campaign.
- 9) Russian war production up to the end of hostilities.
- 10) Development of Russian military propaganda during the Eastern campaign.
- 11) The Russian soldier and his fighting qualities.
- 12) Critique on the fighting qualities of the Russian Army, by arms and branches.
- 13) Experiences in the evaluation of air reconnaissance during the Eastern campaign with special consideration to camouflage tactics.
- 14) Camouflage tactics of the Russians (theory and practice).
- 15) Training of the Russian Army at the front during the Eastern campaign in the replacement and training units.
- 16) Press and radio as a source of German Intelligence.
- 17) Romanian and Bulgarian Army after occupation by the Russians.
- 18)
- 19) NKVD.
- 20) Increase of Russian power through occupation of the Balkans.
- 21) Supply in the Russian Army.
- 22) Experiences in evaluation as a result of agent reports during the Eastern campaign.
- 23) Establishing main efforts by artillery in preparation of large-scale attacks.
- 24) Russian views on tank development and employment during the Eastern campaign.
- 25) Possible evaluation of various new information received by the US, under employment of German methods. (Evaluation of Russian press, radio, etc.)
- 26) Suggestions as to the employment of sources for gathering information in the Central European Sector.
- 27) Compilation of experience gained in the Eastern campaign:
  - a) What methods have proved satisfactory in gathering intelligence.
  - b) Lessons on organization and defense against mass tank attacks as experienced during the last offensives.
  - c) Practical employment of air reconnaissance based on experience.
  - d) Development of Russian Infantry units based on Russian experience in the employment of Infantry.
- 28) Historical report of the Eastern campaign based on documents which are available in their entirety.

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Footnote :

Inasmuch as the I/O did not have an opportunity to scrutinize the available documents, a complete listing of the potentialities of the above P/W can not be given.

13. Crosby Lewis, Chief, War Department Detachment,  
German Mission to [ ], 25 October 1945

**TOP SECRET CONTROL** **SECRET/RELEASE**  
**TO GERMANY ONLY**

TO BE SHOWN TO  
AUTHORIZED UNITED STATES  
CITIZENS ONLY

25 October 1945

*Wynn*

Dear [redacted]

This is written in a rush, so I will handle these points tersely:

1: Can you prepare and send back by Maj. John THAYER, who will bring you this note, all the special sources background that is available in the X-2 files, on Stab Walli and any of the Leitstellen I, II and III, Warsaw. I am particularly interested in the background of Herman BAUN, a certain Lt-Col. WESSEL, and Oberst von GEHLEN. For your information only, BAUN and a group of other members of Fremde Heere Ost, experts in the G.I.S. on espionage against the Russians, are being collected by two officers of the G-2 section, USFET, who are responsible only to Gen. Sibert. It appears likely that Sibert got an OK from Washington on this when he was in the US last month, at which time it appeared that OSS might fold up. Von GEHLEN and several high-ranking staff officers who operated for Fremde Heere Ost and for some of the Army Group staffs on the Eastern Front during the war have been flown to the U.S. - all this without any contact with the OSS here. If it is impossible to get this material together by the time Thayer returns, please send it by pouch as soon as possible.

11

[redacted]

Please give my best regards to everybody. And many thanks to you for anything you can do to help me in my no. 1 request.

Affectionately,

[redacted] Crosby

p.s. Please destroy this letter after you have read it and noted my needs in paragraph 1.

[redacted]

*Penny you, talk*

*We are developing the case of a deserter from the NKVD which may promise big things. If it looks plentiful, we may need your help out here to handle it, and I would like to know whether you would consider coming out for a month or so.*

*and I chitt miss Reg and Jules and of you often*

TOP SECRET CONTROL  
JOHN THAYER TO  
OFFICERS ONLY

**SECRET**  
**SECRET/RELEASE**  
**TO GERMANY ONLY**



*Part III*  
**The Vandenberg Report**



- 14. SAINT, AMZON to SAINT, Washington, "Russian Experts of German Intelligence Service," 8 January 1946

**SECRET/RELEASE  
TO GERMANY ONLY**

~~SECRET CONTROL~~

UNITED STATES FORCES EUROPEAN THEATER  
STRATEGIC SERVICES UNIT/WAR DEPARTMENT  
MISSION TO GERMANY  
APO 757

8 January 1946

TO: SAINT, Washington

FROM: SAINT, AMZON

SUBJECT: Russian Experts of German Intelligence Service

1. In October it was learned that the Office of the Assistant Chief of Staff, G-2, USFET, had in protective custody several former staff officers of Fremde Heere Ost. This office was naturally interested and through discreet inquiries learned some details of the situation.

2. It appears that the Fremde Heere Ost staff under (General) von Gehlen retreated successfully from Warsaw through Eastern Germany south to Memmingen and thence to the vicinity of Obersdorf near the Austrian frontier. Von Gehlen, having had control of Fremde Heere Ost intelligence echelon responsible for German intelligence on the Eastern front from the Baltic to the Black Sea, decided to turn himself in to the American forces rather than risk capture by the Russians. This he managed to do, together with seven of his staff officers, most of whom were experts on Russian order of battle both of the Ground Forces and Air Forces.

3. When his American captors suggested that he leave Germany and come to the United States to work with the experts on the Russian Army of the War Department in Washington, he promptly agreed to do so, recommending that the chief of his secret intelligence operations, Major Herman Baun (subject, unnumbered SHAEF card, copy attached), who had become separated with a few other officers from the old Stab Walli, be contacted to join the party. Active efforts were made to locate Baun to no avail and the original group set off with von Gehlen for Washington where it is presumed they still are.

4. Baun had meanwhile escaped to the area of southwestern Germany which ultimately became the French Zone. When he realized this, he arranged through a contact with the American Consular authorities in Switzerland to turn himself in to the CIC in AMZON. This was done and the CIC processed him like a normal automatic arrestee through the Third Army cage at Freising, publishing his name on the daily arrest sheets and giving the PIR the normal dissemination.

**SECRET/RELEASE** CLASSIFICATION CANCELLED OR CHANGED TO  
**TO GERMANY ONLY** ~~SECRET CONTROL~~ *Secret*

by AUTHORITY OF

24 Feb 46

G-SITS-532

Lex-005-108

14. (Continued)

SECRET/RELEASE  
TO GERMANY ONLY

SECRET CONTROL

- 2 -

5. The arrival of the PIR at USFET caused a considerable uproar and immediate efforts were undertaken to get Baun to Oberursel under an assumed name and to cover what was from G-2 USFET point of view a breach of security involved in publication of the news of capture. The damage, however, had been done and it is understood that the Russian Liaison Officer was immediately instructed by his superior officers to ask for transfer of Baun, von Gehlen and several other members of the same command, to Russian custody for interrogation. Needless to say, this request was not granted.

6. Baun had with him a Lt. Colonel Resel (RNU) and three or four minor non-coms formerly belonging to Stab Walli. These men are now living at Oberursel in a private house under cover names. They have not been interrogated by any CI personnel and every effort has been made to keep their presence a secret not only from outsiders but also from officers of Counter-Intelligence Branch, USFET. They are in the custody of three junior officers of the G-2 Section, who are using them as advisors on incoming intelligence which concerns the Russian Army or intelligence structure.

7. Also at Oberursel but strictly apart from Baun and his colleagues are several other former Russian officers, including General Malishkin. Malishkin is likewise giving "expert" advice on the Russian military situation. An example of the type of material being provided by Baun is the attached Appendix A, which was furnished at the request of G-2 as a check on Malishkin by Baun himself.

8. It seems apparent from frequent conversations with the officers responsible for Baun, that G-2 originally contemplated setting him up with funds and personnel to run an intelligence net against Soviet Russia. They soon realized, however, that they had neither the facility nor experienced officers competent to run such an enterprise and have therefore asked on a very informal level for the advice of X-2 Branch as to what they should do next. Since the whole situation was a delicate one, we have kept our contact with the responsible officers in G-2 in this matter on an informal level and have advised them to interrogate Baun at length and have nothing to do with his schemes for further intelligence activity. G-2 has so far not followed the first of our recommendations but I believe they will follow the second. We have further recommended that Baun draw up a list of his principal assistants whom he now believes to be in AMCON and that efforts be made to contact these men with a view to interrogating them and discovering if they have any documents. This was done in early December but the results so far are not known here.

9. From the point of view of the X-2 Branch, the most important member of Stab Walli was not Baun nor in fact any of his colleagues but rather Oberstleutnant SCHWALSCHLAEGER or Dr. WELLER (subject SHAEF card # 4056), who was head of Section 3 at Stab Walli after August 1941. Frequent rumor stated that he had been captured by the                     , but through a contact in the Munich area he was discovered living under an assumed name in Nurnburg. He was taken to Munich where he was interrogated at length by                      and a good deal of valuable information

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Sgt. Holtzman

14. (Continued)

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**SECRET CONTROL**

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was extracted. (See [redacted] material.) Schmalschlaeger has now been arrested by the CIC owing to an indiscretion of his in visiting his home in Nurnburg, and he is now in an internment camp in the Nurnburg section. Efforts are being made, however, to obtain his transfer to Oberursel where he will be subjected to a thorough interrogation. The reason for his not being sent to Oberursel in the first place was that we were anxious not to get him mixed up with the Baun group, and that the original contact with him was made with the understanding that he would not be immediately sent to an internment camp; it was felt that certain documents belonging to Fremde Heere Ost, which have been recovered and are mentioned in the [redacted] reports, might be jeopardized if he were not carefully handled.

*MALT*

Encs: 2 cc Appendix A  
2 cc Baun SHAEF card

**SECRET CONTROL**

**SECRET/RELEASE  
TO GERMANY ONLY**

14. (Continued)

## SECRET/RELEASE TO GERMANY ONLY

### APPENDIX A

General MALISHKIN was Chief of Staff of the 6th Soviet Army, in which VLASSOV held the position of Commanding General. After the VLASSOV Army had been activated, MALISHKIN became VLASSOV's adjutant and G-3 of the army. While he travelled for the purpose of organizing the VLASSOV Army, he made preparations for the re-activation of the Communist Party in PARIS.

An agent who might be able to give more detailed information on this subject is at present detained in an American prison in SALZBURG; this agent could be approached if so desired.

While General MALISHKIN held important staff positions in the VLASSOV Army, he was in constant contact with MOSCOW. He used the following channels:

1. Through General TRUCHIN, Chief of Staff of the VLASSOV Army and former head of the recruiting area GBERNIGOV. General TRUCHIN has been a member of long standing of the N.T.S. (usually referred to as Natsionalchiki National Labor Association); this organization was formed by General KUTJEPOV in 1923 - who was kidnapped in PARIS in 1939 and taken to Leningrad - with the purpose of unifying the youth of the Russian emigrants in the BALANS. Headquarters of the N.T.S. was in BELGRADE. The GPU built its own organization into the N.T.S.; headquarters of this branch of the GPU was in BERN. It was the task of this branch of the GPU to control the Russian emigrants and to build up an additional intelligence net in EUROPE. Through the N.T.S. the GPU had its agents in all important German government offices where Russian youth was employed as interpreters (Postministerium, RSHA; see SCHELLENBERG report by [redacted] MALABANOV was a leader of the GPU within the N.T.S. in GERMANY.

2. Through JELINKOV, Chief of Propaganda of the VLASSOV Army and former G-4 in the Soviet 6th Army (see above); also through MANUTNI, Chief of Civil Administration of the VLASSOV Army. JELINKOV's uncle is one of the outstanding personalities in the Defense Council in MOSCOW. JELINKOV, his uncle and MANUTNI were regional commissars in MOSCOW in 1918, when only persons considered absolutely trustworthy were appointed to such positions. Communication between JELINKOV and his uncle was maintained through Madame KOLONIAT in STOCKHOLM; however, not the Soviet Embassy but the Soviet Trade Delegation in STOCKHOLM was used as agency in this operation. A Soviet agent by the name of MALINOV in PRAGUE is MALISHKIN's middleman in this connection.

Contacts with PRAGUE are available through a person detained by the American Army in FREISING.

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## SECRET/RELEASE TO GERMANY ONLY

14. (Continued)

**SECRET/RELEASE  
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C  
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NAME BAUN (Ger) A GERMANY *c/r*  
STATUS Major at Ast Warsaw I H. (Apr 44)  
ADDRESS  
DESCRIPTION  
MISC.  
CAREER Promoted Hauptmann. (1 Jul 34)  
At Ast Warsaw, directing I H activities on the Eastern Front, un-  
der SCHALSLAEGER (q.v.) (from Jul 41)  
At Sofia. (May 43)  
In Berlin. (Jun 43)  
Back in Warsaw. (Aug. 43)

**SECRET/RELEASE  
TO GERMANY ONLY**



15. Headquarters, US Forces European Theater (USFET), Military Intelligence Service Center (MISC), "Operations of the Blue House Project," 11 May 1946

SECRET/RELEASE

Operations of the Blue House Project, 11 May 1946

HEADQUARTERS

UNITED STATES FORCES EUROPEAN THEATRE  
MILITARY INTELLIGENCE SERVICE CENTER  
as Officer in Charge, APO 757

Version: Opel Villa, OBERURSEL.

11 May 1946

SUBJECT: Operations of Blue House Project

TO : Center Adjutant.

ULRICH E. LANDAUER  
1st Lt FA  
Officer in Charge,  
Blue House Project

1. The Blue House Project was activated on 21 June 1945, at the order of the Commanding Officer, Military Intelligence Service Center, and the Assistant Chief of Staff, G-2, United States Forces, European Theater. Since the mission of the project is highly classified, it is felt that no details of operations and activities can be given without violating security.

a. Period from 21 June to 30 September 1945.

Personnel: Capt JOHN R. BOKER, Officer in Charge  
Capt PAUL B. COMSTOCK  
1st Lt ULRICH E. LANDAUER  
1st Lt FRANZ R. BROTZEN  
M/Sgt BENJAMIN GREENWALD

Capt BOKER left the Theater on 21 August 1945, and Capt COMSTOCK became Officer in Charge on that date.

Location : Generals' House, WIESBADEN.

b. Period from 1 October to 31 December 1945.

Personnel: Capt PAUL B. COMSTOCK, Officer in Charge  
1st Lt JOHN H. ZOREK (from 9 Nov 45)  
1st Lt ULRICH E. LANDAUER  
1st Lt FRANZ R. BROTZEN  
M/Sgt BENJAMIN GREENWALD

Location : Opel Villa, OBERURSEL.

c. Period from 1 January to 31 March 1946.

Personnel: Capt PAUL B. COMSTOCK, Officer in Charge  
1st Lt JOHN H. ZOREK  
1st Lt ULRICH E. LANDAUER  
1st Lt FRANZ R. BROTZEN  
M/Sgt BENJAMIN GREENWALD  
Cpl ROBERT B. HARDER (from 6 Feb 46)

Capt COMSTOCK left the Theater on 9 March 1946, and was replaced by Lt BROTZEN as Officer in Charge. M/Sgt GREENWALD was redeployed on 16 February 1946.

Location ; Opel Villa, OBERURSEL.

d. Period from 1 April 1946 to date.

Personnel: 1st Lt FRANZ R. BROTZEN, Officer in Charge  
1st Lt ULRICH E. LANDAUER  
1st Lt JOHN H. ZOREK  
Cpl ROBERT B. HARDER

Lt ZOREK left the Theater on 6 April 1946. Lt BROTZEN left on 24 April, and was replaced by Lt LANDAUER

- 12 -

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15. (Continued)

Operations of Blue House Project (cont'd) 11 May 1946

as Officer in Charge.

**Essential:** Opel Villa, OBERURSEL.

ULRICH E. LANDAUER  
1st Lt FA  
Officer in Charge,  
Blue House Project

**SECRET/RELEASE  
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- 2 -

**Secret**

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16. Headquarters, USFET, MISC, CI Consolidated Interrogation Report (CI-CIR) No. 16,  
"German Methods of Combating the Soviet Intelligence Services," 3 June 1946

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HEADQUARTERS : : : : :  
UNITED STATES FORCES EUROPEAN THEATER : S E C R E T :  
MILITARY INTELLIGENCE SERVICE CENTER : Auth. CO. MISC :  
APO 757 : Init: 476 :  
: Date: 3 June 46 :  
: : : : :

CI CONSOLIDATED INTERROGATION REPORT (CI-CIR) No 16

SUBJECT: German Methods of Combatting the Soviet Intelligence Services

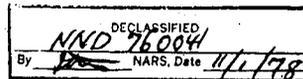
PRISONERS: Maj Johannes GAENZER, Walli III  
Hptm DAHERAU, Helmut, FAT 326  
Hptm KOHLER, Kurt, FAK 304

The sources of this report were members of Front Aufklaerung III on the Eastern Front. Their extensive experiences in this field have qualified them for the rendering of a detailed account of counter-intelligence methods employed by the Germans against Soviet intelligence agencies.

<u>CONTENTS</u>	<u>PAGE</u>
1. References	2
2. Sources	2
3. Report	2
a. Introduction	2
b. Front Aufklaerung III in the East	2
c. Agents	3
d. Combatting Soviet Agents	5
e. Interrogation	8
f. Double agents and W/T Play-backs	10
g. Exploitation and Evaluation of Intelligence Material	15
4. Conclusions	17
5. Comments and Recommendations	17

- 1 -

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16. (Continued)

1. REFERENCES

Third US Army Interrogation Center, Interrogation Report, 19 Sept 45

2. SOURCES

Maj Johannes GAENZER (of 3 Army Interrogation Center, AIC 488)  
Hptm Helmut DAMERAU (of 3 Army Interrogation Center, AIC 485)  
Hptm Kurt KOHLER (of 3 Army Interrogation Center, AIC 482)

3. REPORT

a. Introduction

The experiences of GAENZER, DAMERAU, and KOHLER were confined to Front Aufklaerung III, the major mission of which was to nullify Russian attempts to gain knowledge of German dispositions and intentions, and at the same time recognize Russian operational intentions from the intensity and character of their intelligence efforts. A large part of this mission had to be carried out in the German-dominated area of Russia in which Soviet agents operated. As any future potential German subversive activities are likely to be of the type of resistance the Germans once encountered, this account of their operations may be not only of historical but also of occupational interest.

b. FA III in the East

(1) Strength

Toward the end of the war German counterespionage services were at their disposal on the Eastern Front Leit Stelle III Ost, which had at its disposal about 33 FATS, total strength amounted to about 120 officers (including 100 officer rank) and approximately 1200 EF. They were opposed by Russian counterespionage organizations at least ten times this strength.

(2) Theory of Operations

Sources expounded the following theory of German counterespionage operations in the East. The German intelligence services considered one of their major tasks the study of the character and psychology of the Russian individual so as to make his exploitation possible. In the early part of 1941 the heads of Front Aufklaerung realized that the war in the East could be won only if it were turned into a Russian civil war. It was their grandiose vision of pitiful masses of Germanophile Russian citizens against their Soviet countrymen.

Unlike conditions during the last months of the war, it appears to have been quite easy in the early stages to win over Ukrainians, White Russian, Baltic or Caucasian minorities in large numbers. Even the Poles were still vulnerable to German slogans. The Germans realized they always had to be ambitious, not based on friendship for Germany, but on common antagonism toward the central government of the USSR.

16. (Continued)

PAK III exploited this situation on the basis of its propaganda against the Estonians, Lithuanians, Poles, Czechs, Russians and Ukrainians. It used political means to gain these people's loyalty. It was the aim of the PAK III to bring about a civil war. Subsequently, it was the responsibility of the PAK III to bring about this aim. They concede, however, that Russian propaganda was based on the principle of nationalism and the autonomy of national fronts, and that this led to their failure.

(3) Successes

Despite their numerical inferiority, the Front Aufklarung units were successful in their point of view of the Front Aufklarung units. GAENZER said at the conclusion of his interrogation: "We were aware of the intentions of the Russians. We were aware of their strength, composition and the intended direction of their attack. The Russians won their victories not by surprise, but by their superior strength."

c. Agents

(1) Problems of Recruiting

The Germans attempted to recruit most of their agents from persons whose motives were "idealistic". Their treatment and compensation was from that given to agents who put themselves at the disposal of the Germans on a business basis.

In dealing with Russians many difficulties were encountered because of basic differences in the character of the two nationalities. The German considered the Russian generally as vulnerable to persuasion, and as being without friendships and enmities, emphatic in repudiating them. The German had to be practiced so as not to violate the Russian sense of justice and national pride.

Orders were given early in the war by the German High Command to insure the security by preventing agents from moving freely in the territory of the agency for which they were working. In the Soviet Union, however, it was realized that in Russia it was realized that it was particularly difficult to recruit agents in small villages, that this policy was impractical.

Early German successes in Russia brought many agents to the Front Aufklarung's support who acted as intelligence agents as long as the Germans were in the area. However, the German had to operate with some caution. Their aim was to stick it out with the invaders. Their intelligence work was not vital when intelligence was not vitally needed, was almost always needed.

(2) Hiring of Russian Traitors

For their intelligence services (counter-espionage) the Germans used exclusively Russian agents who had been captured by the German Army and turned against the Red Army. Sources claim that the German High Command never used propaganda to win over Russian agents. It was assumed to be a Russian patriot. If he could be persuaded that his actions would lead to Russia's ruin, he would fight. The German High Command assumed a Russian patriot. Thus, the agent-employer relationship was based on a personal and friendly basis to insure successful results.

16. (Continued)

Other Russian agents who had personally suffered under the German occupation had been recruited by the Russians into the Red Army or into the NKVD, or by other involuntary means. This included those who had offered themselves for business reasons, were the relatives of those who

(3) Inducements

A certain amount of security had to be provided for agents to insure their cooperation. They were well-to-do, well educated, well in goods and money, and their assurance was not missed when they could not longer be used.

Payments generally took the form of goods such as vodka, and cigarettes. Even while Germany was winning the war, not as much in demand. The agents expected that there would be differences in compensation, depending on individual circumstances, accepted without protest and actually became a habit.

(4) Regt 1001

To give Russian agents a definite status, a "Russian Army" regiment 1001 was created and supplied with a number of personnel clerks, and a V/O. Agents formed the bulk of the members of the Regt. Agents could be paid, promoted, and given furloughs, family allowances, and such benefits as were planned for agents and their families. At the end of the war, the Regt was under the command of Obst Fritz NAUMANN (see this Army Intelligence Center Intelligence Report No 35, dtd 29 Aug 45).

(5) Training

While I (espionage) and II (sabotage) agents had to be given thorough training in special intelligence techniques, III agents had already received basic intelligence training in the USSR, and this required training only in specific intelligence techniques, rather than training camps and courses. The subject matter could be confined to the individual agent's assignment. Emphasis was placed on carrying out cover operations. It was believed that in all missions, success depends on the reliability of agents. For the same reason, the work of these agents had become an exact science.

One special difficulty the Germans encountered in training agents was the tendency of Russian agents to be easily deceived. Frequently a trained German would approach an agent in occupied territory, pretend to be a Russian agent, and offer them fake espionage missions against the Germans. The agent would reveal the identity of his newly-recruited agent to the Germans, and so of his excellent work.

During the training, emphasis was also placed on the agent's definition of the mission as possible and leading to the agent's own interest in its execution. Chief agents were used to supervise the activities of less-experienced or less-reliable personnel.

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(6) People Agents

It was feared that the German war effort would be seriously hampered if the German people could be influenced to turn against the German Government. The German people were not only in special cases where no other solution seemed possible.

(7) Informants

In addition to their regular agents, the German Government employed Personen (informants). These persons were placed in various social circles in which they moved, or furnished with information in one field, such as the professions of administrative officials, or occasionally on individual cases or tipped off persons who might be suspects.

d. Combatting Russian Agents

(1) Conditions of Security

German measures to track down Russian agents in the German dominated territory suffered from the ever increasing deterioration of military security. From the beginning German leaders had recognized the development of partisan bands and changed their minds when it became clear that the partisan units possessed not only considerable fighting value but also dominated the major part of the German-controlled hinterland.

These conditions were exploited by the Soviet Intelligence Service which launched its agents out of partisan-held areas. The German forces were by far too weak to undertake large-scale operations in the interior and the several security divisions garrisoned throughout the interior were not numerous enough or sufficiently equipped to force German agents out. It was therefore quite common for the German Intelligence Service to hide the location of agents or agent groups in partisan country and to intercept heavy radio traffic without being able to intercept the messages.

(a) Heeres-Gruppe Nord & Mitte

Approximately three-quarters of the German-occupied territory in the North and Mitte from the Baltic to the Northern Ukraine were constantly endangered or constantly endangered by their hands since the summer of 1942. The immediate fighting zone (an area of 10,000 square kilometers) could be considered partisan-free. In the German-occupied territory, domination was limited to narrow roads and small settlements which were continually defended from partisan interference. Only points securely held by the Germans were garrisons were maintained. It was especially in the North and Mitte intelligence activities were directed.

(b) Heeres-Gruppe Sud

Conditions differed in the area of the South. In the South, where existed the anti-Bolshevik sympathies of the population, to a certain extent, the Germans had no partisan trouble. However, towards the end of the war, Ukrainian partisan bands began to form in the South.

16. (Continued)

ultimately dominated all operations in the Baltic region. The German command bonds had their beginning at approximately the same time in the Baltic and Lithuania. Toward summer 1944, only Estonia and Lithuania were free from partisans.

(2) German CE Measures

(a) The Card Index

Personality information on Russian agents was maintained in PAKs and Leit-Stellen. The latter maintained a copy of each card in a central card index. The card index of P/Staff maintained the names of 20,000 trained Russian agents.

Sources agreed that the card index, for a number of reasons, was only in a minimum of cases. Recognized agents would not appear again, certainly not under the same name or alias. Also, 20,000 cards for the Eastern front was not very significant in the face of a commitment of approximately 10,000 agents every three months. The card index, however, would forward pertinent information from the records to L/Stelle. As this material had to be checked and reported, the procedure was generally considered a nuisance rather than a help.

(b) Education of Troops

Occupation troops were enlisted to the largest possible extent in the search for Soviet agents. For the purpose of alerting troops to the from operations of the Soviet Intelligence Service, (SIS) were issued shod Hinweise (pointers) for the whole Eastern front. These included accounts of recent espionage cases and pointed out ways in which the soldier could recognize a Soviet agent. The material was presented in an interesting manner. German mistakes were exposed in a most interesting manner. This orientation contributed considerably to the increased degree of suspicion toward strangers.

At the Abwehrungen, held two to four times a week, the Abwehr and GFP officials of Heeres Gruppen were instructed in the correct methods and intentions. Informants do not even attend these meetings.

(c) CE Supervision of German Agencies

When a PAK II unit was conscripted, it was required to organize itself thoroughly with local conditions and to maintain close contact with German military establishments, especially those employing Russian civilians. The use of Hilfswillige (Hiwis) in German agencies was a result of the use of identity document control had disclosed the widespread use of these agencies as "legal" cover for the activities of German civilians. Military District Stellen were required to bring the agencies into their spheres by threats.

PAK III realized that the only effective way to control these agencies was to place its own agents in vulnerable positions. This approach proved highly successful.

16. (Continued)

(d) - Signal CE work

In view of the difficulties encountered in dealing with partisan-held areas, supervision of the increasing importance of Nachrichten Aufklärung, which was the concern of Funk Abwehr. Military signals was dealt with by I/der Nachrichten Aufklärung (the northern sector of the Russian front). Traffic on the Russian lines into partisan-held territory was handled by Nachrichten Aufklärung 6 at MINSK for the whole Eastern Front. To Chief Heeres Nachrichten Nachrichten III (Fahrt's Nachrichten Nachrichten III)

Nachrichten Aufklärung

Most successful in monitoring and decoding was Nachrichten Aufklärung 6, who furnished FAK III daily with decoded part of the W/T traffic between partisan and NKGB stations. This traffic remained a secret to the Germans after autumn 1943. Typical intercepted messages which I/Stelle III Out decoded and FATs for counter-measures.

"To NKGB detachment NIKITIN. Observe traffic along roads, especially tank traffic. Your work has recently deteriorated. Your agents should be better organized and supervised." MAKAROV.

"To ZENTRIM. We have discovered that Ivan GEASHOV and Andrey DREYEV, placed in the POLOSK city administration, are German double agents. On 4 July we shall send a group led by Comrade IVANOV to liquidate them." NIKITIN.

Funk Abwehr

Funk Abwehr, whose task it was to monitor the traffic between agents with their home stations, was less successful in decoding. This was primarily used by agents as a coding base and according to this code remained unbroken. Funk Abwehr's main function was to determine the location of agents' W/T stations by direction finding. This had no value if the agent's station was set up in a German-occupied or German-garrisoned town, could the agent be apprehended.

(e) General Control Measures

Other measures used by FAK III to control traffic control, surfees coordinated with house searches and unannounced checks on German occupational agencies, employees and visitors, their desks, belongings, papers, etc. These controls, however, proved inadequate since agents could obtain unlimited validity. Even limiting the validity of documents, the Soviet services ample time to equip their agents with the required papers.

The Germans then started to copy a Soviet secret mark on identity documents. This would consist, for example, in front of the signing official's name, one would have to write since such complicated measures were difficult to perform in areas, the secret mark procedure was adopted only in the most endangered areas.

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16. (Continued)

Local residents, apart from their identity documents, work pass or a certificate from the employment office, were not working. These papers were stamped daily, and checked as frequently as practicable. Persons found without papers were under close scrutiny.

The introduction of the photo in every German soldier's kit on the Eastern front as a CE measure. The Russians had been using such photos of dead or captured soldiers to equip their agents with a means of identification. The new German regulation did not, however, prevent the Russians from substituting photographs.

e. Interrogation

(1) Purpose

Interrogations conducted by FAK III units had a clear purpose. The obvious aim was to secure as much information as possible from the captured fellow agents. However, the Soviet system of mass commitment made it impossible to attempt a roundup of all agents; therefore, the most important aim of interrogation to ascertain the scope and interests of Soviet agents in order to obtain a general view of operative intentions of the Soviet Intelligence Service.

(2) Methods

Sources revealed that they were greatly handicapped by an explicit order from Adm CANARIS forbidding physical pressure as an aid in interrogation. They explained that Russians generally fear pain but not death, so the "schaefer Methode" would probably have led to easier successes. Although several severe court-martial sentences were administered for mistreatment of agents under interrogation, sources admitted that employed Russian agents often mistreated their compatriots from the Bolshevik camp. On many occasions, these Russian anti-Communists working for FAK III were given a "choice" between being captured agents before turning them over to German CE authorities. Methods of feigned kindness and persuasion thus became doubly effective.

One method of "breaking" a man was through an all-night interrogation until fatigue would cause the agent to reveal the desired information. Another popular method was that of political persuasion and threats. Agents from the anti-Communist camp on an "idealistic" basis would be offered a "choice" if they doubled back, and likely candidates received the "choice" of a "rest" period.

In the experience of the sources the use of electronic devices was a factory as monitoring devices and in the field. The German CE agents resisted the temptation to confide in the "choice" of a "rest" period. Monitoring devices were available to FAK III units for application to the nearest signal depot.

FAK III units had orders to deliver captured agents to the SD after interrogation. It was therefore difficult to promise a "choice" of a "rest" period to talk. In a few special cases the FAK could send agents to the Traeger Lager (special camps for persons who know important secrets) and bring him over to the SD. Soviet agents who, upon capture, were turned over to German CE authorities were also sent to a Generali's Lager. There were three on the Eastern front. The German "choice" was the "frustrated agent-deserter" - the man who was caught in the act of trying to surrender. If his information checked, he was able to return to the

16. (Continued)

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(3) Briefs

Information to be gained from FAK III interrogations included the dispatcher, route of commitment, mission and target, manner of reporting, and the extent to which the mission had been fulfilled at the time of capture.

Briefs for all Leit Stellen were issued regularly by 48 West and Fremde Heere Ost. On the basis of their intelligence requirements, the Leit Stellen worked out their own questionnaires. Those issued by 48 West and FHO III Ost usually concerned the agent, his mission and general information. Data sought about the agent and his mission included the agent's military history, how he was recruited into the Soviet Intelligence Service, training site, instructors at his school, fellow students (including eyes blue information), details of the curriculum, which section of the SIS operated the school, dispatcher, mission, manner of reporting, members of the group, and equipment.

General information included any knowledge about artillery, tank, plane commitments, locations of airfields, troop concentrations and movements, morale of the Red Army and the civilian population, preparations for gas warfare, state of food supplies for Red Army and civilians, knowledge of possible new weapons, and commitment of NKVD blocking units (employed to prevent regular Red Army units from retreating). Industrial intelligence was also collected whenever available but was not greatly stressed by the FAKs.

Special questionnaires were employed in the interrogation of W/T personnel. Experts from the nearest unit of Nachrichten Aufklärung Group were consulted in these interrogations.

(It is evident that questions under general information needed for the CE task of the FAK III units. All positive intelligence obtained in this manner was immediately transmitted to the I unit concerned.)

Sources stated that when information from agents was incomplete, conclusions could often be drawn from certain habits. Sources mentioned that they formed in equipping their agents. For instance, the I unit that had equipped his agents with the Kamala W/T set, and a certain agent had always forged his agents' identity documents on the same stamp and datur.

(4) Reports

Originally no special form was required for the reports written by the FAK III units, but this method resulted in incomplete and unessential information. An order was given to arrange the material in the following manner: The report was to be preceded by a preamble in which the essential data was to be given in a three- or four-sentence summary. Then followed the personalities involved - group members, dispatcher, instructors, co-students, etc. A presentation of the facts of the case came next, with measures taken and evaluation concluding the report.

- 9 -  
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CI-CIR/16

(g) Training

Intensive training was needed to fit a double agent for his individual commitment. If at all possible, he was never allowed to have contacts with other agents or his German dispatching organization. Without giving him any hints regarding the German agency responsible for the mission, the instructor discussed all details with the agent, taking advantage of the agent's knowledge of local conditions in the area in which he was to operate. The cover story was rehearsed and committed to memory. To lend the training some realism, the dispatcher often assumed the role of a Russian commissar to test the agent's steadfastness under interrogation and protect him against later surprises.

(e) Examples of Successful Operations

As a typical example of the use of GV Spiele in operations against the Russians, sources cited a deception resorted to by the Germans when they were forced to evacuate large numbers of troops encircled in the DEBYANSK area early in 1943. Fake orders were to make Soviet intelligence believe that the Germans were sending reinforcements into DEBYANSK in preparation for offensive action. Since a narrow supply corridor existed, the orders sounded quite plausible. A number of agents were turned and sent to the Red Army with the story that they had observed considerable troop movements into the encircled area. In addition, agents were placed in the prisons where they spread the same story. Soon afterwards, the prisoners were given a chance to escape. Sources say that this deceptive maneuver succeeded, and that the Russians hesitated in pressing the area, which was evacuated with few losses.

As an example of the use of GV Spiele in the rear areas, sources offered the following: In Summer 1943 two Soviet agents were caught in Northern Estonia. Interrogation disclosed information that led to the liquidation of the whole group with which they were committed. At the same time it was learned that a second group was to be dropped from the same plane in an area about 300 km away. One of the captured agents was successfully converted to the German side, and after a short time was led to the edge of the second group's area. In ragged condition and without adequate clothing and money, he sought admission to this group as the last survivor of his own group, from which he said he escaped after the others had been annihilated in a fire fight. He gained the confidence of the group leader and reported regularly on the group's activities until the Germans decided to liquidate it too.

(3) Funk GV Spiele

Eastern FAK III personnel had much success with their W/T play-back methods. It was faster than GV Spiele and a better means of enemy deception and of gaining knowledge of enemy operational intentions.

(a) Definition and Purposes

A Funk GV Spiel is the contacting of the enemy with the aid of turned enemy W/T agents and in accordance with their missions. Its purposes are to open a channel for enemy deception, to gain knowledge of enemy intention by obtaining new missions from the opponent, to gain con-

- 11 -

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16. (Continued)

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CI-CIR/16

tact with operating resident agencies, to prevent, if so desired, the commitment of other agents in the same area, or to induce the opponent to commit further agent personnel and supplies where they could most easily be captured.

(b) Prerequisites and Procedure

The same personal qualifications of the converted agent were required for a Funk GV Spiel as for a GV Spiel. In addition, the following practical rules had to be strictly observed:

1. The Russians usually fixed a very brief time limit in which the agent, after having been dropped, was to transmit his first procedure call. He then informed his home station that he had landed safely and was taking up contact on the basis of his ciphers. If this time limit for the first message was exceeded, the Russians invariably assumed that the agent was operating under restraint.
2. The same rule applied if the Germans intervened while regular contact between the agent and his home station was in progress. The proper timing between the last genuine and the first German-inspired message had to be observed.
3. The agent, while transmitting his first procedure call, had to be prevented from giving his prearranged warning signal. This could consist of a period at a certain point in the message, a certain type of phrasing, or some way of tapping his message which would warn the home station that he was operating under restraint.
4. The agent's personalized manner and speed of transmission was always well-known to his home station. All messages, therefore, had to be tapped out by the agent himself.
5. If it was the agent's mission to take up contact from a forest area, he could not be placed in the vicinity of power or telephone lines which might disturb the connection.
6. A possible direction-finder check by the Russians on the agent was taken into account. The turned agent therefore had to be placed in the vicinity of his original target.
7. Coding and decoding had to be performed by German personnel and all ciphers had to remain in their possession. The agent could participate in the phrasing of the message to insure that it corresponded to his mission and his own type of wording.

- 12 -

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8. The agent had to be under constant surveillance during W/T contact by a German operator, who would immediately take over incoming messages for decoding.

(c) Consequences of Faulty Security

Informants offered the following instance as proof of the absolute necessity of strict adherence to the aforementioned security rules. FAT 311, then under the leadership of O/Lt DABEL, conducted a Funk GV Spiel in Spring 1943 in the KALININ area. Deceptive tactics were used and the Russians had been induced to drop an agent to replace another agent who, unknown to the Russians, had been converted to the German side. The new man was immediately captured and allowed to meet the W/T double agent. The latter, who had so far operated reliably, was now persuaded by the newly-captured man to participate in a plot to kill the Trupp leader and several other personnel, capture secret documents and return to the Red Army. It became the double agent's job to inform the Russian home station of the plan. Contrary to good procedure, he had access to the ciphers and in the course of the Spiel substituted his own coded message for a tactical deception message the Germans had given him. The plot never materialized as it was accidentally discovered by DABEL (who was later killed), but the Funk GV Spiel was also spoiled.

(d) Conducting the Spiel

No special HQ authority was required for PAK III units to start a Funk GV Spiel. To obtain such authority would have delayed the all-important initial procedure calls. First messages had to be non-tactical, giving the impression that the agent had not as yet had an opportunity to approach his target. Meanwhile, the response of the home station was carefully observed. If it hesitated to send tactical messages, the Germans assumed that the Russians had recognized the deception attempt.

Starting with the first German tactical message the Funk Spiel was subject to HQ authority. All Spiel material was released by the Chief of Staff of the Heeres Gruppe and contained a mixture of truth and deception in order to strengthen the home station's impression that its agent was working successfully. The element of truth was important because the Russians had ways of checking their agents against each other. It also prevented the Russians from getting intelligence by reversing false information in the messages if they recognized the German game.

The only certain way of knowing that the Russians were not suspicious of the German-conducted traffic with the converted W/T agent was to induce them to drop further personnel and supplies. A less certain measure of success were Russian messages containing congratulations and decorations for the W/T agent and his group. However, the Germans always had to be on the alert against surprises. For instance, in July 1944 FAT 326 conducted a Funk Spiel in the area of Heeres Gruppe Nord in the course of which the Russians were successfully induced to drop supplies. After some time, further supplies were requested by the double agent and promised by the Russians. The load was dropped according to plan, but when it was opened it exploded, killing or injuring several Trupp members.

- 13 -

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16. (Continued)

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It was a mistake to hurry the Russians into resupplying their agent groups, dropping reinforcements, or revealing contact addresses of resident agents. The Russians often became suspicious on the basis of such requests and broke off contact. Special light signals were arranged for the dropping of agents and supplies. When personnel were involved, the Germans had to take strict precautions so that none of the group could escape capture and reveal the plot to the home station. Moreover, the Russians developed the habit of having other agents check on supply and personnel drops and even of assigning the same targets and missions independently to separate agent groups.

Sources claim that an average of ten to twelve Funk GV Spiele, extending over an average period of three to six months each, were conducted monthly over the whole Eastern front. They do not credit great significance to this figure, however, since several of the Spiele were undoubtedly played by the Russians and not the Germans.

(e) Examples of Successful Operations

As examples of their success with F/T deception methods, sources offered the following:

FAT 326 conducted a Funk Spiel in Autumn 1943 with the partisan Central Staff in the course of which the Russians dropped eight agent groups in addition to considerable amounts of supplies. Out of 35 agents dropped in this manner upon German request 34 were captured. The Spiel lasted eight months.

In the Spring of 1944 the FAT 326 radio liaison officer at Heeres Gruppe Nord started a Funk Spiel with the FO of the Baltic Fleet. It was the FO's intention to obtain information on German traffic in REVAL harbor, and the Russians committed two independent agent groups for the mission. Both were secured by the Germans, and the Funk Spiel was conducted in such a manner as to make the Russians believe that they were working independently and successfully. While this Spiel was in progress, the first abortive peace negotiations took place between Finland and the USSR. When they failed, the Russians started a surprise offensive on the Finnish front, making necessary the shipment of German reinforcements there. These German troops were shipped via REVAL, and thus information on movements in that area became of increasing importance to the Russians. By means of the Spiel the Germans succeeded, according to sources, in deceiving Russian intelligence for a considerable period of time.

The most successful operation, however, was a Funk Spiel developed by Ast CRACOV. It began in the WARSZAWA area in Summer 1943 and lasted for more than a year. In the course of the Spiel the Russians were induced to drop approximately 50 two-man (or woman) agent teams, all of which the Germans captured without difficulty. Sources stated that the Spiel enabled the Germans to recognize Russian operative intentions in the Polish Czech and Upper Silesian areas for a whole year.

- 14 -

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g. Exploitation and Evaluation of Intelligence Material

(1) Function at Leit Stelle Level

That German Front Aufklaerung III services did not confine their activities to the purely police activity of searching out enemy agents is the main basis for the claim made by sources to distinction from the SD. GAENZER, whose whole Abwehr history was connected with Auswertung (exploitation and evaluation), said that this actually was the main function of Front Aufklaerung III, that closest coordination with the Io's was therefore imperative, and that the whole RSMA vs Front Aufklaerung tussle has to be seen in this light.

L/Stelle III Ost conducted Auswertung for the Eastern Front. It collected the reports from PAKs and FAKs subordinated to it and disseminated its digests of the big picture to higher staffs, especially Fremde Heere Ost.

(2) Types of Material

L/Stelle III Ost performed Auswertung on the following types of material:

(a) Card Index of Agents

(See para 2d(2)(a) this report).

(b) Enemy Intelligence OB Card Index and Map

The card index contained all known details about enemy intelligence units, sub-agencies, personnel, HQs, OKR Smersh, training schools, personal data on some 12,000 members of these organizations, and enemy military personnel, excluding agents. The map showed the enemy situation, location and type of intelligence agencies, training schools and agent's camps. These various points on the map were indicated by a number which referred to the card index.

(c) Special Reports and Hinweise

Reports of interest to special German agencies were published at the Leit Stelle. As examples, sources mentioned reports concerning the effect of German propaganda, the character of Soviet propaganda, political developments in occupied territory, church developments in the USSR, industrial data, and new equipment of sabotage groups, such as the portable printing press or the K/T set carried in a gas mask canister. (For Hinweise, see para 2d (2)(b) this report).

(d) Enemy Target Reports and Map

The compiled enemy target reports were submitted every ten days to the Io of the Eastern Theater of War, Feind Ziel Karten (enemy target maps) showing commitments of enemy agents, their dispatchers, targets and channels of communication accompanied the reports. To compile this material, the Leit Stelle received not only the reports from its own subordinate units but also from the rear area lists such as Ostland, KOENIGSBERG, POSEN (PZNAW), and CRACOW, as well as the RSMA-controlled CE agencies.

- 15 -

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(e) Main Effort Maps

The Schwer Punkt Karte (main effort map) showed on a monthly basis what the Feind Ziel Karte demonstrated every ten days. Tactical symbols on these maps illustrated graphically the mass of committed agents during the month, their routes of commitment, targets, and types of missions. The Germans knew from experience that the Russians invariably increased their commitments of agents in areas selected for future operations. In using the Schwer Punkt Karte the Ic had to take into account that not all agents were caught and that deception by the enemy was possible. However, according to sources, enemy intentions as recognized from these maps were usually proven accurate.

(f) Ic Daily Reports

Daily reports on important events were submitted to the Ic, implemented by bi-weekly conferences in which enemy intentions and possible deception were given primary attention.

(g) Partisan Situation and Map

The close connection between partisan movements and intelligence gathering made it necessary for the FAK III services to perform duties--such as partisan OR and armament--which were normally considered I (espionage) work in the German setup. GAENZER stated that intelligence on partisan developments was of great importance but was consistently ignored by the high strategists. Reports on the partisan situation, illustrated by maps showing partisan-dominated and endangered territory, remained academic as the German leadership never committed adequate security forces to combat the partisans effectively.

(h) Training Material

Systematic intelligence training was not conducted for FAK III personnel in the East until 1943. The L/Stelle then began to supply training material on the enemy intelligence services which was used as the basis for courses held periodically by the L/Stelle for old and new personnel. A counter-espionage school dealing with all enemy intelligence services was in the planning stage in February 1945 and was to be operated by Chef Front.Aufklaerung.

Courses prepared for presentation by the L/Stelle primarily covered interrogation technique, report writing, GV and Funk GV Spiele, and original reports of incidents and interrogations concerning the Soviet Intelligence Service, its working methods, agent nets and commitments. The course, taught by specialists in the fields mentioned, lasted an average of three weeks.

(i) Enemy Documents

All captured documents were routed through the enemy documents section at L/Stelle III Ost, which in turn distributed the material to the interested agencies. Only material concerning the Soviet Intelligence Service was retained. This section practically closed down in 1944 for lack of material with which to work.

- 16 -

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(j) Statistics and Monthly Reports

Monthly statistics indicated the degree of Soviet Intelligence Service activity and gave concise information on enemy intelligence targets, types of missions (as espionage, sabotage, insurrection, deception, mixed missions), and the dispatching agencies. Agents were classified by sex, age occupation, party membership, and manner of recruitment. The statistics aimed at showing proportional successes of the Soviet Intelligence Service and the German CE Services. Routes of commitment (line-crossing, parachutes, submarines) were distinguished and individual FAKs and FATs were represented by success curves on captured and recognized agents.

The monthly reports implemented the statistics and added a tactical evaluation of the intelligence situation on both sides to complete the large picture. The IC, however, was cautioned not to value these comprehensive reports too highly as the statistics were subject to errors and incompleteness and the reports dealt with the past month's activities only.

4. CONCLUSIONS

None.

5. COMMENTS AND RECOMMENDATIONS

None.

WJ:HCB/hb

For the Commanding Officer

*George Wenzel*  
GEORGE WENZEL  
1st Lt AUS  
Chief, CI Section

31 May 46  
Distribution "D" plus CI War Room and "C of S, G-2  
Attn CI, US Forces, European Theater

- 17 -

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17. Headquarters, USFET, MISC, Lt. Col. John R. Deane, Jr., to Assistant Chief of Staff, G-2, USFET, "Plan for the Inclusion of the Bolero Group in Operation Rusty,"  
2 July 1946

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HEADQUARTERS  
UNITED STATES FORCES EUROPEAN THEATER  
MILITARY INTELLIGENCE SERVICE CENTER  
APO 757

2 July 1946

SUBJECT: Plan for the Inclusion of the Bolero Group in  
Operation Rusty.

TO : AG of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

I. GENERAL

The Bolero Group which has been exploited since August 1945 by the War Department, MIS, Russian O/B Section will arrive in this Theater on or about the 15th of July 1946.

It is proposed to include the main part of this group in Operation Rusty to increase the efficiency and value of the work carried on at the present time at the Blue House.

Arrangements have been made by Col Wentworth to have this group picked up at the port of arrival and brought to the airport at Eschborn.

II. RECOMMENDATIONS

To insure the most efficient merging of the Bolero Group with Operation Rusty the following points are Recommended.

1. Conference at the Eschborn Airfield

A conference will be held upon arrival at the airfield by Capt Waldman with Gehlen, Berndt (Hermann) and Wessel (former assistant to Gehlen) for the purpose of determining who of the Bolero Group will be excluded from the work at the Blue House. It is believed that the disposition of the members of the Bolero Group will be as follows:

Gehlen, Hiemenz, Hinrichs and Schoeller to be moved to the Blue House.

Stephanus, Herre, and Fuener to be moved to MIS Center.

Von Luetgendorf to be brought to a camp to be discharged. Procedure and location depending upon decision of G-1. (Von Luetgendorf was a General Staff officer, but is an Austrian citizen)

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2. Disposition of the Group Coming to the Blue House

That part of the Bolero Group which will come to the Blue House should be discharged as soon as possible under assumed names by one of the mobile discharge teams. These men should be provided with German identification papers made out with their new names.

3. Disposition of the Group to be Brought to MIS Center

These men are to be brought to MIS Center for the purpose of having a conference there with Berndt (Hermann) and Capt Waldman because Berndt is planning to include them in his organization in the field. If these men agree to work in Berndt's organization they must be discharged by a mobile discharge team and given German identification papers and new names.

4. Disposition of Von Luetgendorf

He should be discharged at any PW camp and returned to Austria (Graz) because his services are not longer needed with the Bolero Group.

5. Families to be Quartered at the Blue House Enclosure

The families to be brought to the Blue House will be notified by Capt Waldman a few days in advance of their transfer to the Blue House enclosure. The families will be transported by U.S. Army vehicles to the Blue House. Mrs Schoeller who lives at present in Switzerland will require special arrangements which can be made after the arrival of Mr Schoeller.

Rations will be supplied by MISC and the cooking will be done by the families in the quarters in the Blue House enclosure.

6. The Organization of Work at the Blue House

a. It is recommended that the part of the Bolero Group to be kept at the Blue House be identified as the Intelligence Group. It will consist of:

(1) Gehlen, who will be in charge of the Intelligence Group and who will be responsible for the coordination of the efforts of this group with those of the Information Group outlined below.

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(2) Wessel, assistant to Gehlen.

(3) Niemenz, Order of Battle, maps, and O/B files and personality files.

(4) Hinrichs, evaluation of economic and political reports, expert on Soviet intelligence and counter-intelligence organizations and methods.

(5) Schoeller, evaluation of military reports.

(6) Three additional men to be supplied by Berndt's organization as translators, typists and for American and English press evaluation.

b. It is recommended that the Berndt Group be known as the Information Group. It will consist of the following:

(1) Berndt, in charge of Information Group.

(2) Staff members. (4)

(3) Agents.

(4) Radio monitors. (15)

(5) Soviet press evaluators. (1)

(6) Clerical help and assistants. (1)

c. US personnel in control of Operation Rusty under the direction of Brig Gen SIBERT:

(1) Officer in Charge: Col PHILP.

(2) Operations Officer: Lt Col DEANE.

(3) Asst Operations Officer: Capt WALDMAN.

(4) Asst Operations personnel and clerks: Cpl Harder and Cpl Kuksatel.

(5) Secretary and typist: Mrs Waldman.

(6) Translators and typists (two).

7. Working Procedure and Reporting Channels.

It is recommended that in addition to the present intelligence reports which are forwarded to the Intelligence Branch, G-2 Division, USFET, one copy of the intelligence reports be forwarded to the Intelligence Group at the Blue House  
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for evaluation and coordination with other available material. The results of this evaluation by the Intelligence Group by Capt Waldman are then to be forwarded to the Intelligence Branch, G-2, Division, USFET, as a new series of reports to be identified as Evaluation Reports. It is believed that the Evaluation Reports will be of great value to the G-2 Division in that they will furnish the closest thing to finished intelligence that can be obtained from sources other than U.S.

It will be necessary to furnish the Intelligence Group with essential background material, part of which is contained in the documents of the Bolero Group which are at present at 10 Box 1142, Washington, D.C. These documents consist of the material which the Bolero Group brought to the US plus other material formerly of Fremde Heere Ost (Foreign Armies East) which came to the US via official documents channels. The latter are therefore joint US and British property. These documents, however, were all for some time in London and therefore the British War Office already had sufficient opportunity to make photostatic copies if they so desired. These documents consist of about 82 cases of O/B files, very complete Soviet military personality files, organization charts, numerous publications of Foreign Armies East covering most aspects of Soviet military activities, and very important historical background material on the USSR.

It was recommended in Washington by Lt Col Shimkin, Chief of the Russian O/B Section, to request these documents through the highest echelon of command to avoid delay in transmitting these documents back to the Theater.

In addition to the newspapers and magazines available at the present time it is recommended that the Intelligence Group be furnished with intelligence material available to us from other sources, such as the weekly Soviet Military Roundup prepared by MIS War Department, the daily Foreign Radio Broadcast Reports published by MIS War Department and the SIS prepared by the Intelligence Branch, USFET G-2 Division. It should be noted that the Bolero Group during its stay in the US received the material from the Soviet Military Roundup and also received copies of the O/B material which was transmitted over the teletype from the Intelligence Branch, USFET G-2 Division to the Russian O/B Section, MIS, War Department.

#### 8. Additional Security Measures

Additional security measures will be arranged to insure complete security for the operation. These measures will include (a) the closing off of the Blue House area from Alaska, (b) the family members of the Intelligence Group will not be allowed to leave the area and (c) certain contacts, which were made until now in this area, will be transferred to Heidelberg, Munich and Bremen.

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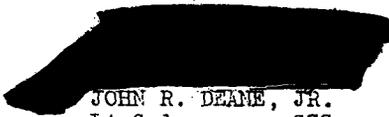
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9. Recommended Monthly Paytable for Intelligence Group

Name	Base Pay (in RM)	Allowance for wife (RM 100.-)	Allowance for children (RM 50.- per child)	Total (in RM)
Gehlen	600.-	100.-	200.-	900.-
Wessel	500.-	100.-	50.-	650.-
Schoeller	400.-	100.-	-	500.-
Hiemenz	400.-	100.-	-	500.-
Hinrichs	400.-	100.-	50.-	550.-
Herre	400.-	100.-	200.-	700.- <u>800.-</u>

FOR THE COMMANDING OFFICER:



JOHN R. DEANE, JR.  
Lt Col GSC  
Operations Officer

OK.  
SPLA.

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- 18. Lewis to Chief, Foreign Branch M (FBM), "Operation KEYSTONE," 9 September 1946, enclosing Lewis to Brigadier General Sibert, G-2, 6 September 1946

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STRATEGIC SERVICES UNIT, WAR DEPARTMENT  
MISSION TO GERMANY  
U. S. Forces, European Theater  
APO 757

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 [REDACTED] ← L-009-909  
 [REDACTED] ← SSU 4980

SECRET/RELEASE 9 September 1946  
TO GERMANY ONLY

SUBJECT: Operation KEYSTONE  
 To : Chief, Foreign Branch M  
 Strategic Services Unit, WD  
 Washington 25, D. C.

Intelligence Germany  
 x Keystone  
 x Fremde Heer West  
 x S/o Sibert

1. Attached is a copy of our letter to General Sibert, subject of our paragraph 2 Cable [REDACTED]. *Heid 1518*
2. As General Sibert desires to discuss this with you and others in Washington, we are taking no further action until instructions arrive.

[REDACTED]  
 CROSBY LEWIS  
 Chief of Mission

CL:HM

Attach 1

*copy #2 of cover letter w/d + destroyed 22 Aug 50*

CENTRAL INTELLIGENCE AGENCY	
CLASSIFICATION	[REDACTED]
Cancelled	[REDACTED]
Changed to	[REDACTED]
BY AUTHORITY	[REDACTED]
No. [REDACTED]	[REDACTED]
Origin [REDACTED]	[REDACTED]
Date: 1947	[REDACTED]

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STRATEGIC SERVICES UNIT, WAR DEPARTMENT  
MISSION TO GERMANY  
U. S. Forces, European Theater  
APO 757

**SECRET/RELEASE  
TO GERMANY ONLY**

6 September 1946

**TOP SECRET**

*Shewan to Gen  
Sibert by Mr.  
Lewis 6 Sept.*

SUBJECT: Operation KEYSTONE

TO : Brigadier General Sibert, ONLY  
A. C. of S., G-2 Division  
USFET, APO 757

1. SSU, WD, Mission to Germany, is prepared to take over complete responsibility for the direction of the operation in which personnel of the FREMDE HEERE OST now held at the MIS Interrogation Center at Oberursel are involved subject to the following conditions:

a. That the three officers referred to as "handlers" by you and also Lieut. Colonel John Dean, who, it is understood, has been Operations Officer for you, be made available for use in the operation at least in the initial stages. They should be placed on orders attaching them to this Mission for a period of 90 days.

b. That the Commanding Officer, MIS Center, Oberursel, be notified of SSU responsibility for the non-American personnel involved (subject to the standing orders and procedures of the Center) and that he be requested to provide all normal facilities for interrogation.

c. That any other officers at USFET who have knowledge of this operation on the General Staff or Special Staff Section level or above likewise be informed that SSU is taking over the operation.

d. That all documents available at Oberursel and in the Office of the A. C. of S., G-2, USFET, concerning any member of this group, all reports that emanated from previous operations using this group, and all operational correspondence originated by your office or by your designated officers in charge of the operation be turned over to the Chief of Mission, SSU, WD, Mission to Germany, for study. Such of these documents as should be returned to G-2 or Oberursel can be returned after reproduction at Headquarters, SSU.

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General Sibert - 23 - 16 September 1946

2. If these conditions are fulfilled, SSU will:
  - a. Place the operation under direct control of the Chief, Intelligence Branch, SSU, WD, Mission to Germany, (Lieut. Colonel Gordon Stewart) and appoint Dr. Dana Durand or an equally qualified person as Operations Officer.
  - b. Recruit other personnel as the operation develops.
  - c. Study all available documents and supervise detailed CE interrogation of all individuals concerned now at Oberursel in order to establish accurately the background in intelligence work of these individuals, to obtain a complete picture of war-time operations of FREMDE HEERE OST, including names and personal data of the members of their agent nets for preliminary security vetting.
  - d. On the basis of a comprehensive analysis resulting from the above investigations, recommendations will be made to the Director, SSU, WD, Washington, as to the type and scope of operation that can be mounted and controlled using these individuals.

GROSBY LEWIS  
Chief of Mission

CL:HM

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19. Maj. Gen. W.A. Burress, G-2, to Lt. Gen. Hoyt S. Vandenberg, Director of Central Intelligence, "Operation RUSTY—Use of the Eastern Branch of the Former German Intelligence Service," with attachments, 1 October 1946

REVIEWED: 05 May 49  
DOWNGRADED TO: S  
REVIEWER:    
CL REASON: 1.5c  
DECL ON: 05 May 19  
DRV FROM: Gov 4-82

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HEADQUARTERS  
U. S. FORCES, EUROPEAN THEATER  
Office of the AC of S, G-2  
TO GERMANY ONLY

1 October 1946

SUBJECT: Operation RUSTY - Use of the Eastern Branch of the former German Intelligence Service.

TO : Lt. Gen. HOYT S. VANDENBERG, CIG, Washington, D.C.

I. DISCUSSION

1. The key personnel of the Abteilung Fremde Heere Ost des Generalstabes des Heeres (Division Foreign Armies East of the General Staff of the German Army) and the organization under their control have been used since January 1946, under the direction of G-2, USFET, in an intelligence operation against Russia and Russian controlled areas. TAB A contains details on the background and activities of the subject personnel before and after the operation was initiated.

2. The organization, shown in TAB B, consists of two main groups - the Evaluation Group and the Information Group. The former, headed by REINHARD GEHLEN, consists of five men who direct the Information Group to get the information needed to complete the missions assigned by G-2, USFET. The Information Group, headed by HERMANN BAUN, prepares the missions for its information gathering agencies and when the information has been obtained it turns it over to the Evaluation Group. This group evaluates and collates it and G-2, USFET, then receives the information obtained in its original form, the evaluation, and the collation.

3. At present Operation RUSTY covers the Russian Zone of Germany as far as the Oder River as is shown in TAB C. With this area covered by approximately 500 to 600 agents, attention has been turned to the development of strategic intelligence covering Russia, the Balkans, Poland, and the Near East. The possibilities along this line are outlined in TAB D. Although this phase of the operation is in its infancy, already relations have been established with a member of ZHUKOV'S staff and with an associate of MIKOYAN, who is a member of the Politburo.

4. During the period 1 April 1946 - 1 October 1946, the operational costs have been approximately \$130,000 in Allied Marks, \$24,000 in U.S. Currency, and certain amounts of foodstuffs, soap, tobacco, etc. TAB E contains the method of handling the fund and supplies, the breakdown of the figures given in this paragraph, and a discussion of future costs.

5. G-2, USFET considers the organization one of its most prolific and dependable sources as is explained under TAB F. Also under TAB F are examples of information and evaluation produced by

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19. (Continued)

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the organization and an estimate of the situation as of February 1946 which subsequent events have proved very accurate. This estimate was made at Camp 1142 for the War Department by the Evaluation Group. A current estimate by this group is found in TAB G.

6. The problems and difficulties encountered in this operation are covered in TAB H.

**II. ACTION RECOMMENDED**

It is recommended that SSU take over Operation RUSTY and conduct it from the United States. Detailed recommendations on the transfer of the operation from G-2, USFET to SSU are contained in TAB I.



W.A. BURRESS  
Maj. Gen., GSC  
AC of S, G-2

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-2-

19. (Continued)

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TAB A

DETAILS ON THE BACKGROUND AND ACTIVITIES OF THE  
SUBJECT PERSONNEL BEFORE AND AFTER THE OPERATION  
WAS INITIATED

- A. The Organization within the framework of the former German Army.
  - 1. General remarks
  - 2. Chief
  - 3. G-2 Division
  - 4. Secret Intelligence Service
- B. Considerations, Decisions and Measures resulting in the Surrender of the Organization to the US Army.
  - 1. Basic Considerations
  - 2. Decisions and measures
- C. Activities of the Organization from the end of war until September 1946.
  - 1. Activities of the "Evaluation Group"
  - 2. Activities of the "Information Group"

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A. The Organization as it was in the German Army

1. General

The personnel now employed in Operation RUSTY were the key personnel of the "Division Foreign Armies - East" of the General Staff of the German Army. During the war against Russia this Division acted as the G-2 Division and the Secret Intelligence Service of the Army High Command for the German Eastern Front.

The organization of the Division Foreign Armies-East was subject to several changes during the war. See annex # 1 for a chart of organization at the end of the war.

2. Division Chief

Since 1932 the O/C of the Division Foreign Armies-East was Brig. Gen. BERNHARD GEBLER. His main assignments were:

- 1933 - 1935 War College at Berlin. Preparation for General Staff Duties.
- 1940 Aide de Camps to COIB, Gen. HALDER.
- 1940 - 1942 O/C of the "East" Branch in the G-3 Division of the General Staff of the Army.
- 1942 - 1945 O/C of the Division "Foreign Armies-East" of the General Staff of the Army.

His duties as O/C of the Division Foreign Armies-East were to direct the Military Intelligence Service in the East and to coordinate the work of the Secret Intelligence Service by issuing directives to it.

3. The G-2 Division

Names, assignments, and duties of the former members of the G-2 Division:

NAME	RANK	PRINCIPAL ASSIGNMENTS	DUTIES PERFORMED
HEINZ-DENKO HEFFE	Col, GSC	G-2 of an Army Corps in the East. G-3 of an Army Corps in the East. Chief of Branch I of Division Foreign Armies East. Deputy Chief of the Division Foreign Armies East (1943). Chief of staff of the General of the Volunteer Units (1944-1945)	Corps AC of S, G-2 Adviser to chief of staff for operations. Chief of the Enemy Capabilities Branch. Deputy of Gen Gehler. Principal adviser to Gen Koestring for the organization of the Vlassow units.

- 1 -

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19. (Continued)

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NAME	LAST RANK	PRINCIPAL ASSIGNMENTS	DUTIES PERFORMED
STEFAN WESSEL	Lt Col, GSC	G-2 of an Army Corps in the East (1941) Section Chief in Enemy Capabilities Branch of Division Foreign Armies East (1942) Chief of branch I Division Foreign Armies East (1943) Deputy Chief of the Division Foreign Armies East (1944) G-2 of an Army Group in the East (beginning of 1945) Deputy Chief of the Division Foreign Armies East (April 1945 until the end of the war)	Corps AC of S, G-2  Estimation of the Capabilities of the enemy for the area of an Army Group.  Chief of the Enemy Capabilities Branch.  Deputy of Gen Gehlen.  AC of S, G-2, and Chief of the Secret Int Sv for the area of an Army Group. Deputy of Gen Gehlen.
FRITZ SCHEIBE	Lt Col, GSC	Chief of branch I Division Foreign Armies East (1944) Deputy Chief of Division Foreign Armies East (beginning of 1945)	Chief of the Enemy Capabilities Branch.  Deputy of Gen Gehlen.
ALBERT SCHOELLER	Maj, GSC	Deputy Chief of Branch I of the Division Foreign Armies East Chief of Branch I of the Division Foreign Armies East (beginning of 1945)	Deputy of Lt Col Scheibe.  Chief of the Enemy Capabilities Branch.

- 2 -

SECRET/RELEASE  
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NAME	LAST RANK	PRINCIPAL ASSIGNMENTS	DUTIES PERFORMED
HORST HIEMENZ	Maj, GSC	Chief of Branch II of Division Foreign Armies East (1943-1945)	Chief of the branch estimating the entire Russian War potential.
HANS HINRICHS	Maj, GSC	Chief of Branch III of Division Foreign Armies East (1944-1945)	Chief of the branch evaluating combat and tactical principles, organization, etc.
WOLDEMAR HIN- DERLIN	Capt	Section Chief in Division Foreign Armies East (1943 - 1945)	Chief of the section evaluating Russian Newspapers.

4. The Secret Intelligence Service

Names, ranks, and duties of the former members of the Secret Intelligence Service:

NAME	LAST RANK	PRINCIPAL ASSIGNMENTS	DUTIES PERFORMED
HERMANN BAUN	Lt Col	Intelligence officer of an army in the Eastern Front (1917-1918) Chief of a German Secret Intelligence Organization in Russia(1919-1937) Section Chief of Eastern section in the intelligence Branch of the Intelligence Division of the High Command of the Armed Forces (1938 - 1939) Chief of the Secret Intelligence Service directed against Russia (1939 - 1945)	Chief of the Secret Intelligence Service in the area of an army. Chief of Secret Intelligence Organization. In charge of the intelligence service toward the East. Chief of the entire Secret Intelligence Service on the Eastern Front.
HANS LUDWIG VON IOSSOW	Capt	Lt Col Baun's deputy with the Intelligence Division of the High Command of the Armed Forces	Representative of the Secret Intelligence Service with the High Command and Assistant to Lt Col Baun in relation to intelligence in depth.

- 3 -

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19. (Continued)

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NAME	LAST RANK	PRINCIPAL ASSIGNMENTS	DUTIES PERFORMED
ADOLF TIETZE	1st Lt	Section chief with Lt Col Baun (1939 - 1945)	Examination of incoming reports; Distribution of briefs.
FERDINAND BOEDIGHEIMER	Capt	Chief of the Radio Service of the Secret Intelligence Service in the East (1939 - 1945)	Organization and Commitment of Radio Intelligence net and of agents radio net.
SIEGFRIED GRABER	Capt	Section Chief with Lt Col Baun (1944 - 1945)	Chief of administration and supply for the Secret Intelligence Service.
ERICH NOTZNY	Col	Intelligence officer of an Army Group on the Eastern Front; CI officer for the protection of the organizations of the Secret Intelligence Service on the Eastern Front	Directing the Intelligence Service in the area of an Army Group; Protection of the staff of the Secret Intelligence Service.
CARL KUMROW	Maj	Chief of a branch in the Intelligence Division of the High Command of the Armed Forces	Economic camouflage of the Secret Intelligence Service.

For details of the organization of the Secret Intelligence Service regarding combat intelligence and intelligence in depth see Annexes # 2 - 3. Examples of results obtained see Annex # 4.

- 4 -

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B. Deliberations, Decisions, and Measures leading to the  
Surrender of the Organization to the US Army

1. Deliberations

While working together the staff members came to similar conclusions concerning the true character and real intentions of National Socialism and of Communism. Furthermore, the different officers in question came to the same conclusions concerning the effect that the total defeat of Germany would have on the situation of Germany itself, of Europe, and of the world. Thus toward the middle of 1944, Gen GELLEN, Lt.Col BAUN, and Lt Col WESSEL became convinced that :

a. In the future, world politics will be determined exclusively by the US and the USSR.

b. The US will represent the democratic system, based on the individual rights of man, and will have the responsibility of protecting the Western Nations.

The USSR will represent the principle of dictatorship:  
Collectivism against individualism;  
Atheism against religion;  
State economy against private enterprise.

c. A shattered Germany will be between the West and the East in a state of agony. For the next decades Germany will be in no position to become again an independent factor in European politics.

In addition to that, the historical period of national states seems to be over in Europe, and is to be replaced by a union of the European nations on an equal cultural and economic basis. This process of development, however, has not yet taken any visible form.

d. Germany with the loss of the war will also lose the greatest part of her national strength and most of her economic productivity. For these reasons she will not be in a position to fulfill her mission as barrier against the East.

e. Large parts of Central Europe - including Germany - will be overrun by communism.

f. The German people, deprived of their political independence, have to make a decision either for the East or for the West.

The decision for the East would mean a communist Germany combined with gradual loss of her national characteristics to a predominant slavish influence.

The decision for the West would mean the possibility of preserving the remaining basic intellect and strength of the German people and the possibility to become a member of the family of western nations,

- 5 -

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g. Therefore, for every far sighted German who also knows the ultimate Soviet aims only one decision, namely the decision for the West, is possible - without any reservation. This basic decision must be so strong that it will not be influenced by certain minor shortcomings in occupation policy of the Western powers.

The inner decision for the West must necessarily bring the effort from the German side to assist the West in preserving the Western philosophical principles.

2. Decisions and Steps.

On account of the above deliberations Gen GEHLEN made the following decision in late 1944 and informed Lt Col BAUN and Lt Col WESSEL accordingly:

"In case of the surrender of the German army, all steps will be taken to hand over the entire personnel and material of the Division Foreign Armies East to the US Army. Necessary preparations will be made immediately within the limits of the situation and the necessity of secrecy."

During the period from the end of 1944 until the surrender the following measures were taken in view of the authority of the above order:

a. The decision itself was made known, completely or in part, to the officers necessary for its accomplishment: Lt Col SCHEIBE, Majors HIMENZ, SCHOELLER and HINRICHS, Captains GRABER, BODIGHEIMER, VON LOSSOW, HINDERSIN and 1st Lt TIETZE. Col HERRE was also informed of the decision.

b. Orders were issued to transfer the main parts of the Division Foreign Armies East to the area of southern Swabia and southern Bavaria, since the evaluation of the situation and intelligence reports indicated an occupation of these areas by the US Army.

c. Orders were issued to preserve the material gained by the Division Foreign Armies East during the war by burying it in southern Swabia and southern Bavaria.

d. Orders were issued to organize separate distant, camouflaged billets for the key-personnel of the Division in southern Swabia and Bavaria with the intention to avoid the danger of being captured before the key-personnel had had opportunity to come in contact with an authoritative G-2 officer of the US Army.

Once this intended contact with the US Army had been frustrated by the rapidity of developments, Gen GEHLEN decided at the end of May 1945 to report together with the officers with him to the nearest American unit in the hope of being able to contact the appropriate US authorities. Communication with the group under the command of Lt Col BAUN in southern Swabia had been interrupted since the beginning of May 1945. Due to the unexpected occupation of this area by French troops, this group was not able to report to the US Army until 28 July 1945.

- 6 -

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C. Activities of the Organization from the End of the War  
until September 1946

1. Activities of the Evaluation Group

a. Amount of Work done

The Evaluation Group produced:

1945 in Europe	12 projects , totalling 393 pages.
1945/1946 in US	234 projects , totalling 3742 pages.
1946 in Europe	108 projects , evaluation reports, comments, and notes totalling 118 pages.

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Grand Total            354 projects, evaluation  
                                 reports, comments,  
                                 and notes,  
                                 totalling 4253 pages.

b. Kind of work; Titles of the more important subjects.

(1) Five studies dealt with the military and political situation in Europe.

The more important subjects were:

"Russia as a military and political factor in Europe"  
(12 Oct 45)

"The development of Russia's military and political situation since October 1945" (21 Feb 46)

"The General Lines of Russian Politics until 1943"

"Indications of war-political and economic preparations of the USSR" (Broadcast Evaluation of 1 Nov 45 to 10 Feb 46)

(2) 38 studies dealt with Russian OB.

The more important subjects were:

"The regrouping of the Russian Forces after the War"  
(10 Dec 45)

"The NKVD Units in the Caucasus"

"Disposition of Soviet Forces at VE Day"

"Disposition of NKVD Units at VE Day"

"OB of the Russian Forces in the Far East in Summer 1945"  
(Radio Evaluation of September 1945)

12 Press evaluations based on the "Red Star" from May 1945 until March 1946

14 different studies dealing with OB Changes

- 7 -

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- (3) 23 studies dealt with the Intelligence Service directed against Russia.

The more important subjects were:  
"German Intelligence Methods in the East"  
"Intelligence Possibilities in the Caucasus"  
"Present opportunities to gather political and military intelligence in Eastern Europe" (2 Nov 45)  
"Urgent intelligence problems in the East" (18 Mar 46)  
"Red Army Intelligence"  
"Soviet Intelligence and Counter Intelligence"  
"Experiences in the Evaluation of Axis Intelligence directed against Russia"  
"Russian measures to camouflage and conceal movements of infantry and motorized units"

- (4) 3 studies dealt with the strategy and the organization of the High Command.

Subjects:  
"Russian Strategic Capabilities for Operations in Central Europe"  
"The proper Organization of the High Command of the Armed Forces, based on Russian and German War Experiences"  
"The Russian High Command (Army Group and up) and its strategic principles"

- (5) Some of the following studies were delivered as contributions to the "Handbook on the Red Army":

<u>Subject</u>	<u>Number of studies</u>
Estimate of the value of the Soviet Armed Forces	2
Organization of the State, Election Districts and Military Districts, and Manpower Potential	8
Organization of the High Command; Strategic Principles, General Staff, Staffs	10
Mobilization of the Soviet Armed Forces	2
Tactics, Training, Replacement System	8
Organization of the Soviet Armed Forces	13
Appreciation and data on 144 personalities	47
Personal Administration	5
Logistics	3
Weapons and Equipment	6
Propaganda	3
Military Geography	1
Chemical warfare	1
Anti Soviet Tendencies in the Interior; Morale	2
Soviet Airforce	2
Other Subjects	25

- 8 -

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More important subjects among the above:

- "Evaluation of the Efficiency of the Red Army"
- "Factor to which Russian successes are attributed in conditions of snow and winter warfare in general"
- "Desertion from the Soviet Armed Forces"
- "Anti Soviet Partisan Movement in the Interior of the USSR"
- "Best Propaganda Approach to promote Disloyalty in Georgia"
- "Best Propaganda Approach to promote Disloyalty in Siberia (East of Lake Baikal)"
- "Analysis of the Electoral Districts for the Manpower Potential of the Military Districts"
- "Map of the USSR with Oblasts"
- "Soviet Mobilization before the Soviet-German War and Future Trends"
- "The Development of the Organization of the Red Army"
- "Unit Histories" (Fronts and Armies)
- "Semi-military Organizations"
- "Tactics of the Red Army"
- "Tactics in the Finnish War"
- "Soviet Military Schools, Replacement Centers, Training Areas for combined and unit training"
- "Information about the Administration in the Red Army"
- "Effect of terrain and settlement factors in Military Operations on the Eastern Front"
- "Information about troop movement, evacuation system, personnel replacement, and services in the rear"
- "List of Soviet APO Numbers and their corresponding Unit"
- "Evaluation of 2,000 Soviet Identification Papers"
- "The Soviet - Finnish Campaign 1941 - 1944"
- "The drafting of the different age classes in Russia"
- "The German Method of Estimation of Losses"

2. Activities of the Information Group

a. Preparatory Work from September 1945 to March 1946

Communication with the group under the command of Lt Col BAUN, which had been interrupted since the end of the war, could not be established until September 1945. BAUN immediately was transferred from his PW camp to Oberursel and was put into a position to locate the former members of the Secret Intelligence Service and to renew in part the old contacts by personal visits. Thus it was learned that it would be possible to resume at any time the tactical intelligence and counterintelligence work starting from and within the American Zone and Austria. Equally favorable conditions for a resumption of work later were found in the British Zone.

Thereupon three studies were prepared concerning the resumption of the military, political and economic intelligence work. These studies were presented to the American authorities concerned. Furthermore an exhaustive historical survey of the development and work of the German Secret Intelligence Service was finished as well as numerous smaller studies concerning the intelligence service of the USSR.

- 9 -

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b. Work from April 1946 to September 1946

On the basis of these preparations, the actual intelligence activities started in April 1946, although within the most modest limits. The steady development of the information group has laid the foundations for carrying out tactical intelligence in the Central European area. Strategic intelligence, however, remains in an undeveloped stage due to the present great difficulties.

c. Amount of work done

From the middle of April until the middle of September 1946 a total of 513 reports were forwarded to USFET. Of course the total number of reports received by the information group was considerably higher. After sorting and evaluation the number mentioned above remained as suitable for forwarding to USFET.

The following chart lists some of the reports forwarded to USFET:

<u>Contents</u>	<u>Number of reports forwarded to USFET</u>
Strategic Intelligence	7
Identification of units	141
Movements	33
Armored units, movements, etc.	54
Air Force, air fields, etc.	42
Supply, Depots, etc.	22
Traffic, Roads, Bridges, Railways, etc.	42
Manoeuvres	4
German Units	7
Foreign Units (Bulgaria, Poland, etc.)	13
V-Weapons	4

Chart representing the more important reports during the period from 1 August to the middle of September 1946:  
See Annex 5.

- 10 -

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TAB B

ORGANIZATION OF THE HEADQUARTERS

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TAB C

COVERAGE OF THE RUSSIAN OCCUPATION ZONE

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STRATEGIC INTELLIGENCE AND COUNTER INTELLIGENCE POSSIBILITIES

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TAB E

ANNUAL COST OF OPERATION RUSTY

A. Handling of Funds and Supplies.

B. Cost for Period 1 April 1946 - 1 October 1946.

1. Money
2. Foodstuffs
3. Luxury Items
4. Gasoline
5. Miscellaneous

C. Discussion of Future Costs.

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ANNUAL COST OF OPERATION RUSTY

A. Handling of Funds and Supplies.

Each month the various branches of the organization submit requisitions for funds and supplies to be used in the following month's operations. These requisitions are carefully checked by the staff of the Information Group to ascertain whether or not they are justified. In some cases they are cut before a consolidated requisition is submitted to G-2, USFET.

The supplies and funds authorized by G-2 USFET are kept under U.S. control until they are delivered to the heads of the agencies in the field. They are drawn by the agencies as the need for them arises.

Spot checks on the use of funds and supplies are made periodically by U.S. personnel. Inspections to date have shown, as far as it is possible to determine, that the funds and supplies are being used economically and properly.

B. Cost for the Period 1 April 1946 - 1 October 1946.

1. Money.

Month	Allied Marks (Expressed in \$ value)	U.S. Currency
April	\$ 7,159.00	1\$ 2,000
May	2,537.00	-----
June	16,317.70	1,000
July	15,060.70	-----
August	61,694.30	7,000
September	26,235.70	14,100
<b>TOTAL</b>	<b>\$129,004.40</b>	<b>\$24,100</b>

2. Foodstuffs.

Month	Coffee	Flour	Sugar	K-Rations
April	300 lbs	-----	150 lbs	108
May	108 "	200 lbs	150 "	96
June	516 "	1200 "	1440 "	120
July	-----	-----	-----	360
August	300 "	400 "	-----	360
September	600 "	1000 "	560 "	480
<b>TOTAL</b>	<b>1824 lbs</b>	<b>2800 lbs</b>	<b>2300 lbs</b>	<b>1524</b>

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3. Luxury Items.

Month	Cigarettes	GI Soap	Toilet Soap
April	127 cartons	-----	-----
May	150 "	-----	120 bars
June	450 "	100 bars	-----
July	-----	-----	-----
August	445 "	132 "	208 "
September	800 "	300 "	300 "
<u>TOTAL</u>	1972 cartons	532 bars	628 bars

4. Gasoline.

Month	Gallons
April	800
May	1700
June	2700
July	3160
August	3080
September	Reports from Supply Points not yet received
<u>TOTAL</u>	11440 gallons

5. Miscellaneous.

Small quantities of such items as candy, cocoa, cosmetics, lighter flints, matches, razor blades, shaving cream, etc., have been issued.

C. Future Costs of Operation RUSTY.

To estimate the cost to the U.S. Army for Operation RUSTY in the future it is necessary to solve a problem containing so many variables and so many factors unknown to this headquarters that it approaches the impossible. It is estimated that it would have cost the German Army 150,000,000 Marks to conduct for one year during the war an operation of the projected magnitude of Operation RUSTY. This figure may be considerably changed by present day conditions.

The estimate of \$2,500,000 presented to G-2, USFET by the organization used in Operation RUSTY is the estimated annual cost for operations within the Russian Occupied Zone of Germany with occasional information coming from Poland, Russia, and the Balkans. The operations in the Russian Zone were to deal with Order of Battle information, air force installations, road conditions, economic and political conditions, and other more or less tactical questions. Naturally these operations cost less than those which extend into Russia and her satellites. The rate of expenditure to date has been considerably below the estimates because difficulties such as those mentioned in TAB H have retarded the growth of the organization more than was expected.

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The important considerations in estimating future costs are the following.

1. What will the EEI's include? To obtain the tables of organization for a Russian infantry division is relatively simple and inexpensive. To obtain the Russian mobilization plan is extremely difficult and consequently tremendously expensive.

2. What are the conditions under which the organization will work? Will it receive open support and be able to travel and do other things in the normal manner? Or will everything have to be done surreptitiously? An example which illustrates this factor is this. Recently a member of this organization was sent to Switzerland as an interpreter for the officer who accompanied him. The cost of the trip, including transportation, accommodations, and food, was in the neighborhood of \$200. Had it been necessary to get him into Switzerland in a clandestine manner, ten times this cost would scarcely have enabled him to accomplish his mission. For travel across oceans and into the countries of Eastern Europe expenses increase enormously when it must be accomplished in any way other than that used by a normal U.S. civilian.

3. What type of missions will be assigned? To actually penetrate the higher circles of the Rumanian government, for instance, is very expensive. To have someone near the people in these circles is less expensive.

Costs in intelligence vary in proportion to the quantity and particularly to the quality of the information. Many groups which are valuable in the intelligence field work for more than one nation at a time. The nation which pays the highest prices in money, political support, or any other medium of exchange gets the information first and gets the cream, the most highly classified information. The other nations get their information on a sliding scale according to what they pay.

It is believed that the best way to make an accurate estimate of future costs is to have representatives of Lt. Gen. VANDENBERG confer with Mr. GEHLEN and Mr. BAUN. This should be done in the United States if possible. The representatives should be thoroughly familiar with costs in the present "world intelligence market" since Mr. GEHLEN and Mr. BAUN have been very much limited in the scope of their activities and travels during the past year and a half. Also these representatives should be able to answer the questions presented in the three numbered considerations above.

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TAB F

EXAMPLES OF INFORMATION AND EVALUATION

Letter from Intelligence Branch G-2 USFET

- A. Results of Intelligence Activities
- B. Results of Counter Intelligence Activities
- C. Estimate of Situation as of February 1946

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HEADQUARTERS  
UNITED STATES FORCES, EUROPEAN THEATER  
Intelligence Branch, G-2 Division

TOP SECRET  
By authority of  
A. C. of S., G-2  
Initials .....  
Date 24 SEP 1946

APO 757, US Army  
September 24, 1946

350.09 (GBI/IB/INFO)

SUBJECT: Operation RUSTY

TO : Chief, Intelligence Branch

1. General

a. Of the slightly more than four hundred reports received through this project since its inception in April 1946, approximately two thirds have concerned Red Army order of battle in GERMANY. The remainder has included a considerable section on industrial activity and scientific research in the occupied areas and a smaller percentage of order of battle reports from AUSTRIA and the Balkans. There have also been a few reports of varied nature from within the SOVIET UNION itself.

b. This report is intended as an outline evaluation of the importance and uniqueness of those reports. In order to implement this purpose the reports have been broken down into their main groupings and a study prepared of the general level of information received in each particular field, incorporating examples of any information of unique importance received through this source.

2. Red Army Order of Battle - GERMANY

a. Military information contained in RUSTY reports deals almost entirely with the Soviet Zone in GERMANY, with special emphasis on the Federal Territory of Saxony and Western Brandenburg and Mecklenburg. RUSTY gives concise reports on locations, movements, concentrations of troops and on military installations, which are usually very reliable. As identifications of units and personalities are rare, value of RUSTY to this office should be appraised mainly in relation to what is known about Soviet troop locations. Of a total of 187 Soviet troop locations carried in GERMANY, RUSTY has given information on 47 with a total of 63 important items of information since 1 June 1946. Of this total figure, 29 items were new information, 10 gave exact descriptions of type and size of units, and the remainder gave details on movements, concentrations, and installations of ammunition, fuel, and supply dumps.

b. During the same period, another important source, Civil Censorship Submissions, furnished about the same amount of information, 67 important items concerning 48 localities. But only 21 items were new information, and only one item gave an exact description of type and size of unit.

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c. RUSTY has been valuable in determining amount and direction of Russian troop movements into GERMANY from HUNGARY and AUSTRIA; in establishing location of Fifth Shock Army in SCHWERIN, Mecklenburg; and in clearing up Army, Corps and Division subordinations in the Magdeburg area. It is about equal to SSU in reliability and quality of information, though usually somewhat later. Its main defect is, like that of SSU in many cases, that it does not exhaust the intelligence opportunities which it touches.

d. One of the most complete reports received here on recruiting of former German Army officers for the Red Army (#343, 30 August, Source No. 372) came from Operation RUSTY. Although it is impossible to assess exactly the reliability of the information in this report, since there is no record of other reports from the same source number and the information itself is new, it confirms the persistent rumors of such recruiting and gives valuable details which should make it easier to evaluate future reports on this subject.

### 3. Industrial Activity in Occupied Areas

a. Most of the reports received on this subject have been brief and concerned a specific activity or location. In general they have served to confirm information received through other sources and have occasionally added new details. It should be emphasized however that frequently this information has been obtained more rapidly through RUSTY sources than through others and almost invariably it has been proven reliable by confirmations received from other sources.

b. There have however, been several exceptions to the general run of these reports which have furnished unique and valuable information. Notable among these is Report No. 331, 30 August, Source No. 229, on the V-weapon factory in KLEIN BODUNGEN. Although the majority of information in this report was already known it contained two details which are considered of great importance and can be accepted as reliable in view of the fact that the remainder of the report was confirmed through other sources. These were the definite statement that production in the plant consisted almost exclusively of A-4 missiles and the information on construction of a special launching train. Identification of V weapons being produced by the Russians is one of our major difficulties as they are usually referred to loosely as V-2s; therefore the identification contained herein, by their actual German nomenclature, is very valuable. Information on construction of the special train is valuable of itself and also because it indicates that, unless the train is subsequently rebuilt, experiments which utilize it must be conducted in GERMANY or in those sections of the Baltic states which still use standard gauge lines. It is doubtful if a train of this type, carrying valuable built-in equipment, would have been constructed for standard gauge if it had been intended subsequently to rebuild it.

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c. Information contained in report No. 264, 10 August, Source No. 304, on the 'Stalin' gasoline plant at BRUX, CZECHOSLOVAKIA, which it is also possible to evaluate as probably true by virtue of partial confirmation from other sources, is uniquely valuable in that it contains many details which were not previously known.

4. Reports on Conditions Within the USSR

a. Although very few of these reports have been received, they constitute information of considerable importance, as sources of information from within the SOVIET UNION are very meager. It is recommended that, if at all possible, more emphasis should be placed on this phase of the operation as it could possibly achieve a unique importance in this field whereas in others our own sources are more nearly adequate.

b. Report No. 311, 22 August, Source No. 407, on the tank factory in NIZHNI-TAGIL is an example of the importance of this information. It was possible from the very brief information in the report itself to check it against information already available and gain the first definite report we have had of continuing maximum armaments production in the USSR. The reliability of the report itself could be gauged by the fact that production figures given corresponded with the known capacity of the plant in question.

c. Report No. 232, 5 August, Source No. 401, on the German Liberation Army in the USSR, was extraordinarily complete and detailed, and contained the only information other than persisting rumors which we have received on this subject. It is a matter of considerable importance both to ourselves and the War Department and should be exploited to the utmost. Although the reliability of source is unknown and the information itself was entirely new, it is possible to evaluate it as probably true in view of the identification of the DMITROV camp and the statement of its former use, which could be confirmed from information already on hand. The existence of the camp near KULBYSHEV was also subsequently confirmed by an SSU report.

5. Conclusions

a. Although the majority of the reports received have not contained information which it was impossible to obtain through other sources, they have been definitely valuable in the following ways:

- (1) They are sometimes obtained more rapidly than reports from other sources.
- (2) They have served as confirming evidence.
- (3) They have often contained details not included in other reports.
- (4) They are generally very reliable, especially since appropriate evaluating comments are often included with the facts reported.

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b. The minority of reports which covers fields, such as that of the interior of the USSR, on which other information is not available, is naturally more difficult to evaluate. It is, however, exactly in these fields that the operation assumes a unique importance and it is felt that this should be emphasized and, if possible, expanded. From the few details available by which reports of this nature can be evaluated, it can also be stated that their reliability is high.

c. An early tendency in the reports from this operation to cover information in very general terms has latterly decreased greatly and reports are now considerably more precise and exact in nature. Occasionally the impression is given that full possibilities of the source have not been exploited when statements of a general nature appear. In such cases it would add to the value of the report if it could be stated that further specific details were not available, as this would clear the uncertainty in the mind of the recipient on whether a possible source of more detailed information was as yet untapped.

*J. L. Collins*  
J. L. COLLINS  
Lt. Col., GSC  
Chief, Information Section

Telephone: FRANKFURT 24787  
Captain PRICE

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A. Results of Intelligence Activities

1. General

Found in Annexes 1 - 4 are examples illustrating the answers to briefs received from G<sup>2</sup>. The examples are taken from different fields; no example was taken from the OB field because this subject has been covered sufficiently in TAB A and TAB G.

2. 1st Example

The 1st example contains an evaluation report concerning the German Army of Liberation in Russia and the efforts of the Soviet Union to imbue German PW's with communism and to influence them to join the German Army of Liberation. The more important relevant reports are added to the evaluation report. For the preparation of the evaluation report only intelligence was used, gathered by this organization.

3. 2nd Example

The map represents the more important reports which came to hand after a brief was received concerning airfields used by the Red Air Force and construction of new air fields. The map shows the more important intelligence gathered from each respective air field. (Scale of map used 1:500,000)

4. 3rd Example

The reports added to this example concern a brief on the field of war economy. The brief requested investigation of the activities of certain former German air plane factories and of factories which formerly produced V-weapons. All in all 19 important reports were received on this subject; they give a rather clear impression of the production as well as of the efforts of the Russians to utilize the existing installations and specialists.

5. 4th Example

This example is the answer to an itemised brief concerning purely economic matters. In most cases where economic intelligence is required the agent must possess the knowledge and experience of an expert on that specific field. As the examples prove, the agents at the disposal of this organization possess these qualifications.

B. Results of Counter Intelligence Activities

The counter-intelligence network of the organization is at present observing about 500 persons in the US Zone of Germany who are suspected of working for the Soviet Intelligence. There is clear evidence that 147 of these work as agents for the Soviets. The location, importance, and the connections of the identified Soviet residents and agents are charted in Annex 5 on an overlay - 1:500,000.

In 28 counter-intelligence reports since July 1946, approximately 100 suspicious or clearly identified members of the Soviet Intelligence have been reported to CIC for elimination.

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The thoroughness of Operation RUSTY's surveillance of Russian activities in the US Zone, despite the very small CI organization employed, is revealed by the fact that out of about 400 people arrested by CIC during the BINGO SWOOP Operation on 22 July 1946, about 60 (representing the main body of agents really working for Soviet Intelligence) were known by their activities to the personnel of Operation RUSTY. The personnel of Operation RUSTY became connected with Operation BINGO when CIB, G-2, USFET asked for evidence to be used in the interrogation of persons arrested in Operation BINGO. Information in addition to what CIC had on 25 persons could be given. (See Annexes 6 - 8.) As a result of a further request, a report on the effect of Operation BINGO on Russian circles was made by personnel of Operation RUSTY (See Annex 9).

In an effort to determine who directs the Soviet Intelligence in the US Zone, agents of Operation RUSTY penetrated the Soviet organizations. Traces of the deployment of agents of the INU and the KRU of the MGB (which in the US Zone is partly directed by the Soviet repatriation missions) were found (see Annex 10). The INU (Innostrannoe upravlenie or Counter-Intelligence Division) are the most active Soviet intelligence agencies in the US Zone at present.

Counter-intelligence reports obtained by the Information Group have done much to help the Evaluation Group clarify the picture on the Soviet intelligence set-up. (See Annex 11). An exact knowledge of the Soviet Intelligence Service enables the Information Group to employ its forces effectively and the Evaluation Group to submit reports on the organization of the Soviet Intelligence Service. (See Annex 13.) The member of the Evaluation Group who is in charge of counter-intelligence has prepared a monograph for MID, War Department entitled "Soviet Intelligence and Counter-Intelligence". This monograph is based on study of Soviet methods during the war and on study of German documents while a US PW and will be published in a handbook by MID. The second part of it (without charts) is found in Annex 12.

- 2 -

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c. Estimate of Situation as of February 1946

The Further Development of the Military Political Situation of Russia after October 1945.

Note: The development of the Russian question in the decade which have just gone by has been accompanied by so much making of propaganda that a really objective consideration of the underlying facts is not very easy for one not familiar with the material. For the better understanding of the train of thought in this work, therefore, in project B-132 is appended a statement made in 1943 by the former Red Russian Colonel I. about the "general lines" of Russian policy up to 1943. An evaluation of the reports from the newspapers and the radio between 1 November 1945 and 10 February 1946 is appended in project No. B-129 as basis for judging the Russian military political situation.

The following pages attempt to continue a discussion of the beginning of October 1945, and sketch briefly the further development of the military and political situation in Russia in the same manner as before, for the last few months. It must be borne in mind that within the scope of this work many questions can be no more than touched upon, and that many problems will remain unclarified.

The following statement was made about the basic line of Russian policy in the paper of October 1945 already referred to:

"Before arriving at a judgement about the role which Russia is playing as a military political factor in the Europe of today, one must attempt to fix the basic line of Russian policy. Difficulty risen in this regard to the extent that Russia is occupied even more intensively than other nations in concealing her cards, political, military, and economic, and in preventing a view through the well-known "iron curtain" around its area of sovereignty and influence.

The probable general line, therefore, can be traced only from the indications shown by the diplomatic behavior of Russia since the ending of the war. This behavior has been marked by a succession of demands through which Russia has signified its interest for the future even outside its present realm of influence. Its attitude toward the demands and the points of view of the Western Allies, moreover, shown the desire gradually to eliminate all outside influence over its newly-won area of political control.

Within the scope of the picture of the last few months it will not be assumed at this time i.e. Oct. 1946 that behind the scenes Russia is pursuing a war policy. Nevertheless one should by no means believe that Russia will avoid the danger of war under any circumstances in the striving for its goals. Since Russia is fully conscious that neither the United States nor Great Britain is at the moment able or willing to take upon itself a forcible breach with Russia, Russia will follow a strong, demanding policy which in its manner and in the extent of its claims will present the boundary determined by the prestige of these negotiating with it.

In accordance with the entire mentality of the Russians the first goal of its politics will be the securing and consolidation of the newly-won political positions and at the same time the securing of

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all against future attack from any quarter. As the Russians, think, that implies the necessity for having political footholds even outside the area which has been conquered, in western Europe, in the Mediterranean, and in the Near East. The Russians will proceed by stages in this policy of theirs, but will not be afraid to exploit quickly favorable opportunities and weaknesses of its diplomatic opponents in quick diplomatic negotiations."

The intervening development has confirmed the correctness of this judgement; but at the same time a further clarification of Russian behavior and intentions in a long view has become possible. It can already be seen that within the scope of the immediate goals formulated above the possibility of passing over to a political offensive has been prepared for. Before going into this idea further, a link should be made to the development of Russian policy in the preceding decades for better understanding.

The peculiarity of the Russian governmental system implies that all energies of the entire nation be aligned with the political desires of the moment of the supreme leaders of Russia. These, therefore, are able to change the goals, the ways, and the means of their policies easily and at a moment's notice. They show themselves quite unscrupulous in changing their policy completely from one day to another. Propaganda undertakes to conceal this policy from outside view so far as it is thought necessary, and to bring into line with the guiding ideas the people within Russia. This alignment finds its expression in the v lid "general line" of Russian policy at a given moment. Russian policy since the October Revolution has been marked by the following general lines (for details see project No. B-132):

1. 1917 - March 1921: "Total and immediate revolution is to be carried out everywhere". The period of the attempt to effect a general revolution ("World Revolution") up to the revolt of Kronstadt.
2. March 1921 - 1927: "Nationalne Revolutionnoe Dvijenie V Stranah vostoka" (National revolutionary movement in the Orient). The period of activity in the Near and Far East, the period within Russia of the NEP.
3. 1928 - 1933: "Pjatiletka" (Five Year Plan) - The period of internal Communist expansion and the intensified industrialisation after the abandonment of the NEP.
4. 1933 - 1938: "Narodnye Fronty" (the popular front movements). The period of intensified foreign activity, attempts to intensify differences in Europe.
5. 1939 - 1945: "Sovjetskij Patriotism" (Soviet Patriotism). The period of the expansion of the Russian area of power during the Second world war (the occupation of eastern Poland, of the Baltic States, the encroachment upon Finland, the occupation of Bessarabia, the war between Russia and Germany).

-3-

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Since the general line applicable at any given time received corresponding expression in propaganda, the attempt was made in project B-129, to gain basic insights into the leading ideas of Russian political military policy from statements in the newspapers and over the radio.

The evaluation was concluded before Stalin's speech. Stalin's speech, which speaks for itself, must be regarded as a confirmation of the insights which have been gained.

The following picture of the military and political situation of Russia at the present time is derived from the consideration of past Russian policy, of the development after the armistice, and of the material which has been evaluated hitherto.

1. The main weight of Russian policy at the moment is at home, within the scope of a broad program of industrial expansion which emphasizes war production and armaments. The goal of this program is to overcome the weariness setting in after the victory won, as soon as possible, and at the same time to strengthen Russian military strength so much that it will in the future be superior to any possible coalition of other powers.

2. Connected with this policy is the desire to consolidate the military and political gains which have been made, both by aligning toward Russia in military and political ways the peoples of the territories which have been occupied, and by gathering these peoples as closely as possible into Russian economy, culture, and thought, even in matters of religion.

3. An essential point in this program is the gaining and consolidation of the corresponding strategic and political outposts, particularly in the Near East and the Mediterranean, using force (probably concealed) if necessary.

4. On the whole, however, Russia will probably seek to avoid by all means the danger of a global war in the next few years. On the other hand it will not shun local armed disturbances with the neighboring states for reaching the goals outlined above. The world situation and the knowledge that the United States and England as well are not inclined to run the risk of a new world-wide scale war will induce Russia to press with its demands to the most extreme limit that the prestige of the states negotiating with it will allow.

5. Over and above all, this one must not fail to recognize that in the last few months Russian policy has taken on a renewed offensive character, in reviving the conception of two worlds in opposition to each other, the "pseudo democratic capitalistic" world, and the "genuine democracy of Communism". If the colonial question is ranged alongside this one, and an official personage like Zhukov takes up the Indian question in a paper, of the two world opposed to each other, emphasized particularly by Stalin himself, can have only the

unique confrontation

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- 4 -  
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purpose on the one hand of justifying the war economy expansion program to the Russian people by the fiction of the threat from without, and the purpose on the other hand of laying open all possibilities for a policy of expansion in the more distant future, which would of necessity first have to devote itself to the destruction of the British empire.

6. It seems that the idea of world revolution as a political means of struggle and propaganda has reappeared in a new and different form in the Russian political conception. This idea takes the stage again as the struggle of "true democracy" with a national and federal background, for the "liberation" of the oppressed peoples of "pseudo-democracy" and "capitalism". The appearance of the idea seems to indicate that Russia is striving to achieve its goals in foreign policy primarily by political means; on the other hand, the clever use of this thesis gives us an opportunity to solve immediate questions rising on its borders by concealed use of force.

7. The policy of Russia in UNO affords a measure for the future development of Russian policy in the long view. As soon as the clear line of exertion to break up the UNO or find a favorable pretext to resign from it shows itself without regard to the tortuous diplomatic moves of the moment, this will have to be regarded as a sign of uncertainty.

In sum, the general line which has been taken by Russian policy since the end of the war, from military and political points of view, may be described as follows:

It is the period of regrouping and military reinforcement of all temporal and spiritual forces of the Russian people with the consolidation of the territories which have been gained, now that the war has been won. It is the period of preparation for a coming show-down which the Russians believe to be possible between them and the surrounding capitalistic world, by softening up the possible opponents by political means, and by winning favorable and strategic jump-off positions.

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TAB G

MEMORANDUM ON THE MILITARY

AND POLITICAL SITUATION IN EUROPE

AND THE NEAR EAST.

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Evaluation Report No. 20

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Memorandum on the Military and  
Political Situation in Europe and  
the Near East.

- I. Prefatory Remarks
  - II. Previous Evaluation of the Situation
  - III. New Factors influencing Judgment of Situation since Spring
    1. Russian Press Propaganda
    2. Russia's Diplomatic Attitude
    3. The Military Picture
    4. Indications for increasing Military Preparedness
  - IV. Conclusions drawn from Reports of Strategic Intelligence
    1. Internal Situation in Russia and the Occupied Countries
    2. Ideas on Foreign Policies of the Russian Leaders
    3. Zhukov's Role and Intentions in the Balkans and Near East
    4. Intentions in Central Europe
  - V. Final Conclusions
- Appendix 1... First Strategic Intelligence Reports concerning Ideas of the Russian Leaders
- Appendix 2... Reports concerning Indications for increasing Military Preparedness on the Part of the Russian Army especially in the Central European Area.

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Evaluation Report No.

15.9.46.

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Memorandum on the Military and  
Political Situation in Europe  
and the Near East.

I. Prefatory Remarks:

The first reports from reliable Near East sources concerning the ideas of the Russian leaders enable us to render a temporary judgment on the present military and political situation in Europe and the Near East, which up to now has been rather vague. The sources at our disposal do not include the north European area, so that for the time being the gap in observation and estimation necessarily remains at that point. Confirmation of the reports from the June/July period is necessary and we are trying to get it. In judging both the reports and the situation as a whole it must not be forgotten that at the present time the political constellations are rapidly changing and the political scene in its entirety is acquiring new nuances from the developments during and after the Paris Conference.

II. Previous Evaluation of the Situation.

The Evaluation report of 12.2.46. (Proj. B 133 for War Department) portrayed the present Russian policy as follows:

"It is the period of the regrouping and military reinforcement of all material and psychological forces of the Russian people with the consolidation of the territories which have been gained, now that the war has been won. It is the period of preparation for a coming show-down which the Russians believe to be possible between them and the surrounding capitalist world, by softening up the possible opponents by political means and by winning favorable political and strategic jumping-off positions".

In the question of Russia's attitude toward a solution by force of arms of current questions, the following judgment was offered:

"On the whole, however, Russia will probably seek to avoid

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by all means the danger of a global war in the next few years. On the other hand, it will not shun local armed disturbances with the neighbouring states for reaching the goal outlined above. The world situation and the knowledge that the USA and England as well are not inclined to run the risk of a new world scale war will induce Russia to press its demands to the extreme limits that the prestige of the states negotiating with her will allow".

It is the purpose of the following considerations and conclusions to determine to what extent an alteration or modification of this judgment will be necessary.

III. New Factors influencing Judgment of situation since Spring.

In recent months the following new factors have been recognized as characterizing the Russian attitude:

1. Russian Press Propaganda

Quite remarkable is the extraordinarily vigorous campaign of the Russian press designed to emphasize repeatedly for the benefit of the domestic public the possibility of a new war of aggression of the "capitalist" states against Russia.

2. Russia's Diplomatic Attitude

Russia's sharp language at the international conference table (for instance Paris) as well as its attitude toward all international problems raises the question whether Russia is really interested only in the solution of certain single problems or whether her attitude is not rather motivated by far-reaching political intentions.

3. The Military Picture

Since about June the military picture indicates that the main effort more and more was shifted to the Central European area (Germany, Poland).

This is shown by

- a) the fact that 5/6 of all operational armored forces

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of Russia are stationed in the central European area (all armored armies except the 6th, which is assumed to be in the Far East; 5th armored in East Prussian area--Minsk).

b) despite demobilization the total number of forces in Germany and Poland has not been decreased since the beginning of the year, but probably been increased in Poland. 2/3 of the Russian occupation troops employed in Europe are stationed in Germany and Poland. Their strength far exceeds the demands of ordinary occupation.

c) The relative strength of these forces compared to the American and British forces in numbers and armor is so superior that military operations of a surprising nature could be started without a prior concentration of force.

The military picture in the Balkans, insofar as we are informed at present, shows no extraordinary symptoms. It must not be forgotten, however, that the intelligence reports from these areas are fragmentary.

4. Indications for increasing Military Preparedness  
on the Part of the Russian Army, especially in  
the Central European Area.

- a) To a very large extent the armaments industry is producing continuously (see reports No. 311, 358, 382, 517, 518, 519, 520, 522). If a development without considerable tension were expected, the production of weapons which will be obsolete in the near future would be discontinued in favor of more modern ones.
- b) The armies of the satellite states are being organized and trained with greatest energy (reports No. 64, 260, 310, 418, 473, 496).
- c) Fuel and ammunition is stored in great quantities in the Russian Zone of Germany (reports No. 72, 90, 182, 203, 248, 256, 317, 397, 409, 443, 448, 457, 462).

-3-

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- d) Former German air-fields in the Russian Zone of Germany are repaired and enlarged (reports No. 257, 285, 323, 439, 458, 459, 494, 495, 513).
- e) Old bridges are reinforced and new bridges are built for loads of 60 tons (reports No. 156, 250, 411, 417, 441, 451, 452, 465).
- f) Measures are taken to make the "iron curtain" impenetrable (reports No. 446, 449, 467, 468, 469).
- g) Preparatory measures for organizing and exploiting German man-power potential and increased advertising for a "free Germany" in the Russian zone (reports No. 114, 128, 142, 398, 432 and 270, 243, 428, 430, 431, 480).
- h) Maintaining of air-raid precautionary measures for the German population (reports No. 287, 328, 329, 344).
- i) Efforts to increase the capacity of the railroads (reports No. 474, 499).
- j) Apparently an additional increase of forces in the Russian Zone of Occupation in Germany (reports No. 201, 212, 301, 320, 393, 394, 415).
- k) Supposed stopping of Russian demobilization by Stalin Order 022 of September 2nd. However, the general state of affairs leads to the assumption that this report has been played into the hands of the American and British Intelligence Services for a very definite purpose.

IV. Conclusions drawn from Reports of Strategic Intelligence.

As yet we have at our disposal no really effective "reconnaissance in depth" and strategic intelligence. A first attempt to revive formerly reliable sources has brought the enclosed reports (Nos. 523, 524, 525, 526, 527, 528, 529). Without confirmation from other sources of reconnaissance in depth these reports constitute in themselves an inadequate foundation for final judgement. A careful evaluation of them together with the impressions gained from other sources leads to the following:

- 4 -

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1. Internal situation in Russia and the occupied countries.

See Jnt Rep No 525 526 The war , its after math , and the intruding of European thoughts and civilization as a result of occupational duties have created certain tensions in the Russian interior. Apparently they have resulted in the present purges the extent of which cannot be determined at this time. Whether the number of victims mentioned in the report is accurate or not can only be established by further intelligence. However , these purges cannot in any way be considered as signs of a decisive domestic weakening which might in turn affect the political and military power of the USSR. On the contrary , they must be considered as constituting one of the familiar "prophylactic" measures of Stalin; their effect can be compared with the bothersome nature of a strong cold on the human organism.

Conditions in the satellite states appear to be different insofar as apparently a certain illegal and not yet fully suppressed opposition is to be found there. Whether in this respect the conditions in Poland may be considered as being as serious as they are described in the report must be determined by additional intelligence.

- 5 -

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2. Ideas on Foreign Policy of the Russian Leaders.

See Jnt Rep No 523  
525  
528

There can be no doubt that the fundamental line of Russian thinking on foreign policy continues to be the conviction of a necessary show-down with the western "capitalistic" world for achieving the final goal of a Communist world-order. At present, however, Russian thinking along these lines seems to be determined by predominantly defensive factors. With due consideration of the Russian mentality the political line of thoughts of the Russian governmental leaders could be characterized as follows:

The political thought of Soviet government is dominated by the most extreme mistrust of the so-called "capitalist" states which are suspected of planning an attack against the Soviet Union or at least of establishing an overpowering political coalition. This suspicion is demonstrated by the exaggerated sensitivity with which the Soviet government reacts upon every single newspaper article which appears anywhere throughout the world or upon the speech of any foreign statesman as well as by the aggressive spirit of the Soviet efforts to influence politically and psychologically an increasing number of countries in order to prepare for the future incorporation of these countries into the Soviet Union. The actions of the Soviet government are apparently based on the political theory of the necessity of creating a "security zone" which would make the Soviet Union immune to attack from outside, and whose single parts would furthermore be favorable political and strategical starting-points for any struggle with the western Powers. The Soviet government thinks that this goal will only have been reached when in all neighbouring countries governments have been set up on which it can absolutely rely. Therefore it will not rest until the governmental set-ups in Iran, Poland, Rumania, Bulgaria and Hungary have undergone transformations which will guarantee their complete subjections to the desires of the Soviet Union. With regard to Germany, the Soviet government is trying to prepare the ground for a similar development with a special emphasis on the attempt to convince the German people that only a close association with the Soviet Union can bring the possibility of a restoration of German national and economic unity. The Soviet government views the domination of the entire central European area as a preliminary objective, which is considered the indispensable condition for the guaranteeing of Soviet security.

Soviet aspirations in the Near East (Dardanelles, Iran,

-6-  
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Greek question, Turkey) are also obviously influenced by this desire for security. That the Near East area in the hand of an enemy of Russia would have decisive strategic significance need not be emphasized in the era of aerial and atomic warfare.

If the foregoing thoughts are correct, then one must conclude that Russia probably could have no interest in prematurely instigating a conflict with the western world, since in many respects it can regard time as working for Russian interests. On the other hand it is quite clear, from Mikojan's statements that even in its present conditions Russia is not determined to avoid by all means the risk of a great war, should the development of political conditions make such a conflict unavoidable. The elasticity in decisions of policy made possible by the Russian system of supreme authority at the top constitutes a very variable and uncertain factor in judging Russian intentions. Views and decisions in foreign policy can change surprisingly.

3. Shukov's Role and Intentions in the Balkans and Near East.

See Jnt Rep  
No 527  
523

The material at hand offers an initial confirmation of the assumption that the transfer of Shukow was only camouflage for the special purpose of concentrating and unifying all military affairs, preparations and measures in the Balkans and Near East. The Russian interest in the preeminence of a solution to the questions in the Near East (above all the Dardanelles) thus seems to become again more and more prominent. It must not be forgotten in this connection, that possibly the Russians cherish the view that in this area, more than in any other, a combination of policy and military might for the purpose of achieving its aims would be more and sooner possible without leading to a major conflict. Since the measures taken to date in the Balkans and Near East area offer little material for the confirmation of this view, it is obviously necessary to emphasize and intensify our intelligence effort at those points.

4. Intentions in Central Europe.

It is remarkable that the reports offer nothing of great significance concerning the Russian intentions in Central

-7-

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Europe. This can be due to one of the following reasons:

a) The main effort of Russia's actual political intentions lies in southeastern Europe and the military activity in Central Europe is intended to serve primarily as "smoke-screen", or

b) The Russian intentions in this area due to the high degree of secrecy among Russian leaders cannot be recognized by means of the few sources of strategic intelligence at present at our disposal.

The transfer of Shukow from his command in Eastern Germany and the entrusting to him of new tasks in southeastern Europe speaks against the assumption of any far-reaching political intentions in the central European area at the present time. On the other hand it must be emphasized that the strength and the degree of preparedness of the Russian forces in central Europe would enable the Russian leaders to take action without any considerable loss of time, should the decision to do so suddenly be taken.

V. Final Conclusions.

Up to now there has been no reason to change basically the evaluation of the main tendencies of Russian policy mentioned at the start of the report.

It does not seem probable that Russian policy is willing at this early stage to take upon itself the risk of a worldwide conflict with the Western Powers.

Russian policy has two areas from one to the other of which it shifts the main effort of its activity by exploiting the play of diplomatic forces: these are

- ✓ 1. the Balkans--Near East-area for the solution of the Dardanelles question with the objective of simultaneously controlling Turkey and Iran.
- ✓ 2. the central European area for the solution of the German question with the further objective of controlling all of central Europe.

In both areas military preparations are being made in order to create the possibility of being able to solve certain questions by force of arms, if need be. All these preparations probably serve the essential purpose of enabling the Soviets to influence negotiations with the proper military pressure. It must be pointed out, however, that by any change

-8-

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in the fundamental foreign policy of the Russian government, in accordance with the peculiarity of the Russian governmental system, the preparedness for military action could be established with extreme rapidity.

The danger that Russia's leaders might make decisions of an adventurous nature would probably only become acute should they deduce from the future attitude and actions of the western Powers that there had been a falling-off in the strength and unity exhibited in Anglo-American policy to date.

Whether the assumption that the solution of the southeastern European questions has precedence and that the solution of the German question will not be attempted until the "second act" is correct, cannot be finally established until further material is available.

-9-

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TAB H

PROBLEMS AND DIFFICULTIES ENCOUNTERED IN  
OPERATION RUSTY

- A. General.
- B. Problems in U.S. Zone of Germany
  - 1. Procurement of Quarters
  - 2. Gasoline Supply
  - 3. Arrests
  - 4. Identification Papers
- C. Travel outside of Germany

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PROBLEMS AND DIFFICULTIES ENCOUNTERED IN  
OPERATION RUSTY

A. General.

It is felt that a discussion of the problems and difficulties encountered to date in Operation RUSTY plus those which can be foreseen may simplify the task of those persons who take over the direction of this operation. Some of the problems may have been encountered and solved by other intelligence organizations already. Others may be problems peculiar to Operation RUSTY.

B. Problems in the U.S. Zone of Germany.

1. Procurement of Quarters.

The critical housing shortage in Germany necessitates the crowding of many Germans, usually unknown to each other, into all available houses and apartments. Consequently, a man's personal affairs and details of how and where he spends his time become the common knowledge of his community. In the case of people in the higher levels of Operation RUSTY (permanent members of the organization, main residenturs, etc.) private houses for them and their staffs are required because they must handle American goods and money in the paying of agents, they must handle a certain amount of paper work, and they must interrogate and assign missions to agents and informants. The problem which arises is the securing of a house from the appropriate Town Major and at the same time maintaining the proper security, i.e. not presenting signed requisitions from G-2, USFET, not answering a lot of questions, keeping German officials (frequently Communists) out of the picture as much as possible, etc.

2. Gasoline Supply.

Until recently, couriers, agents, and other persons using automobiles were issued POL Coupons Books which enabled them to get gasoline and oil from any Quartermaster supply point. This system was ideal but was stopped and now POL supplies are issued for civilian vehicles only when these vehicles are painted OD, carry proper U.S. markings, and are driven by U.S. personnel.

A new system has been set up whereby members of the organization can obtain gasoline and oil upon presentation of a special identification card and password at certain specified CIC supply points. New arrangements may be necessary when Operation RUSTY is transferred to a new directing agency.

3. Arrests.

Agents and informants receive payment for services in the form of Allied Marks and American goods (coffee, sugar, flour,

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tobacco, etc.). The crowded housing conditions mentioned in Par. B 1 above make it impossible to hide these things. Suspicions of black market activities arise and frequently one of the many Germans, who think their stay in the purgatory of de-Nazification is shortened by "co-operating" with Military Government, denounces the agents. When an agent is arrested it is sometimes weeks before the Information Group knows it and his release can be effected by G-2, USFET. This not only undermines the agent's confidence in the organization but it causes delay in the completion of missions and sometimes threatens security.

To overcome this problem two things have been done. First, eleven key men of the organization have a password which identifies them to the CIC Regional Chiefs. When an agent is arrested, one of these eleven men goes to the nearest CIC Regional Chief and notifies him of the arrest. He in turn takes steps to prevent interrogation by the arresting agency, thus reducing the security threat. Second, a letter is given to agents authorizing them to have certain items in their possession. This letter is signed by a fictitious officer who supposedly is a member of a technical intelligence and who has a telephone listed under this agency. The telephone number, with a request to refer questions to that number, is given in the letter. In the event the arresting agency decides to check the authenticity of the letter and calls, it is told that the agent is making a survey of factories in the U.S. Zone and his release is requested.

The two measures mentioned above have produced the desired results in most instances, however, they do not prevent at least temporary detention in many cases.

Reasons for arrest other than the one described above are many and varied. Law enforcing agencies such as the Constabulary, Military Police, and German Military Government Police conduct frequent raids on areas selected at random or suspected of housing black marketeers. Road blocks are established at unexpected times and places and vehicles are searched at these blocks. Inspections are made on trains. These things lead to the discovery of items not usually available to Germans except through black market channels and usually the result is arrest.

4. Identification Papers.

At present there is no standard method of providing members of the organization with the many papers Germans are required to carry (Kennkarte, MG registration, labor registration, travel permits, etc.). These papers must be provided because it takes a German weeks or months to get them through ordinary channels. The appropriate stamps and a supply of signed blank forms should be obtained through Military Government for intelligence purposes. Means of securing forged and counterfeit documents for use outside of the U.S. Zone should be arranged. Some members of the organization can not appear before the de-Nazification Boards because, as former members of the German General Staff Corps and of intelligence agencies, they are liable to heavy fines and im-

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prisonment. Their services would be lost and security jeopardized. Steps have been taken to keep them away from these boards, but other provisions must be made whereby they can have their identity cards (Kennkarte) stamped as though they had been before the boards and had been classified, tried, and punished.

C. Travel outside of Germany.

The building of the organization for strategic intelligence presents the greatest problem. It is necessary for various members of the Information Group to personally contact the heads of the various groups mentioned in TAB D. These groups will not supply information unless the initial contacts are made by persons known to them and trusted by them. These persons from the Information Group may be accompanied by U.S. personnel but they must be there personally themselves. Conflicts with State Department policies arise and are not easily settled favorably. In addition, it is difficult to obtain permission for Germans to enter such countries as ~~Switzerland~~, ~~France~~, etc. Such permission is essential to the success of the efforts to get strategic information from Russia and her satellites.

Sweden,  
Switzerland,  
France

If it were possible to give a member of the organization a U.S. passport to be used to gain entrance to the foreign countries, matters would be greatly simplified. The passport would be returned to the proper authorities upon the completion of the trip and the bearer would revert from his role as a U.S. civilian employee of the War Department to his normal role in life.

This problem should be solved as soon as possible. The time factor is critical for the following reasons:

1. The controlling elements of the groups mentioned in TAB D, now awaiting instructions from Mr. GERLEN and Mr. BAUN, may tire of waiting and seek new supporters or may turn to other types of work.

2. It is known that the ~~English~~ are doing everything in their power to persuade some of these groups to work for ~~England~~. *English*

3. The longer the groups lie dormant in the intelligence field, the less valuable they will become.

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19. (Continued)

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TAB I

**ACTION RECOMMENDED**

1. Operation RUSTY be continued.
2. Operation RUSTY be transferred to SSU.
3. Operations be directed from the United States.
4. Officers be attached to G-2, USFET.
5. Liaison.
6. Solution of problems mentioned in TAB H.
7. Representatives of Lt. Gen. VANDENBERG visit G-2, USFET.
8. Organization be used as a unit.
9. Selection of new directing personnel.
10. Decision.

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ACTION RECOMMENDED

1. That Operation RUSTY be continued under the direction of G-2, USFET for a period of not more than ninety (90) days so that the transfer of the operation can be done gradually.

2. That Operation RUSTY be transferred to SSU at the end of the ninety (90) day period or sooner if it is feasible.

3. That Operation RUSTY be directed from the United States. Direction of the expanded organization from within Germany is not practicable.

4. That two officers, preferably with German language qualifications, be attached to G-2, USFET for the ninety(90) day period to take an active part in the direction of the operation so that they will be thoroughly familiar with it when it is transferred to SSU. These officers should be selected from among those who will actually direct the operation in the future. They should not be liaison officers who will have only the task of orienting the directing group at the end of the ninety (90) day period.

5. That during the ninety (90) day orientation period close liaison be maintained between G-2, USFET and SSU in Washington, D.C. so that SSU can utilize this period in preparing itself for the transfer. This will facilitate the transfer and insure the continued smooth functioning of Operation RUSTY.

6. That during the ninety (90) day period SSU study the problems presented in TAB H, and that these problems be solved during this period if possible.

7. That personal representatives of Lt. Gen. VANDENBERG be sent to G-2, USFET to discuss directly with Mr. GEHLEN and Mr. BAUN any questions arising out of this entire study. At a meeting between these men it is felt that all questions can be answered satisfactorily. At this meeting the details of TAB D can be discussed. It is felt that it is too dangerous to put these details on paper as was explained to Col. GALLOWAY who said that they could be explained verbally at a later date. As was mentioned in TAB E, the representatives should be familiar with costs in the "world intelligence market" at present and should be able to answer the questions in the three numbered considerations given in Par. C of TAB E.

8. That the organization be operated by SSU as a unit and that no attempt be made to merge it with another organization. The leading personalities of the organization have developed it over a period of nearly thirty (30) years. They know the capabilities and limitations of the people with whom they work and any effort to make them work with people they do not know will

-1-  
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19. (Continued)

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greatly reduce their efficiency and perhaps break down their organization.

9. That care be exercised in the selection of the new directing personnel. The central figures in this organization are carrying on their work for patriotic and ideological reasons. They are men of high moral standing, they can not be bought, and they should be treated accordingly. It is known from experience that personality clashes will result in a tremendous setback in this operation.

10. That a decision as to whether or not the U.S. Army will use this organization be rendered as soon as possible. As was pointed out in Par. C of TAB H, time is a critical factor in the future value of this organization to the United States.

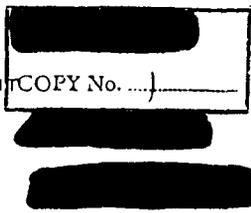
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- 20. Lewis to Richard Helms, Acting Chief of FBM, 8 October 1946, enclosing Lewis to Donald H. Galloway, Assistant Director for Special Operations, 22 September 1946

STRATEGIC SERVICES UNIT, WAR DEPARTMENT  
MISSION TO GERMANY  
U. S. Forces, European Theater  
APO 737



Lts = 377

FSRO-570

L-009/1-1001

**SECRET/RELEASE  
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8 October 1946

*Handwritten signature/initials*

Mr. Richard Helms  
Acting Chief, FBM  
SSU, WD, Washington 25, D. C.

Dear Dick:

Attached is a memorandum which Colonel Galloway asked me to prepare describing informally my connection with the group of people now constituted as KEYSTONE Operation and my general views on feasibility.

If I seem to have been repetitive, it was because the memorandum was written in a great hurry, but I nevertheless wanted to make quite clear what responsibilities I thought we would be incurring if we undertook it. No doubt Colonel Galloway will discuss this with you himself.

Sincerely,

*[Redacted Signature]*  
CROSBY LEWIS  
Chief of Mission

CL:HM  
Attach

CENTRAL INTELLIGENCE AGENCY  
CLASSIFICATION  
Cancelled  
Changed to *Secret*  
BY *[Redacted]*  
Date *16 Mar 1967*

*copy #2, cover letter w/d + attachment, 22 Oct 50 per*

*Handwritten initials*

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STRATEGIC SERVICES UNIT, WAR DEPARTMENT  
MISSION TO GERMANY  
U. S. Forces, European Theater  
APO 757

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**SECRET/RELEASE  
TO GERMANY ONLY** 22 September 1946

SUBJECT: Keystone Operation  
TO : Colonel Donald H. Galloway ONLY

1. My connection with the personnel who constitute the group under consideration as Operation Keystone began in the end of October 1945, when I was approached by Lieut. Colonel William Connor, Chief, Intelligence Branch, G-2 Division, USFET. Colonel Connor gave me two reports which turned out to be operational plans written by Oberst BAUN, a war-time member of FREMDE HEERE OST. These two plans contained [rather grandiose and vague] suggestions for the formation either of a European or a world-wide intelligence service to be set up on the basis of the war-time and pre-war connections of Oberst BAUN and his colleagues, the ultimate target of which was to be the Soviet Union. The essence of each plan was that the organization would be controlled by BAUN under American supervision and that the Americans would simply give to him intelligence directives, for which he would produce the answers. It did not contemplate American control at any point below BAUN. As I recall, the world-wide scheme was estimated to cost eight million dollars a year and the European-wide scheme two and one-half million dollars a year.

2. I studied these documents carefully and then made investigation to collect available CI interrogation reports on BAUN and others who had been working with him during the war. I found that there were practically no interrogation reports available, as those personnel of FREMDE HEERE OST who had been captured by the Americans had not been interrogated.

3. Colonel Connor put me in touch with a Captain Comstock, who was at the MIS Center at Oberursel, who arranged for me to interrogate BAUN, but when I arrived at Oberursel I discovered that BAUN was not treated as an ordinary prisoner but more as a "guest" and that he was not susceptible to interrogation. He answered a few questions with a good deal of reserve and gave [particularly] vague reports as to the whereabouts of his agent files and ciphers.

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TO GERMANY ONLY

Colonel Galloway

- 2 -

22 September 1946

4. In discussions with Captain Comstock I learned that quite a few of the personnel of FREMDE HEERE OST, including General von Gehlen, were in the United States, having been taken there by G-2, War Department, for special interrogation on Russian matters.

5. After some thought I advised Colonel Connor that in my opinion SSU would not undertake to sponsor such operations as proposed by either of BAUN's two plans under the conditions imposed by BAUN. I pointed out that SSU would have to have complete control of any operation it undertook and that it would have to have all information on agents and sub-agents. Moreover, I considered the security hazards very serious as a number of BAUN's former colleagues were in Russian hands and I understood that the Russian authorities had requested Americans to turn over to them General von Gehlen, Oberst BAUN, Lieut. Colonel von Wesel, Schmalschlaeger, and others by name. An additional consideration which would involve a policy decision on a very high level would arise from the fact that in using this group, SSU would be in effect reconstituting a sizeable portion of the German Intelligence Service and under the terms imposed by BAUN (and ultimately met by G-2 USFET) reconstituting it intact. Furthermore, at that time (October 1945) the budget as proposed by BAUN was utterly out of the question.

6. Since then, we have heard from various sources of the activating of the operation under Lieut. Col. Dean's control substantially along the lines recounted by Lieut. Colonel Dean to you this afternoon. In the past six weeks evidence of this operation has come increasingly to our notice through what may be considered to be serious breaches of security. On one occasion we were placed in contact through our relationship with the [redacted] in Berlin with a man named [redacted], who had worked for BAUN during the war. He had been captured by the [redacted] and had been used by them as an agent in the Hamburg area. At the time of the contact he was living in the Russian Zone in Berlin where he had been repatriated as a discharged prisoner of war. In the course of attempting to extract favorable treatment from the [redacted] in Berlin, he mentioned the fact that he was aware that the Americans were using many of his former friends who had been with him in FREMDE HEERE OST and, in fact, had transported some of them to the United States. Another incident concerned one of the expert documents men of FREMDE HEERE OST who was likewise living in Berlin. This man had been in America with von Gehlen and had returned with him.

Bahlk

British Intelligence Service

British

British

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20. (Continued)

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TO GERMANY ONLY

Colonel Galloway

- 3 -

22 September 1946

a few months ago. We got into contact with him through a Russian double-agent operation, in the course of which the Russian officer whose operation we were penetrating asked to be put in touch with this man as he wished to discuss with him his trip to America and the information that he had given to the Americans. In addition to these two incidents we have been informed on three occasions by the [redacted] Intelligence that German agents under their control (presumably the [redacted] are also operating ex-personnel of FREUDE HEERE OST) have informed them of BAUN's activities in the American Zone, on one occasion drawing attention to the insecurity of a group of BAUN's agents at one of the centers he established at Bad Kissingen. Perhaps, however, the most outstanding breach of security which has come to our attention has come from Bamberg area, a natural jumping-off place for operations into the Russian Occupied Zone or Czechoslovakia. We have obtained a report from the CIC in Bamberg stating that they had arrested over 25 individuals who have said they were working for BAUN for the American espionage service and carried in their pockets incriminating documents including the telephone number of Captain Waldmann, who is the only other officer associated with Colonel Dean in the operation of the group. This report included the attached documents which consisted originally of a translation into German of the top secret USFET EEI, a top secret counter espionage brief and extensive amount of operational information with regard to border crossings and contacts. These documents have been translated back into English and are of considerable interest in studying the operational security of the group as now being run.

*British*

*British*

7. During his visit over here in July, Colonel Quinn had a conference with General Sibert, at which I was present, in the course of which General Sibert briefly referred to this operation and stated that he thought it had great possibilities for future exploitation. He added that he had obtained two and one-half million dollars on approval from General Vandenberg, when the latter was G-2, War Department, but he felt that this would not last much longer and that G-2 could not undertake the financing of the operation after the close of the Fiscal Year. He therefore suggested that SSU make plans to take over control of the operation. I made the counter proposal that, prior to SSU accepting responsibility, a thorough study of the group, their past and current operations, be made by SSU Amzon and that on the basis of the study recommendations would be placed before SSU, Washington, and Central Intelligence Group for final decision. This appeared to be agreeable both to General Sibert and to Colonel Quinn although the decision as to further action was left in General Sibert's hands.

*Director of Intelligence*

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20. (Continued)

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~~TO GERMANY ONLY~~

Colonel Galloway

- 4 -

22 September 1946

8. Shortly before General Sibert left for America I wrote the attached letter which contained certain conditions, which in my view would have to be met before SSU Amzon could take over the operation. General Sibert agreed in general to these points and stated he would discuss the matter with General Vandenberg on his return. In the meantime, a copy of this letter was sent to Mr. Helms, Acting Chief, Foreign Branch M.

9. While there can be no doubt of the very real possibilities of perhaps spectacular intelligence procurement in the exploitation of this group (after all Oberst BAUN has been engaged in anti-Russian intelligence since 1921), it is my opinion that SSU Amzon should be given complete control of the operation and that all current activities of this group be immediately stopped before further security breaches nullify the future usefulness of any of the members of the group. I further recommend that an exhaustive study be made along CE lines of the entire operation, past and present, so that at least, if it appears that the group is too insecure to continue an operation, the wealth of intelligence which is contained in the minds of the various participants as regards Russia, Russian intelligence techniques, and methods of operation against the Russians, could be extracted. In conclusion, however, it is most essential that if a final decision is made to exploit these individuals either singly or as a group, SSU understands that their employment in the past and their exploitation in the future constitutes to a greater or less degree the setting up of an incipient German intelligence service.

CROSBY LEWIS  
Chief of Mission

CL:HM

Attach 2

CC: Acting Chief, Foreign Branch M

Note: Reference letter in paragraph 8, Subject: Operation  
KEYSTONE, To; General Sibert, dated 6 September.

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~~TO GERMANY ONLY~~



21. Draft to Deputy A, "Operation Rusty," 16 October 1946

**SECRET/RELEASE  
TO GERMANY ONLY**  
~~CONFIDENTIAL~~

16 October 1946

TO : Deputy A  
SUBJECT: Operation Rusty

The following analysis of Operation Rusty, based upon examination of the materials received from Major General W. A. Burrell, is an attempt to evaluate its present usefulness and to assess its potential for longer-range strategic intelligence operations. Operation Rusty contains both an evaluation group and an information group. The former, which acts to all intents and purposes as a collation center along the lines of research and analysis, cannot be assessed very highly in the field of current evaluation. Examination of the various Tabulations, Annexes, and Situation Estimates, indicates both a practice of drawing broad conclusions from inadequate evidence and a strong tendency to editorialize. Since it is considered that this function can be handled far more effectively by U. S. agencies, the remainder of this memorandum will confine itself to the information group.

A) PRESENT USEFULNESS

1. Following a somewhat protracted period of preparation, Operation Rusty commenced its actual intelligence gathering activities in April 1946 and to date has confined these almost entirely to the Russian-occupied zone of Germany. During this period its production, from between 500 to 600 "sources", has consisted of 400-odd comparatively low-level and entirely tactical reports, plus seven others which by subject matter, can be classified as strategic. Other than in the field of unit identification, little new or particularly valuable information which cannot be produced through relatively easy and routine intelligence operations, has been obtained. The few strategic reports are, for the most part, broad interpretations of materials which is generally available to the foreign press. There is no evidence whatsoever which indicates high-level penetration into any political or economic body in the Russian-occupied zone.

During the same period, from the operations of the SSU Mission to Germany, a total of 647 reports on the Russian-occupied zone were disseminated. Of this total, 268 were

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Name: [redacted]  
Date: 18 June 1950

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- 2 -

military, 178 economic, 152 political, 27 technical, and the remaining 26 were on miscellaneous subjects. Of this production a relatively high percentage was strategic.

An additional 220 reports were obtained through these operations on contiguous areas. More important, still, is the fact that this intelligence was procured through the use of 114 sources, and 44 known sub-sources who were directly controlled and operated by U.S. personnel.

2. In light of the above it is significant that the statements made in Operation Rusty regarding costs in the "world intelligence market" and specifically with respect to the Soviet-occupied zone of Germany, both present and future, are ridiculous throughout. The estimated annual budget for Operation Rusty in the Russian zone is set at \$2,500,000 per annum. This compares to a total yearly expenditure at the present rate by the SSU Mission to Germany of approximately \$120,000.
3. The importance of the counter-intelligence material produced on the U.S. zone of Germany cannot adequately be judged here but from the available data on Operation Rusty's part in Operation Bingo, it would appear that very little legal evidence of espionage activity by the individuals concerned was furnished. Moreover, the soundness of a native German intelligence unit operating more or less independently and reporting upon the identities and activities of individuals of German and other Central European nationalities, must be considered essentially suspect.

B. POTENTIAL FUTURE VALUE

1. It is considered highly undesirable that any large scale U.S.-sponsored intelligence unit be permitted to operate under even semi-autonomous conditions. Unless responsible U.S. personnel are fully acquainted not only with the details of each operation carried out but also with the identities and background of all individuals concerned, no high degree of reliability can be placed from an American point of view upon the intelligence produced.
2. One of the greatest assets available to U.S. intelligence has always been the extent to which the United States as a nation is trusted and looked up to by democratic-minded people through the world. Experience has proven that the best motivation for intelligence work is ideology followed

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21. (Continued)

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CONFIDENTIAL

- 3 -

by common interest and favors. The Germans, the Russians, their satellites, and to a lesser extent, the British, have employed fear, direct pressure of other types, and lastly, money. With most of these factors lacking to it, Operation Rusty would appear to be dependent largely upon the last and least desirable.

3. It is an accepted fact that strategic intelligence cannot be gathered effectively unless the personnel responsible for the operations receive careful intelligence direction and briefing. Since such material is often highly classified, much of it cannot be given to non-Americans. This would apply to Operation Rusty as presently constituted and would be a limiting factor in the effectiveness of its intelligence production.
4. Since the present production of Operation Rusty can be duplicated if not improved upon by existing U.S. operations, its unique potential value, if any, must lie in its ability to collect strategic intelligence on Eastern Europe and the USSR proper. Available evidence of the actuality of this potential is far too inadequate for evaluation but the following points are worthy of consideration:
  - a) GIS interrogations available here indicate that the personnel of Operation Rusty are almost exclusively concerned with tactical operations on the Eastern Front and that deep penetrations were very limited in number. Their success, however, in this respect was considered by competent GIS personnel to have been superior to that of any other German intelligence unit.
  - b) GIS operational units contacted by SSU since the war have almost uniformly claimed the existence of high-level chains into the USSR but so far these have never been confirmed. Without implying any dishonesty on the part of Operation Rusty's personnel, it would be quite natural for them to exaggerate somewhat the level and extent of their capabilities.
  - c) Their statements of expenses involved in specific past operations in the USSR on comparatively low levels are so unrealistic as to suggest conscious inflation.

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21. (Continued)

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Accordingly, it is recommended that Operation Rusty not be taken over by SSU for operation as an entity.

It is recommended that one of the following alternatives be adopted:

- A) That an officer or officers of CIG with extensive secret intelligence experience in Central and/or Eastern Europe be assigned to USFET to examine thoroughly the personnel and operational assets of Operation Rusty, including their sources, sub-sources, and contacts, for the purpose of establishing whether or not in individual cases these can be salvaged and exploited directly by an American operation.
- B) If alternative "A" proves impractical, it is recommended that the personnel of Operation Rusty be intensively examined by competent specialists regarding operational methods, communications, cover and documentation, etc., prior to their release.

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22. Galloway to DCI, "Operation Rusty," 17 October 1946, enclosing Heidelberg Field Base to Chief, IB, "Agent Net Operating in the Bamberg Area," with attachment, 17 September 1946

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CONTROL

17 October 1946

MEMORANDUM FOR THE DIRECTOR, CENTRAL INTELLIGENCE GROUP

SUBJECT: Operation Rusty

The following analysis of "Operation Rusty" is an attempt to evaluate its present usefulness and to assess its potential for longer-range strategic intelligence operations. The advantages, disadvantages and recommendations incident to the maintenance of the project are outlined.

I. DISCUSSION:

A) Present Usefulness

1. Following a somewhat protracted period of preparation, Operation Rusty commenced its actual intelligence gathering activities in April 1946 and to date has confined these almost entirely to the Russian-occupied zone of Germany. During this period its production, from between 500 to 600 "sources", has consisted of 400-odd comparatively low-level and entirely tactical reports, plus seven others which, by subject matter, can be classified as strategic. Other than in the field of unit identification, little new or particularly valuable information which cannot be produced through relatively easy and routine intelligence operations has thus far been obtained. The few strategic reports are, for the most part, broad interpretations of material which is generally available to the foreign press. There is no evidence whatsoever which indicates high-level penetration into any political or economic body in the Russian-occupied zone.

During the same period, from the operations of the SSU Mission to Germany, a total of 647 reports on the Russian-occupied zone were disseminated. Of this total, 268 were military, 178 economic, 152 political, 23 technical, and the remaining 26 were on miscellaneous subjects. Of this production a relatively high percentage was strategic.

An additional 220 reports were obtained through these operations on contiguous areas. More important, still, is the fact that this intelligence was procured through the use of 114 sources, and 44 known sub-sources who were directly controlled and operated by U.S. personnel.

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22. (Continued)

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2. In light of the above the statements made in Operation Rusty regarding costs in the "world intelligence market" and specifically with respect to the Soviet-occupied zone of Germany, both present and future, are disturbing throughout. The estimated annual budget for Operation Rusty in the Russian zone is set at \$2,500,000 per annum. This compares to a total yearly expenditure at the present rate by the SSU Mission to Germany of between approximately \$350,000 and \$400,000.

3. The importance of the counter-intelligence material produced on the U.S. zone of Germany cannot adequately be judged here but from the available data on Operation Rusty's part in Operation Bingo, it would appear that very little legal evidence of espionage activity by the individuals concerned was furnished. Moreover, the soundness of a native German intelligence unit operating more or less independently and reporting upon the identities and activities of individuals of German and other Central European nationalities, must be considered essentially suspect.

B) Potential Future Value

1. It is considered highly undesirable that any large scale U.S.-sponsored intelligence unit be permitted to operate under even semi-autonomous conditions. Unless responsible U.S. personnel are fully acquainted not only with the details of each operation carried out but also with the identities and background of all individuals concerned, no high degree of reliability can be placed from an American point of view upon the intelligence produced.

2. One of the greatest assets available to U.S. intelligence has always been the extent to which the United States as a nation is trusted and looked up to by democratic-minded people through the world. Experience has proven that the best motivation for intelligence work is ideology followed by common interest and favors. The Germans, the Russians, and their satellites, have employed fear, direct pressure of other types, and lastly, money. With most of these factors lacking to it, Operation Rusty would appear to be dependent largely upon the last and least desirable.

3. It is an accepted fact that strategic intelligence cannot be gathered effectively unless the personnel responsible for the operations receive careful intelligence direction and briefing. Since such material is often highly classified, much of it cannot be given to non-Americans. This would apply to Operation Rusty as presently constituted and would be a limiting factor in the effectiveness of its intelligence production.

*Agreed to by  
D. Underhill  
W. H. H.*

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CONTROL  
TOP SECRET

22. (Continued)

SECRET/RELEASE - 3 -  
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4. Since the present production of Operation Rusty can be duplicated if not improved upon by existing U.S. operations, its unique potential value, if any, must lie in its ability to collect strategic intelligence on Eastern Europe and the USSR proper. Available evidence of the actuality of this potential is far too inadequate for evaluation but the following points are worthy of consideration:

a) GIS interrogations available here indicate that the personnel of Operation Rusty are almost exclusively concerned with tactical operations on the Eastern Front and that deep penetrations were very limited in number. Their success, however, in this respect was considered by competent GIS personnel to have been superior to that of any other German intelligence unit.

b) GIS operational units contacted by SSU since the war have almost uniformly claimed the existence of high-level chains into the USSR but so far these have never been confirmed. Without implying any dishonesty on the part of Operation Rusty's personnel, it would be quite natural for them to exaggerate somewhat the level and extent of their capabilities.

## II. ADVANTAGES

1. The German Intelligence Service, of which group was a part, is considered to be tactically effective.
2. Individuals concerned have had long experience in German Intelligence Service and particularly against the Russians.
3. Such archives, records, and intelligence materials in their possession are considered to be of great value.
4. The project, operating on current framework, has possibilities for further eastward penetration.
5. It entails an element of comparison and confirmation of other intelligence gathered by Special Operations.

## III. DISADVANTAGES

1. The taking over of this project by CIG would, in effect, be reconstituting an important function of the German Wehrmacht, and could conceivably lead to repercussions from the

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CONTROL  
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22. (Continued)

SECRET/RELEASE  
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- 4 -

TOP SECRET  
CONTROL

political aspect, if compromised. Further, it might prove embarrassing in the defense of budget, where it may be charged that we are subsidizing a portion of the German Intelligence Service.

2. It places dependence on our organization of a former enemy over which personnel of CIG will have only nominal control.

3. It is believed that portions of this basic organization are currently under the control of at least two other nations, i.e., ~~██████████~~ and Russian.

*British*

4. The operation entails duplication to a great extent of current SO operations in that area, as we also are in a Russian-occupied zone of Germany.

5. In general, the intelligence to be procured is too low level for the estimated cost of two and a half million dollars per annum.

6. Security Aspects

a) We have information, as a result of our own counter-espionage activities, to indicate that the operation is not very secure and is generally well-known.

b) For instance, a man named ~~██████████~~ <sup>*BALK*</sup> who worked for ~~██████████~~ during the war, informed the ~~██████████~~ in Berlin <sup>*British*</sup> that the Americans were using many of his former colleagues in intelligence work.

<sup>*British*</sup> c) We have been informed on three occasions by the ~~██████████~~ that their controlled officers of the Fremde Herre Ost know of ~~██████████~~'s activities in the American zone.

d) The most outstanding breach of security which has come to our attention came from the Bamberg area where the CIG has stated they have arrested over 25 individuals who claim to be working for ~~██████████~~ for the American espionage service, and many carried in their pockets revealing documents. Attached is a translation from German of the TOP SECRET USFET EEI (Enclosure I).

e) Besides the above security aspects, there exists no interrogation report for members of this Group. To our knowledge there has been no extensive check on members of the Group, nor have we any idea of the degree of Russian penetration by MVD.

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CONTROL  
TOP SECRET

22. (Continued)

SECRET/RELEASE - 5 -  
TO GERMANY ONLY

**TOP SECRET  
CONTROL**

f) Of a longer-range nature, at some time in the future these men must submit themselves to denazification boards at which time it is conceivable that the entire operation may be compromised.

IV. RECOMMENDATIONS

A) That this operation as currently conceived and executed be not taken over by the Central Intelligence Group.

B) That in the event G-2, USFET, cannot continue to maintain the project, Special Operations effect liaison with this Group in an attempt to determine and procure archives, documents, personnel files, and other intelligence materials from this Group, as well as names, locations, etc., of current agents with a view to implementing an operation after careful study of capabilities of personnel, etc.

C) In any event, it is recommended that we not obligate CIG to the funds and agreements with the German chief of this service.



DONALD H. GALLOWAY  
Assistant Director  
Special Operations

ENCLOSURE I

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22. (Continued)

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E N C L O S U R E I

to

MEMORANDUM FOR THE DIRECTOR,  
CENTRAL INTELLIGENCE GROUP

SUBJECT: Operation Rusty

17 October 1946

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Classification stamp with handwritten signatures and redactions. The stamp includes the text "CENTRAL INTELLIGENCE GROUP" and "CLASSIFICATION". There are several large black redaction marks and handwritten signatures, including one that appears to be "J. Edgar Hoover".

22. (Continued)

COPY

~~SECRET~~

COPY No. 1

HEIDELBERG FEILD BASE

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17 September 1946

MEMORANDUM

TO: Chief, IB

SUBJECT: Agent Net Operating in the Bamberg Vicinity

1. Attached are copies of a translation from the German into English of a brief found in the possession of one German named Gamba. This man was arrested by CIC, Bamberg and this particular brief was found in his possession. The individual is said to be the head of a chain of German agents.

2. Similar briefs have been found in the possession of a German named Nierhaus, also said to be the head of a chain of agents operating in the Ruszon. Chief of the whole setup is said to be one Von Lossow.

3. CIC region Bamberg has so far picked up close to 30 Germans with OB briefs on the Ruszon in their possession, all of whom have in their possession the telephone number of one Captain Waldmann.

s/ [redacted] HANS L. MARCHAND  
[redacted] HANS L. MARCHAND  
Capt. CAC

Distribution  
Chief, IB  
Files

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22. (Continued)

LTs = 377

COPY

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After Thorough Acknowledgement, Destroy  
Immediately:

COPY No. [redacted]

(Temporary S.O.P.) SECRET/RELEASE

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Of Interest Are:

1. News of military nature.
2. Economic news.
3. Political news.

Concerning:

1. Military news.

The following enumeration is not complete but serves as an example. Generally it can be said, that news of offensive preparations are of the greatest interest, (special concentrations of armored units and other offensive preparations etc.). It must be stressed generally, that reports can only be used if they specifically answer the four questions:

1. Who or What?
2. Where?
3. When?
4. How? (In what manner).

Each report always has to be checked in regard to these four directives.

Example for matters of a military nature which are of interest at present:

1. Units of the Red Army which have been identified, always have to be checked in regard to their parent outfit (division). Which APO number did the specific unit have in 1944, in the year 1945, and at present?
2. How are the units garrisoned and where is the nearest higher HQ located?
3. Training and political instruction?
4. All names from Major on, are of interest.
5. In the USSR the biggest ocean liner of the world is supposedly being built. Details about it.
6. Army directives about rear-echelon service, reinforcement of motorized troop columns, and railroad transports; their condition.
7. Observation of railroad traffic in both directions at following stations:

- a. PASSOW, N.W. of SCHWEDT.
- b. TREBNITZ near BRESLAU.
- c. BRIESEN near BRESLAU.
- d. GORTZ, S.E. of LUBENAU.
- e. LEUTHEN.
- f. SAZDORF, N. of MUHLBERG (TORGAU).
- g. GRAFENHEINICHEN, S.W. of WITTENBERGE.
- h. BELZIG--BRANDENBURG.
- i. NEUENDORF---BRANDENBURG.
- j. NEUSTADT (RR line BERLIN--WITTENBERGE).
- k. NEUENHAUSEN, E. of RATHENOW.
- l. QUALL, S.E. of GREVESMUHLEN, (ROSTOCK-LUBECK).
- m. MILTZW (STRALSUND-GREIFSWALD).
- n. LGCKNITZ (STETTIN -- PASEWALK).

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22. (Continued)

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Furthermore (the observation of RR traffic across the ODER bridges is important.

8. Heavy building equipment for streets, canals, railroads, and airports. Can this equipment be utilized for combat engineering purposes in case of war?

9. Shipping (number of ships and approximate monthly tonnage), troop embarkations and debarkations.

Repairs:

How much vehicle reinforcement?

All questions to be answered in the case of STETTIN and ROSTOCK.

10. Factories producing jet planes (i.e. "Junkers" in DESSAU and MAGDEBURG) Present amount of production and future plans for these factories.

11. Are the synthetic gasoline refineries being rebuilt?

12. Up to what point are Silesian factories being rebuilt, and how do the Soviet control the remaining factories?

13. Are the RO (RAZVEDYVATELJNYJ OTDEL) still in charge of (political) orientation in the Russian Zone?

14. Army Postal Service: Is the five-number system (i.e. 23,500) still being used by the Soviets for purposes of registration. Also give APC number of officially recognized units. (Army newspapers frequently carry the APC number of the unit publishing the paper).

15. Utilization of Russian papers, military papers, etc. Name place where they were located.

16. (Ration) card supply of troops.

17. Training questions:  
Basic or Special training.  
Percentage of recruits.  
Training state.

Where does training take place? Are maneuvers carried on and where?

18. Are streets being repaired? Bridges reinforced? New bridge constructions?

19. Railroad conditions: Where is the Russian gauge? and where both?

20. Identification of Airport construction.

21. Numbers concerning ammunition and gasoline replacements?

22. Where are AA units located?

23. Was the population informed to preserve air-raid installations and equipment?

- 2 -

~~TOP SECRET~~

SECRET/RELEASE  
TO GERMANY ONLY

22. (Continued)

~~TOP SECRET~~

24. Do the Russians use their own telephone network or the public one?

25. Which streets are marked as military streets and which ones are temporarily closed?

26. Are there indications of German Communist units being created (Information, registration, and schooling) etc.

27. Are the PW's placed in camps according to age and branch of service?

28. All questions concerning the preparation of a German auxiliary troop.

29. Police troops (MP's) and names of higher officers.

Concerning 2: Economic News:

1. What local specialists are staying behind, while factories are being removed?

2. Evacuation of entire <sup>occupation</sup> [profession (craft)] groups (shoemakers, tailors, etc.), voluntarily or compulsory, with all details. Evacuation where to?

3. Details about the nationalization of industry.

4. Are the remaining industries placed in a condition where they are dependent on Russian raw-materials? Details about specific factories are desired.

5. Which factories work for the Soviets and what branch? Which ones work in part?

Concerning 3. Political News:

1. Report of the Germans' feelings and mood, in their relations to the Russians.

2. Former National Socialists joining the KPD or Sympathizing with same; details (name, circumstance).

3. In what regions and where is the political life concentrated?

4. Political direction and frame of mind in the Red Army.

General Questions:

1. Which are the main supply depots in:
  - a. BRANDENBURG
  - b. MAGDEBURG
  - c. THURINGIA
  - d. SAXONY
  - e. SILEZIA

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22. (Continued)

~~TOP SECRET~~

Where are they located? Which particular supplies are stored at a certain time? In what amounts?  
Where do these stores come from, (origin).?

2. What amount and type of supply have been stored in aforementioned regions since March 1946?

3. What measures were taken by the Red Air Force in specified territories? Are there preparations for reinforcing the airforces in these regions?

4. Are the 1916-1921 classes being demobilized? With what speed?

Military Questions:

1. Is there a mechanized army in the HALLE-MERSEBURG sector and east of the eastern frontier of BRANDENBURG? If so, which one? Who is its commander? Where did it come from?

2. Is there any higher HQ (staff) located in HALLE, DESSAU, TORGAU or FINSTERWALDE? What is the designation of the troop unit in question? Who is its commander? What is its strength? What and how is its equipment?

3. Are there in Saxony any troops which had previously been located in HUNGARY? What units? Who are their commanders?

4. Is there a sizeable Airforce HQ (staff) in BERLIN? Which one? Who is the commander? Is the SPANDAU Airport (STAACKEN) occupied by an airforce unit? Which one? What is its equipment?

5. Are there any new airforce units in the Breslau sector? Which ones? How are they equipped? When did they arrive? From where?

6. Which airports in SILESIA are being used by the Red Airforce? Report of the units, their equipment, number of planes on each airport used with exact location.

7. Are there sizeable stores of airforce gasoline in Lower SILESIA? Where? Amount and type?

Economic Questions:

1. Efficiency of the railroad in the Russian Occupation Zone of Germany and Czechoslovakia with particular consideration of:

- a. Details about the condition of tracks.
- b. Working capacity of shunting stations.
- c. Single-double-triple-, or quadruple track railines.
- d. Types of bridges.
- e. RR personnel, insofar, as non-German personnel within Russian Zone is concerned. Methods of guarding.

SECRET/RELEASE  
TO GERMANY ONLY

22. (Continued)

~~TOP SECRET~~

f. Condition and quality of engines and rolling stock (locomotives and RR cars). Prospects of developments.

g. Maintenance and repair capacity of locomotives and RR cars, new investments, tendency of development.

h. Has the capacity of any rail lines been increased or decreased? The same for shunting stations.

i. Is material for reconstruction and maintenance of tracks and bridges available? If so where is it located?

2. Location, capacity, and contents of depots in the Russian Zone with information about:

a. Transfer of depots, particularly reports of transfer to the West.

b. Mobility of stores, maintenance service, lay-out and troops.

3. Quantity and quality of transport vehicle-maintenance, replacement capacity, as well as tendency of development.

4. Location of tactically and strategically important bridge material and of troops.

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- 5 -

22. (Continued)

COPY

~~SECRET~~ 15.7.1946--30.7.1946.

Concerning: Experiences No. 2 comparison, in addition last report of experiences, Nos. 1 and 2.  
Interrogation of owners of 4-Zone passports by the Russians.

The following report from 10.6.1946 is on hand:

"All owners of 4-Zone passports undergo a thorough baggage, clothing, and body check at WARTHA near EISENACH. Afterward the people in question, are interrogated by a perfect German-speaking Russian Captain. This Captain has among travellers the nick-name "Alex."

The following questions were asked of me:

1. Which American officer gave you an instruction?
2. Have you an instruction from your husband and with which American officer is your husband connected?
3. Are there still American tanks in HERSFELD? (HERSFELD near BEBRA, note of writer).
4. Are there still American tanks in KASSEL?
5. Have new troops arrived from America and which ones are they?
6. In GIESSEN you were seen with an American officer, How were you connected with him?

To all these questions, the reporter, a woman from EISENACH, who stayed temporarily in American territory, was unable to give an answer. She did not walk with an American officer in GIESSEN. This apparently was a catchy question. The interrogation lasted half an hour. (901)

2.7.1946

1. Illegal-border crossing spots in CZECHOSLOVAKIA.

Exit points for border-crossings are:

WALDSASSEN (15km S.E. of WIESAU)  
TIERSCHENREUTH (12km E of WIESAU)  
BIERNAU (22km S.E. of WIESAU)  
TACHAU (33km S.E. of WIESAU)  
ASCH and SELB still have to be examined as potential

departure points.

2. LEIPZIG fair in October 1946 (S) 20.6.1946.

In LEIPZIG a fall fair will take place from 2-6 Oct., according to Radio BERLIN.

3. Possibilities for avoiding travel difficulties:

From Germany to all of Austria and back.

1. Issue of a border crossing card for the small border traffic (so called Frontalier Permit) and of a registration card which must be issued from a border locality at the Austria-Bavarian frontier. (ie: LAUFEN, FREILASSING etc.)
2. Give a credible reason for being in possession of a border crossing card (ie: employment with a SALZBURG firm).

- 6 -

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22. (Continued)

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3. Exemption from the obligatory 12-hour registration through CIC; extension of registration to a period from 3-4 days (permission to spend the night in SALZBURG). This exemption is to be placed on the last pages of the Frontalier permit by CIC under the heading "Endorsement".
4. Issue of a NANSSEN passport (for stateless people) which can be shown instead of the identification card. (This solution would be too revealing according to local and American stations.)
5. Crossing the border with American help without control by the German border police, also returning at a previously appointed moment.
6. Travel in Austria with the aid of the quadruplelingual travel permit and a Nansen passport (see No. 4 above). More suitable, however, if Austrian registration card is available.

Quadruple-lingual identification card.

In order to travel at all in Austria, the possession of a quadruple-lingual identification card is an absolute necessity.

Description of the identity card.

The identity card is of a common white paper color. It contains the most important, personality, residence, and occupation data of the bearer. These data are placed on one page in English, one in French, and another in Russian. On the Russian page all data are put in Russian script. Even the first and family names of the bearer are "russified" (ie: Alexander--Alexej, etc.) The identity card is issued and signed by the Austrian Police office. The English, French, and Russian versions are signed by representatives of the respective occupation power.

7. Border Sector WEFERLINGEN--OSCHERSLEBEN  
Border Sector WEFERLINGEN--VOELPKE.

(S) 17. --24.6.46.

Names of Commanders and performance of their duties in their unit.

A. Major KOSCHNA:

Commander of the border sector WEFERLINGEN (45 km.N.W. of MAGDEBURG)---OSCHERSLEBEN (25km W.S.W. of MAGDEBURG).

Station: HOETENSLEBEN (50km W of MAGDEBURG) opposite the great textile department store WIGAND, (former Adolf HITLER Str.) signs border permits for the entire sector.

The Sub-Sectors are not entitled to the signature.

Adjutant: Major Anatol SASCHA.

B. Captain MISCHKA:

Commander of the bordersector WEFERLINGEN (45km N.W. of MAGDEBURG)--VOELPKE, (35 km W. of MAGDEBURG) Station: VOELPKE, Braun Str. Frequently checks border posts in his sector. His station accepts border permits, transmitting them for signature by the detachment of Major KOSCHNA. His sector is placed under Major KOSCHNA. Captain MISCHKA drives a red HANSA BORGWARD passenger car and a black-grey DKW passenger car.

15.7.46

Questions No. 2. ( 3.7.46)

I. A. Which airports in the Russian occupied Zone are in use by the Red Army?

- 7 -

~~TOP SECRET~~  
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22. (Continued)

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In Detail:

1. Location, if possible, through coordinated system (Sketch!)
2. Location of distinguishing terrain features or other marks in the surrounding area easily identified by air or ground observer.
3. Number and type of planes stationed.
4. Armament of airplanes (No and type of machine guns, cannons, bomb bays, rocket launchers, gas containers etc.)
5. Are bombs stored on the specified airport, where (sketch)? What type? What amount?
6. How many airplane hangars are there? Plane capacity? Position of hangars (sketch)?
7. Are there any other protective covers for planes? Where and how many?
8. What new construction is going on at the specified airport?
9. Change in the number of troops, type of the troops i.e.: Units and equipment of airport concerned.
10. What gasoline stores are on hand and where are they stored? (Sketch!)
11. Is AA protection on hand? Where and in what strength? Caliber account!

I. B. Report of type and number of detachments or units (inf., art., arm., etc. with numerical reports) i.e.: garrison strength of following troop training centers:

- a. NESSELBECK, 10km. N.E. of KONIGSBERG.
- b. STABLACK, N.W. of PREUSSISCHEYLAU (ILAWA), is this station in Russian or Polish hands?
- c. ARYS, (ORZYSZ) 48km S.E. of RASTENBURG (East Prussia) (it is assumed to be closed territory, accessible only to Red Army).
- d. MIELAU, (MLAWA) 28km. S. of NEIDENBURG (Eas Pr.) station approximately 15km. E. of MLAWA.
- e. THORN, (TORUN) station approximately 10km. S.S.E. of THORN.
- f. GRUPPE, (GRUPA, 5.5km. W. of GRAUDENZ (GRUDZIADZ)
- g. HAMMERSTEIN, 17km. E.S.E. of NEUSTETTIN (West Pr.).
- h. GROSS BORN, 15km. S.S.W. of NEUSTETTIN (West Pr.).
- i. ALTWARP, 38km. N.W. of STETTIN (at the bay).

2. Report of utilization character and garrison strength of former German Artillery and tank stations:

- a. ELBING, (ELBLAG), station located near LAERCHWALDE, (Northern Suburb of ELBING).
- b. GRAUDENZ, (GRUDZIADZ)
- c. THORN, (TORUN), gun and tank station either located on troop training square (10km, SSE of THORN or near SCHDENWALDE (5km. NW of THORN).
- d. KOESLIN, (KOSZALIN), 40km E. of KOLBERG.
- e. ALTDAMM, E. of the ODER opposite STETTIN.
- f. KOENIGSBERG, the main artillery camp was located near PONATH, Southern City district of KONIGSBERG, a sub-section near ROTHENSTEIN (4km. NNE of KOENIGSBERG).

C. RUSH!

- a. What branch of service do the local troops belong to?

- 8 -

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22. (Continued)

- WLL*
- b. What units are located there?
  - c. Are there local higher HQ and if so, which ones?
  - d. Other reports (tanks, motorized units, artillery, etc.)

To be reported for:

- 59) RIESA/SAXONY
- 50) GROSSROEHRSDORF/SAXONY
- 163) BRESLAU
- 44) MAGDEBURG

Furthermore for 44.)

e. What machine factories are still in operation there? Production (Each detail is of interest)? Where to are the finished products being sent?

- D. 1 Why is WERNIGERODE closed territory?  
Are there perhaps several reasons for it?
- 2 Are there in the HARZ Region or in bordering sectors launching installations for "V" Weapons? Where and to what extent?

III A. Concerning NAG, BUESSING-BERLIN-OBERSCHOENWEIDE.  
Production and monthly capacity?  
From whom does the firm receive its orders?

- B. DESSAU.  
Are there machine factories in DESSAU making equipment for Concrete production factories?  
To what extent? Delivery where to?
- C. (a) Are new factories under construction and in operation at BRABAG in BOEHLLEN (16 km S of LEIPZIG). What is being produced in these concerns? (What quantity?)  
(Where to are the finished products being sent?  
Each detail of interest?  
(b) What production attempt has been planned? For what time? Where? What production numbers have been estimated, i.e. planned for?  
(c) Are there by any chance other works of the BRABAG participating in the construction and operation of new factories? To what way and to what extent?  
(d) What is being produced at BRABAG in SCHWARZHEIDE in the LAUSITZ? Amount? Where to are the finished products being sent? (Each detail interests!)
- D. Are the JUNKERS works in DESSAU still in operation? (perhaps only parts of the works, research laboratories, experiments). Production? and quantity in relation to it?  
If operation, following details:
  - a. What airplane type is under construction?
  - b. Is it a further development of a former German type? and what --
  - c. Engine type (rocket engines) is in use? (How many rocket tubes?)
  - d. Are the rocket engines there in mass production or are they built outside and where?
  - e. How great is on occasion the monthly production of

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22. (Continued)

- these engines? Are they sent away or stored and where?
- f. What fuel is in use? Where is it produced?
  - g. What speed and maximum altitude does the built airplane type reach on occasion in theory and practice (trial flights?)
  - h. How great is the range of action?
  - I. Is the further development of this or another type planned?
  - k. Is mass production of this type planned?
  - l. To what extent do the Russians use former German trial fliers?
  - m. Work of BMW-STASSFURT for JUNKERS-DESSAU? What do they produce and to what extent.
  - n. Work of SIEBEL-WORKS-HALLE for JUNKERS-DESSAU? What do they produce and to what extent?
  - o. Work of MAG-BUESSING, BERLIN-OBERSCHOEN-WEIDE for JUNKERS-DESSAU? What do they produce and to what extent?

- 10 -

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22. (Continued)

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SUPPLY No 1

1.) Requisitions

Requisitions for goods and financial estimates, separated according to salaries and costs, are to be submitted up to the 10th of each month.

The salary recipients are to be listed according to their code numbers. Great extra expenses such as procuring typewriters, motor cars etc., are also to be submitted separately ahead of time.

2.) Travel-expense directives

1. Travel expense directives for employees

a in the territory of the American, English, and French Zone

1. Daily Allowances

Daily allowance is only granted--those days, on which the employee is travelling from 0 hour to 2400 hours. During shorter leaves travel allowance will be paid. This also includes the day of departure and return.

The daily allowance includes reimbursement for all personal extra expenses during the trip, above all for feeding, incl. service and tips, except for over night expenses (board) and first breakfast.

2. Overnight allowance

Overnight allowance is granted for each night of absence from the residence. The overnight allowance has to cover costs for staying overnight and first breakfast, incl. service and tips.

3. Allowance for provisions (or travel allowance)

This allowance is granted for each dinner and supper which is consumed outside the employee's household, in a restaurant which must be located outside the working spot.

Travel allowance is also granted on longer trips i.e.: on the day of departure and return, insofar as the leave from the working location on these days is of shorter time than from 0 hour to 2400 hours.

4. Amount of travel-expense rate (allowance)

The travel-expense rates amount to:

Daily allowance: RM 6.  
Overnight allowance: RM 5.  
Provisions allowance: RM 2.

(Travel allowance / \_\_\_)

b. In the territory of the Russian Zone:

aa. For employees residing there, the same rates are in effect.

bb. For employees residing in one of the other zones, ten times the rates for daily and provisions (travel) allowance are in effect.

5. Payment in kind

Insofar as payment in kind is offered, the rates are to be changed according to proportion by the personalities in charge.

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22. (Continued)

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II Travel-expense directives for agents

The personalities in charge decide each case on its own merit. The constituted rates accordingly only serve as guiding posts. It is practical to fix a definite sum according to duration and type of instruction. (see experiences No 1, figure "4"-4-Zone passport.) Premiums are principally not issued in the form of money but only in form of goods etc.

III Experiences and proposed changes are to be put down in the experience reports.

3. Denazification

To expedite denazification, the following are to be handed in without delay aside from the already delivered MG "fragebogen"; "Meldebogen" for execution of the law against National Socialism and militarism, with an account of the classified number and the local Spruchkammer as well as important facts on the debit side not contained by them, supporting factors which would aid in exoneration. (Documents with copies, naming of witnesses etc.)

4. Reports

When referring to minor localities always place them in relation to a city. When naming cities refer them to REGIERUNGS BEZIRKE and LANDER.

- 2 -

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22. (Continued)

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Questions No 4

1. New Sector borderlines

"1202" Right borderline: MARKTREDWITZ (incl) BAD BRAMBACH (incl) followed by course of Czech-Saxonian frontier line ending at Polish occupied territory. Left borderline: KRONACH (excl) course of RODACH river--LOBENSTEIN (incl)--SCHLEIZ (incl)--WEIDA (incl)--ALTENBURG (incl)--OSCHATZ (excl)--ELSTERWERDA (incl)--followed by the 13°30' longitudinal line northward.

"1302" Right borderlines: See left borderline of "1202" left border line: MAROLDS WEISACH (incl)--HILDBURGHAUSEN (incl)--ILMENAU (excl)--WEIMAR (incl) HALLE (incl) followed by 12° longitudinal line northward.

"1402" Right borderline: See left border line of "1302" left borderline GERSFELD (incl)--HILDERS (incl)--TANN (incl) followed by Soviet Zonal border line northward.

2. In these sectors strong points are to be formed where reports about the informants in other sectors, can and should be exchanged by way of central Hq.

By the 20th of August the occupied strong points are to be reported along with reference to the locality and notification, whether there are transmitter possibilities or not.

3. This document is to be destroyed after through acknowledgement and index filing.

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22. (Continued)

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Questions No 6

1. To hand in a diagram of the make-up of the organization there, by 17 August 1946. Enclosed should be the names of the leaders of the various subsectors with their address and the respective numbers.

2. Work with Lithuanians, Latvians, and Estonians. All connections with citizens of the Baltic countries should be registered at this place, as here a special office is conducting all work in the Baltic Region. If therefore any Baltics are used, notify this place.

3. Accuracy of the report. Many centers are failing in this respect. From the 3rd daily summary of a center, 8 reports could not be used, because one of the four essential questions had not been clarified. It is therefore pointed out once more that the four questions:

- A. Who or What
- B. When
- C. Where
- D. How - are to be answered in each report.

Is it impossible to answer such a question in a sole case, the reason for omission has to be stated in the report.

Time descriptions, such as "a short time ago", "several weeks ago" etc. are to be avoided.

It does not suffice to state in a report: "According to refugee reports from 30 July there are no troops in HALLE." It should read: "According to reports of such and such refugee (Always as accurate description of reporter as possible, insofar as he is no collaborator) no troops were in HALLE on 20 July or the end of July."

4. The description of "chance" reporters (refugees etc.) has to become more detailed. If possible, try to clarify where from the "chance" reporter gets his knowledge. (From other peoples' reports, employee of a concern about whom he reports, etc.)

5. Since centers of "chance" reporting have in part switched over to direct reporting in the Russian Zone the next step has to be taken.

We must penetrate Red Army units

Ask the persons in charge of the centers, to stress to their subsectors that the RED ARMY still forms the most important field of work. It should therefore be strived for to get as soon as possible a picture of Red Army units, their weapons, morale, and supply depots, and subsequent reports. The Red Army, in as short a period of time as possible, must be revealed to us like an open book.

For this purpose all means are to be used. The persons in charge of the centers, will have all necessary means available for it.

6. Reports reveal that some centers do not pay enough attention to their work with specialists.

Therefore: Recruiting of experts, with an honorary office status, in all fields, especially in the military field.

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22. (Continued)

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7. The leaders of the centers must be clear on one point; that our outfit is conducted on the principle of honorary membership. Therefore: in the future only people with superior abilities will be installed in supervisory capacity. ALL other workers will be under obligation of honorary participation.

This principle enables rational work and economical expenses, which are then free to be generously spent in the execution of particularly important tasks (penetration of Army Hq, Div. Hq. etc.)

8. There are reasons to point out and stress the essential principle to do as much work as possible in your own domain. The leaders of the centers are asked to follow this principle.

This also not necessary for a defense unit (ABWEHR) to work on all cases with registration cards and other protective means.

If the defense unit is cloaked as a state concern, it not only means that it will be known in most official offices, but also that the principle guiding the choice of collaborators will be decisively influenced in a negative manner.

It must be prevented that collaborators only join us for the purpose of gaining advantages. Such workers form at once a heavy burden on the organization. The idealistic basis of our work, which eventually has to be accomplished, regardless of approval or disapproval by the momentarily ruling power, always should form the guiding light of all actions by the leaders of centers.

After acknowledgement, destroy--then transmit orally.

9. Of interest are: Station commanders with their first names, fathers' name, family name, service rank, if possible, branch of service, good and bad characteristics.

10. Concerns: Oberleutnant (1st Lt.) Silling or SEMMLING. Subject belonged to the Brandenburg Division. Before he became an officer, he belonged to the 1012nd JAEGER Bn. He is a member of an organization, supposedly consisting of 200 men. Leader of the organization is a colonel who is in the English Zone. The organization represents an ultra-nationalist line and at present co-operates neither with Americans nor the British. Are there any details about this organization, particularly 1st Lt. SCHILLING or SEMMLING?

11. Concerns: Eastern-News organization. The former Oberstleutnants (Lt Cols) i. E. Michael, Brendl, Knesebeck, Buntrock and one oberleutnant (1st Lt) Dr. Albert BUERKLEIN work in close touch with HEIDELBERG CIC against the SOVIETS, probably steered by the 3rd Army. Individuals concerned, are all General Staff men who formerly only worked in the West Sector. No connections with these people are desired by this office for district reasons.

This report is strictly confidential and therefore after receipt, burn immediately: Naturally silence is essential in front of these people.

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22. (Continued)

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Questions No 5

I. Commence work on following two Soviet Schools; of primary interest are the schooling and training plans.

- 1) Political school in BERGERN (7 klm SW of WEIMAR).
- 2) Espionage and Sabotage school in DRESDEN

Concerning 1) Instructors in BERGERN:

Germans:

BORNWITZ  
BARTHEL  
DOELLING, EBERLING  
EGGERATH  
EYERMANN, FISCHER  
GOLDSTEIN, HEILMANN, HEYMANN  
KOPS, KNIPPEL  
LEONHARD  
LINDAU, SCHELER  
E. SCHMIDT  
Dr. SCHMIDT, STRAMPFER  
Dr. TANDY  
Dr. WOLF

Concerning 2) Instructors in DRESDEN:

Russians:

FABIAN  
KOMOROW, OBERST (COL)  
RUDZINSKY

Germans

V. D. GOLTZ, LT.  
HARTMANN, 1st LT.  
MOECK, Ofhr (Pfc)  
NACK, Ofw (Cpls)  
SCHILLER, Ofw

II. Of interest are the No's of Russian Army Cars not those of MG and Civilian Government. If possible with station location.

Concerning Experiences:

Increased Control of Closed Border

in the BEBRA sector (H. middle of June)

Since the middle of June a severe control of the closed border has been started by Soviet Authorities. This control extends to the agricultural labors of the border inhabitants. These German peasants who have their fields on the other side of the border in Russian territory experience great difficulties in bringing home the hay harvest. They usually require permission to cross the zonal border and even then the cut grass can not be dried on the Soviet but only on the American side.

Children, who formerly were able to cross the frontier freely, are now arrested, and after lengthy interrogation, returned after days.

On the American side MP's replaced regular occupation troops in this sector.

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22. (Continued)

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2. Arrest at the Russian Zone border (Collaboration of German Communists) (5 May 1946)

Subject asked for a border crossing permit to Red Army Zone at the MG passport office in AUGSBURG, for the purpose of arranging urgent family matters, and receiving same after lengthy time. After the border crossing near HOF immediate arrest through NKVD officials followed. The behaviour of the NKVD officials and the circumstances surrounding arrest convinced source, that his name and personal data must have been known beforehand at the office of border control. Source had a conversation with an acquaintance from Berlin who had similar experiences.

Source assumes from these facts, that KPD members work in passport offices and send through some organization the names and personal data of people travelling into the Red Army Zone.

3. Crossing location in the HOF Sector (B; 1st half of June 1946)

Rudolfstein (18 klm N of HOF a.d.s.) information in the GASTHAUS (restaurant) VOGEL.

4. Lifting of travel restrictions in the Soviet Zone.

In the Soviet Zone the permit requirement for trips over 50 klm's which was valid up to now, has been lifted. Permit is required only when crossing the various RR board districts. This report, given by a "chance" reporter, has not been checked.

5. DP Registration (R, July 1946)

In all of Bavaria and WUERTEMBERG the DP identification card (tan white with red print) has been issued, while in the English Zone only the small white index cards are used at present.

Questions No 3.

Orientation Task (Rush)

A. Berlin sector

1. Airforce Hq and Units in the surroundings of Berlin.
2. Airports within Berlin Surroundings which can be used for an operation. (in cases of new construction exact location, sketch.)
3. Units on airports under question No 2.
4. Names of Commanders of these units.
5. Under what higher Hq. are these units placed?

B. Breslau Sector

1. Airports in the Breslau sector. (Exact location, sketch)
2. Utilization of these airports?
3. Airforce Hq. and units in this sector.
4. Garrison of each airport?

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22. (Continued)

~~TOP SECRET~~

5. Airplane types? (fighters, bombers, reconnaissance planes)
6. In what amounts is gasoline and other airport equipment stored? (If possible exact location of such depots, with diagrams and sketches.)
7. Number of lately reinforced planes?

Concerns: Experiences

1. Travel possibilities to Austria and Holy.

All passes in the WETTERSTEIN and KARWENDEL mountains, leading into Tyrol, are guarded by fixed posts of Germans and Austrians border police, aided by French military patrols.

As cross-overs, unused and unmarked routes through the mountains would usually be used. Even there danger of arrest by patrols, since they do not frequent steady routes and therefore unpredictable.

In case of arrest through German patrols, internment in the district court prison in GARMISCH. In most cases after credible alibi (picking of EDELWEISS flowers, mountain climbing) release after several weeks with monetary punishment of 100-200 marks. In case of arrest through Austrian border police and French patrols, deportation to France.

Alpine experience on these border crossing is advisable but not essential. For alibi in case of arrest, alpine equipment would be advisable. Routes in part, 4-5 hours and exhausting. Shorter routes in the valley usable primarily at night, however unsafe.

Situation in other border sectors (ALLGAU, Inn valley) similar.

2. HIRSCHFELDER (8 klm NE of SITTAU/SAXONY)--Crossing possibilities from the Red Army Zone into Polish occupied territory (S Constantly observed since middle of March)

From HIRSCHFELD on, a narrow-gauge Coal RR goes back and forth. The coal cars of this RR are built in such fashion, that a man can easily and completely hide in them. This border crossing has been tried several times and has proved as completely safe up to now. The Red Army controls these RR only from time to time and then very superficially. The RR personnel aids every border crosser.

3. Statements of a Sportswear-wholesale dealer from CHEMNITZ who crossed the border on 2.7. (end of July)

The crossing is managed through connections with Russian border police on one side and the German border police on the Bavarian Side. Once a week, 1-3 passenger cars are put on for interzonal traffic. Subject has travelled in one of them. With him he had a child and plenty of baggage - everything crossed without any control.

4. Report of a traveller (reg.) crossing into the Russian Zone and vice versa (0. Middle of July)

The greatest difficulty is encountered in the border crossing, according to the traveller, since every 150 meters (450 feet) a

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22. (Continued)

post is standing. In the hinterland movement is relatively unobstructed. Return even more difficult.

1202

Concerns: Requisitions

Reference: "Supply N 1", figures from 28.7.46

for 1211 According to plan 1 and 2 (incl)

for 1240 For trips already carried out.

1. Five day package and 6 cartons of cigarettes

Estimate according to directive

2X five day packages plus 5X 1 day packages

Cigarettes	4X5 Packages each 20 cigarettes	-----	20	Packs
Coffee	4x2 cans	-----	12	cans
Chocolate	4x3 tablets	-----	12	tablets
Cocoa	4x1 cans	-----	4	cans
Sugar	4x1 16	-----	4	16s
Soap	4x1 piece	-----	4	pieces
Matches	6x5 boxes	-----	30	boxes
Rice	4x1 16	-----	4	16s
Other groceries		-----		According to supply
Canned Meat	4x1 Kilo (2 lbs)	-----	4	Kilos (8lbs)
Canned Milk	4x3 cans	-----	12	cans
Socks	4x2 pairs	-----	8	pairs
Tobacco		-----	6	packages
Fat		-----	4	kilos (8lbs)

Financial Estimate (Budget)

Salary for July and August @RM 250	-----	500
Various travel expenses, etc.	-----	100
		Total 600 RM

For 1241 the same amounts as for 1240

Written

(in Green Crayon)

ORIGINAL copy to 1400 with request for settlement.

commentary superfluous!

for 1240 till now only a short

report about "V- General"

We have to work here according to private enterprise principles. 11/8/46

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- 23. DCI to Maj. Gen. Stephen J. Chamberlin, Director of Intelligence, War Department, "Operation Rusty—Use of the Eastern Branch of the Former German Intelligence Service," 20 November 1946, enclosing Burress to Vandenberg, "Operation RUSTY—Use of the Eastern Branch of the Former German Intelligence Service," 1 October 1946

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*Out 20 Nov. 46 - to be  
hand processed  
by Col.  
Galloway*

**MEMORANDUM FOR MAJOR GENERAL STEPHEN J. CHAMBERLIN  
Director of Intelligence  
War Department**

**Subject: Operation Rusty - Use of the Eastern Branch  
of the former German Intelligence Service**

1. During a visit of a CIG representative to Germany early in October 1946, the Assistant Chief of Staff, G-2, USFET, recommended that the Central Intelligence Group take over Operation Rusty and conduct it from the United States. Detailed recommendations on the transfer of the operation were contained in a letter from G-2, USFET, dated 1 October 1946, copy of which is enclosed herewith.
2. Before reaching a decision on the transfer of this operation it is deemed advisable that a representative of G-2, USFET, accompanied by both Reinhard Gehlen and Hermann Baum, formerly of the German Intelligence Service, come to the United States for conferences with representatives of the CIG and the War Department.
3. It is recommended that the War Department take all necessary steps to transport these individuals to the United States, housing and maintaining them during their sojourn here. In view of the delicate character of this contemplated operation, CIG desires to emphasize that unusual security precautions must be taken; otherwise the future usefulness of these individuals would be completely nullified.

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*s/* [Redacted]  
**MOY S. VANDENBERG**  
 Lieutenant General, USA  
 Director

**Enclosure**

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to [unclear] Galloway - [unclear]  
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Director's Files

23. (Continued)

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HEADQUARTERS  
U. S. FORCES, EUROPEAN THEATER  
Office of the AC of S, G-2

1 October 1946

SUBJECT: Operation RUSTY - Use of the Eastern Branch of the former German Intelligence Service.

TO : Lt. Gen. HOYT S. VANDENBERG, CIG, Washington, D. C.

I. DISCUSSION

1. The key personnel of the Abteilung Fremde Heere Ost des Generalstabes des Heeres (Division Foreign Armies East of the General Staff of the German Army) and the organization under their control have been used since January 1946, under the direction of G-2, USFET, in an intelligence operation against Russia and Russian controlled areas. TAB A contains details on the background and activities of the subject personnel before and after the operation was initiated.

2. The organization, shown in TAB B, consists of two main groups - the Evaluation Group and the Information Group. The former, headed by ERICHARD GEBLEN, consists of five men who direct the Information Group to get the information needed to complete the missions assigned by G-2, USFET. The Information Group, headed by HERMANN BAUM, prepares the missions for its information gathering agencies and when the information has been obtained it turns it over to the Evaluation Group. This group evaluates and collates it and G-2, USFET, then receives the information obtained in its original form, the evaluation, and the collation.

3. At present Operation RUSTY covers the Russian Zone of Germany as far as the Oder River as is shown in TAB C. With this area covered by approximately 500 to 600 agents, attention has been turned to the development of strategic intelligence covering Russia, the Balkans, Poland, and the Near East. The possibilities along this line are outlined in TAB D. Although this phase of the operation is in its infancy, already relations have been established with a member of ZEBKOV'S staff and with an associate of NIKOLYAN, who is a member of the Politburo.

4. During the period 1 April 1946 - 1 October 1946, the operational costs have been approximately \$130,000 in Allied Marks, \$24,000 in U.S. Currency, and certain amounts of foodstuffs, soap, tobacco, etc. TAB E contains the method of handling the fund and supplies, the breakdown of the figures given in this paragraph, and a discussion of future costs.

5. G-2 USFET considers the organization one of its most prolific and dependable sources as is explained under TAB F. Also under TAB F are

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TOP SECRET

23. (Continued)

SECRET/RELEASE CONFIDENTIAL  
TO GERMANY ONLY - 2 -

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examples of information and evaluation produced by the organization and an estimate of the situation as of February 1946 which subsequent events have proved very accurate. This estimate was made at Camp 1142 for the War Department by the Evaluation Group. A current estimate by this group is found in TAB G.

6. The problems and difficulties encountered in this operation are covered in TAB H.

II. ACTION RECOMMENDED

It is recommended that SSU take over Operation RUSTY and conduct it from the United States. Detailed recommendations on the transfer of the operation from G-2, USFET to SSU are contained in TAB I.

s/ W. A. BURRESS

W. A. BURRESS  
Maj. Gen., GSC  
AC of S, G-2

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192

24. Col. W.W. Quinn to Galloway, "Operation Rusty," 5 December 1946

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SECRET/RELEASE  
TO GERMANY ONLY

5 December 1946

MEMORANDUM FOR COLONEL GALLOWAY

Subject: Operation RUSTY

My first knowledge of Operation RUSTY came as a result of my visit with General Sibert in Frankfurt this past July. Among other things discussed, General Sibert brought up the subject of the Group that he was currently exploiting. He stated that he thought that there were great possibilities in the utilization of this Group as an entity by virtue of their activities against the Russians during the war, as well as their professional qualifications. He stated that it was admittedly costly, but the dividends in intelligence would compensate for the overall cost.

He stated that G-2, of the War Department, had authorized the continuity of his operation until approximately June 1947, at which time he did not know what the future would bring. He asked me as to my reaction incident to SSU's taking over the project at that time, or prior thereto, placing the direction of the operation under the SSU German Mission. I told General Sibert that I was not prepared to discuss the possibilities of accepting the proposition; first, because as SSU was being liquidated we were in no position to make long-term commitments; further, that if CIG were to continue the activities of SSU, I could not commit CIG, as I did not know what their attitude would be towards this type of project. I inquired of Mr. Lewis, in the presence of General Sibert, as to his feeling in the matter. Lewis stated that in the event he was instructed to assume responsibility for the conduct of this Group, it would be necessary to thoroughly investigate the personalities involved, even though it would entail a detailed interrogation of the leaders of the Group. He stated that he had no knowledge of any such background material which he considered most important incident to making an assessment of the project itself.

General Sibert agreed that anyone taking the project over would have to know with whom he was dealing, but felt that no one had need to be worried about the integrity of the leaders

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24. (Continued)

SECRET/RELEASE ~~TOP SECRET~~

Colonel Galloway TO GERMANY ONLY 15 December 1946

of the Group, as he knew them personally, and as a result of daily intercourse with certain of his staff officers this Group had established a reputation among those staff officers for sincerity and responsibility.

The subject ended without any promises being made on anyone's part, and General Sibert said that he would pursue the matter further at such time as the future of SSU and the responsibilities of CIG had been determined.

Later, in talking with Lewis, he elaborated upon the requirements that anyone taking over this group must necessarily know everything about them in order to accurately determine their capabilities, as well as to determine the calculated risks that might have to be taken.

The subject did not come to my attention again until your return from Europe with the outline project as submitted by G-2, USFET.



W. W. QUINN  
Colonel, Inf.

SECRET/RELEASE  
TO GER: ONLY

~~TOP SECRET~~

25. Helms, Memorandum for the Record, "Operation RUSTY," 19 December 1946

SECRET/RELEASE  
TO GERMANY ONLY

MEMORANDUM FOR THE RECORD

19 December 1946

SUBJECT: Operation RUSTY

A meeting was held in New York City on 19 December 1946 to consider Operation RUSTY. Those attending were:

Mr. A.W. Dulles, Special Adviser, Director CIG  
Mr. W.H. Jackson, Special Adviser, Director CIG  
Col. E. K. Wright, CIG  
Gen. Edwin Sibert, CIG  
Mr. Richard Helms, CIG  
Mr. Samuel Bossard, CIG  
Col. Donald H. Galloway, CIG  
Col. L. L. Williams, G-2 WDGS  
Lt. Col. John Deane, USFET

A discussion was held on the advantages and disadvantages of Central Intelligence assuming responsibility for this operation.

Conclusion

Both Mr. Dulles and Mr. Jackson pointed out the dangers of the operation from a national viewpoint and recommended that a representative of CIG proceed to Germany to initiate an "on the ground" survey as to the value of this operation to a peace time intelligence organization. The concensus of the meeting was that the operation should be materially reduced but that certain parts had possible long-range values and that the survey as recommended by Mr. Dulles and Mr. Jackson should be undertaken.



Richard Helms

*4 copies of this memo w/d & destroyed  
12 Aug 58  
R.H.T.*

SECRET/RELEASE  
TO GERMANY ONLY



*Part IV*  
**The Bossard Report**

1962

1966

26. Cable, Special Operations to [ ] 31 January 1947

FCAM NO. 35-6  
OCT 1946

OUTGOING CLASSIFIED MESSAGE

(1342)  
PAGE NO. \_\_\_\_\_

**CENTRAL INTELLIGENCE GROUP**

TO:	[ ]	PRIORITY	
FROM:	SPECIAL OPERATIONS	31 JAN 47	
CONFIRMATION:	ADSO (1-2)	[REDACTED]	WASH 5934
INFORMATION:	COPS (3)		

PARAPHRASE NOT REQUIRED. HANDLE AS SECRET  
CORRESPONDENCE PER PARA 51 (1) 60A AR-380-5.

**SECRET/RELEASE  
TO GERMANY ONLY**

SECRET

COPY # 2

[REDACTED] WASH 5934  
TO: [ ] [REDACTED] CITE: WASHA  
EYES ONLY SCOTT

1. WE CONTEMPLATING ASSIGNMENT OF SAM BOSSARD ON THREE MONTHS TDY IN FRANKFURT TO SURVEY KEYSTONE (RUSTY) OPERATION AS PRESENTLY BEING CONDUCTED BY USFET. PURPOSE OF THIS WOULD BE TO MAKE RECOMMENDATION TO CIG AT END OF TDY RE WHAT PART IF ANY OF KEYSTONE SHOULD BE TAKEN OVER BY CIG. SUCH ASSIGNMENT IS OF COURSE SUBJECT TO OUTCOME OF CONVERSATIONS IN GERMANY BETWEEN [REDACTED] AND CLAY.

2. IN ADDITION TO KEYSTONE MATTER, THIS TDY WOULD GIVE BOSSARD UNIQUE OPPORTUNITY TO STUDY USFET CE FILES, INTERROGATIONS BEING CONDUCTED AT OBERURSEL, MATERIAL AVAILABLE THERE ON LAMEDA PERSONALITIES, ETC, IF BOSSARD FEELS NEED OF FURTHER BRIEFING BEFORE TAKING ASSIGNMENT, WE PREPARED TO MAKE IT POSSIBLE FOR HIM TO MAKE QUICK AIR TRIP HERE FOR CONSULTATION.

3. PURPOSE OF FOREGOING IS TO PREPARE YOU IN EVENT IT NECESSARY FOR YOU TO RELEASE BOSSARD FOR THIS ASSIGNMENT EARLY IN FEBRUARY. WE WILL ADVISE YOU AS SOON AS DEFINITE DECISION

SECRET

COORDINATING OFFICERS

TO:

AUTHENTICATING OFFICERS

**SECRET/RELEASE  
TO GERMANY ONLY**

Secret  
Rel GER

26. (Continued)

SECRET

2

← ]

WASH 5934  
[REDACTED]

HAS BEEN MADE.

4. INCIDENTALLY, GERMAN MISSION HAS ALREADY BEEN INFORMED  
OF POSSIBILITY OF THIS ASSIGNMENT.

RICHARD HELMS  
RELEASING OFFICER

[REDACTED]  
RD GWT

SECRET

DONALD H. GALLOWAY

TOR: 1455 31 JAN 47

Secret

27. Cable, SO to [ ] 10 February 1947

10-35-6  
OUTGOING CLASSIFIED MESSAGE  
PAGE NO. \_\_\_\_\_

**CENTRAL INTELLIGENCE GROUP**

---

TO: LONDON PRIORITY  
 FROM: SPECIAL OPERATIONS 10 FEBRUARY 1947  
 CONFIRMATION: ADSO (1-2) [REDACTED] WASH 6112  
 INFORMATION: COPS (3)

---

**SECRET/RELEASE  
TO GERMANY ONLY**

PARAPHRASE NOT REQUIRED. HANDLE AS SECRET  
CORRESPONDENCE PER PARA 51 (1) 60A AR-380.5.

SECRET

COPY # 2

TO: [ ] CITE: WASHA

FURTHER TO [REDACTED] WASH 5934

1. BOSSARD HERewith DIRECTED TO PROCEED TO FRANKFURT FOR TOY OF APPROXIMATELY NINETY DAYS WITH G-2 USFET FOR PURPOSE OF SURVEYING RUSTY OPERATION AS BEING CONDUCTED BY G-2. BOSSARD IS TO RECOMMEND TO CIG WASH ON OR ABOUT 10 MAY WHAT PART OR ACTIVITIES OF RUSTY SHOULD BE PICKED UP AND OPERATED BY CIG.

2. BOSSARD SHOULD INFORM WASH DATE OF HIS DEPARTURE FOR FRANKFURT SO THAT [REDACTED] CAN CABLE BURRESS INDICATING THAT BOSSARD IS HIS PERSONAL REPRESENTATIVE. BOSSARD WILL KEEP HIMSELF INDEPENDENT OF HEIDELBERG ORGANIZATION AND WILL REPORT DIRECTLY TO WASH DURING PERIOD OF THIS TOY. HE MAY USE HIS OWN DISCRETION RE WHAT OTHER MATTERS HE DESIRES TO INTEREST HIMSELF WHILE AT USFET.

3. QUICK TRIP TO U.S. FOR BOSSARD STILL AUTHORIZED FOR BRIEFING PURPOSES IF HE SO DESIRES. HOWEVER FEELING HERE IS THAT HE HAS AMPLE BACKGROUND TO DO JOB.

RICHARD HELMS  
RELEASING OFFICER

CT

PRIORITY

DONALD H. GALLOWAY

COORDINATING OFFICERS

1231 10 FEB 1947

AUTHENTICATING OFFICERS

**SECRET/RELEASE  
TO GERMANY ONLY**



28. Lt. Col. Deane to the German Chief of Operation RUSTY, "Assignment of Responsibilities," 25 February 1947

**SECRET/RELEASE**  
**TO GERMANY ONLY**

25 February 1947

*Enclosure 1  
Part IV ECLA -121*

SUBJECT: Assignment of Responsibilities.

TO : The German Chief of Operation RUSTY.

1. The German Chief of Operation RUSTY is responsible to the US Commanding Officer for the proper functioning of the German staff, the Evaluation Group, and the Information Collecting Organisation. This responsibility includes the following:

- (a) Loyalty of the key personnel to the US Government.
- (b) Prevention of any activities prejudicial to the interests of the US Government.
- (c) Informing the US Commanding Officer of all proposed changes in the plans or operating procedures of this organization.
- (d) Informing the US Commanding Officer of new plans to be put into effect.
- (e) Informing the US Commanding Officer of changes in or additions to the key personnel of this organization.
- (f) Formulating of basic directives for the operation in the name of the US Commanding Officer. The US Commanding Officer will be kept informed as to the nature and content of these directives.
- (g) Insuring the proper disposition of funds and supplies appropriated for use in Operation RUSTY.
- (h) Formulating security measures and seeing that they are properly executed. The US Commanding Officer will be kept informed as to what security measures are being put into effect.
- (i) Personnel questions involving difficulties which require US assistance.
- (j) Preparation of briefs which will insure a continuous flow of information of the type needed by the Evaluation Group. In addition to briefs passed down by the US Commanding Officer, this will include briefs based on what is needed to complete the picture on the Soviet military, political and economic situation.

2. The German Chief of Operation RUSTY will submit his recommendations as well as the information on the subjects contained in paragraphs 1c - 1e incl. above. The final decision in these matters will rest with the US Commanding Officer.

JOHN M. DEANE, JR.  
Lt. Col., Inf.

*Nothing about intel product*

**SECRET/RELEASE**  
**TO GERMANY ONLY**



29. Cable, SO to Frankfurt, 6 March 1947

FORM NO. 35-6  
OCT 1946

OUTGOING CLASSIFIED MESSAGE

(1342)

PAGE NO.

CENTRAL INTELLIGENCE GROUP

TO: FRANKFURT PRIORITY  
FROM: SPECIAL OPERATIONS 6 MAR 47  
CONFIRMATION: ADSO (1)  
INFORMATION: COPS (2)

WASH 0198

SECRET/RELEASE  
TO GERMANY ONLY

PARAPHRASE NOT REQUIRED. HANDLE AS  
CORRESPONDENCE PER PARA 51 (1) 60A AR-380-5.

TOP SECRET

TOP SECRET

COPY #

WASH 0198 (WAR 9352)

TO: COMGENUSFET FOR: BURRESS FROM: CIG SGD: VANDENBERG  
S-2760 (IN 49384)  
REFERENCE YOUR [REDACTED] MR SAMUEL BOSSARD WILL  
REPORT TO YOU FOR TEMPORARY DUTY ON 10 MARCH AS MY PERSONAL  
REPRESENTATIVE. HIS INSTRUCTIONS ARE TO SURVEY OPERATION TO WHICH  
YOU MAKE REFERENCE, THEN RECOMMEND TO ME WHAT PART OR PARTS THERE-  
OF FIT INTO BASIC INTELLIGENCE MISSION OF CIG AND IN CONSEQUENCE  
SHOULD BE TAKEN UP BY CIG AT FUTURE DATE. HE IS NOT TO RUN OR  
PARTICIPATE IN ANY OPERATIONS WHILE ON TEMPORARY DUTY WITH YOU  
AND WILL REPORT DIRECTLY TO ME ON HIS FINDINGS.

REVIEWED: [REDACTED]  
UPGRADED TO: [REDACTED]  
REVIEWER: [REDACTED]  
CL REASON: [REDACTED]  
DECL ON: [REDACTED]  
DRV FROM: [REDACTED]

SECRET/RELEASE  
TO GERMANY ONLY

W. W. QUINN  
RELEASING OFFICER

OPERA

D. H. GALLOWAY

TOP SECRET

RH  
COORDINATING OFFICERS

TOD: 2253 7 MAR 47

AUTHENTICATING OFFICERS



30. Cable, Heidelberg to SO, 11 March 1947

**SECRET/RELEASE  
TO GERMANY ONLY**

INCOMING CLASSIFIED MESSAGE

PAGE NO. \_\_\_\_\_

**CENTRAL INTELLIGENCE GROUP**

FROM:	HEIDELBERG	OPERATIONAL PRIORITY
TO:	SPECIAL OPERATIONS	11 MAR 47
ACTION:	ADSO (1)	<b>[REDACTED] IN 10535</b>
INFORMATION:	COPS(2) Reg(3) FBM(4-5)	

PARAPHRASE NOT REQUIRED. HANDLE AS ~~TOP SECRET~~  
CORRESPONDENCE PER PARAS 51 (1) 60A AR 980-9.

TOP SECRET

COPY # 1

*HEID 074*

TO: **[REDACTED]** \* INFO: GALLOWAY FROM: BOSSARD THRU **[REDACTED]** FRANKFURT

IT HAS BEEN AGREED BY G-2 USFET THAT CURRENT PRODUCT RUSTY BE DELIVERED C.I.G. FOR PURPOSES EVALUATION BOSSARD SUGGESTS THAT GROUP OF C.I.G. EXPERTS STUDY PRODUCT WITH PURPOSE OF SUBMITTING EVALUATION REPORT SIMULTANEOUSLY WITH BOSSARD'S REPORT ON INVESTIGATION OF OPERATION. SHOULD THIS MATERIAL BE SENT THROUGH HEIDELBERG FOR THEIR INFORMATION OR POSSIBLE ACTION OR SHOULD MATERIAL BE SENT DIRECTLY TO WASHINGTON? BOSSARD CONVINCED ULTIMATE DECISION RESTS ON VALUE OF MATERIAL AND THAT OPERATION DESERVES MOST CAREFUL CONSIDERATION.

\* NOT PASSED TO DIRECTOR

**SECRET/RELEASE  
TO GERMANY ONLY**  
TOP SECRET

FORM NO. 35-5  
OCT 1946

TOR: 1650 11 MAR 47

(1340)

206

31. Report, "Operation KEYSTONE," 13 March 1947

**SECRET/RELEASE  
TO GERMANY ONLY**

**SECRET CONTROL** 01

APR 9 1947

MGH-1050

STATION : Heidelberg/Munich      REPORT NO : ██████████

OFFICER : ██████████ AB-102      REPORT DATE: : 13 March 1947

SOURCE : ██████████ [ ]      INFO DATE : December 1946

EVALUATION: See below      DATE INFO REC'D: 9 March 1947

REFERENCE : MGH-976; FX-210      NO. OF PAGES : 1

SUBJECT : Operation KEYSTONE *used*

NOTE: Source of the information contained in paragraphs 1 and 2 is ██████████; paragraphs 3 and 4 - ██████████. For info on the latter, see ██████████. MSC-389 [ ]

B-5 1. N.E. BARANOVSKI is reportedly head of all White Russians working for "American Intelligence" in Bavaria.

*MGH-223*  
Amzon Comment: In ██████████, BARANOVSKI was reported as a Russian emigrant, who claims to be in the employ of a U.S. Intelligence agency operating out of USFET in Frankfurt.

B-3 2. Employed by "American Technical Intelligence", and working under BARANOVSKI is General GLAZENAP.

3. Mikhail RUMYANTSOV of Munich offered TUKHOLNIKOV an opportunity to work for the "American Intelligence" headed by General GLAZENAP. This "intelligence" agency is operating under cover of a German firm called "Industrial Help". RUMYANTSOV produced documents showing that he is employed by this firm.

C-6 4. The objective of this "intelligence" agency, according to RUMYANTSOV, is to establish intelligence chains reaching into Minsk, Belorussian SSR and to contact partisan forces reportedly operating there.

*FX-210*  
Amzon Comment: In ██████████, info date-October 1946, one of the key men in Germany of a world wide White Russian organization is reported to be Colonel Nicolas RUMIANTZEV, with a group of 18 men. His address is given as D.P. Lager, Feldmoching bei Munchen.

Distribution:  
2 - SC Washington  
2 - SC Munich  
1 - [ ]  
1 - USFET  
5 - SC Desk

**SECRET/RELEASE  
TO GERMANY ONLY**

**SECRET CONTROL**



32. Cable, SO to Heidelberg, 14 March 1947

FORM NO. 35-6  
OCT 1946

OUTGOING CLASSIFIED MESSAGE

(1342)

PAGE NO.

CENTRAL INTELLIGENCE GROUP

TO: FRANKFURT PRIORITY  
FROM: SPECIAL OPERATIONS 14 MAR 47  
CONFIRMATION: ADSO (1)  
INFORMATION: COPS (2)

WASH 0390

**SECRET/RELEASE  
TO GERMANY ONLY**

~~TOP SECRET CONTROL~~

PARAPHRASE NOT REQUIRED. HANDLE AS  
CORRESPONDENCE PER PARA 51 (1) GOA AR-380-5.  
TOP SECRET CONTROL

COPY # 1

WASH 0390

FOR: FRANKFURT FOR BOSSARD ONLY CITE: WASHA SIGNED: [REDACTED]  
RE [REDACTED] HEID 074 (IN 10535)

1. THIS AUTHORIZES YOU TO SEND CURRENT PRODUCT OF RUSTY OPERATION TO WASHINGTON THROUGH CIG POUCH FACILITIES. EVALUATION REPORTS MADE HERE WILL THEN BE SENT BACK TO YOU SO THAT YOU CAN USE THEM IN ARRIVING AT RECOMMENDATIONS WHICH YOU WILL MAKE TO ME. WE RELYING ON YOU FOR FINAL, DEFINITIVE APPRAISAL OF RUSTY, THEREFORE WASHINGTON EVALUATIONS OF MATERIAL ARE FOR YOUR ASSISTANCE AND NOT FOR PURPOSE OF BASING JUDGMENT AT THIS END.

2. SINCE CERTAIN REPORTS RESULTING FROM RUSTY WILL CONTAIN INFO WHICH CAN ONLY BE EVALUATED AGAINST BACKGROUND AVAILABLE IN HEID (THIS APPLIES PARTICULARLY TO INFO OF TACTICAL NATURE WHERE KNOWLEDGE OF DAY-TO-DAY SITUATION IS ESSENTIAL FOR JUDGEMENT), YOU AUTHORIZED TO APPROACH GEN. BURRESS FOR PERMISSION TO SUBMIT OCCASIONAL SUCH REPORTS TO STEWART FOR PROMPT COMMENT BEFORE FORWARDING TO WASH.

~~TOP SECRET CONTROL~~

COORDINATING OFFICERS

TO:

**SECRET/RELEASE  
TO GERMANY ONLY**

AUTHENTICATING OFFICERS

REVIEWED: 05 May 51  
UPGRADED TO: S  
REVIEWER: [REDACTED]  
CL REASON: 45 (c)  
DECL ON: 05 MAR 79  
DRV FROM: COV 4-82

32. (Continued)

~~TOP SECRET CONTROL~~

2

FOR: FRANKFURT

**SECRET/RELEASE  
TO GERMANY ONLY**

WASH 0390

IN THIS MANNER HEID FILES AND STATISTICS CAN BE EXPLOITED AS WELL AS WASH. EVALUATION MACHINERY. IT MUST BE EMPHASIZED HOWEVER THAT NO REPORTS ARE TO GO TO HEID WITHOUT GEN. BURRESS' EXPRESS CONCURRENCE SINCE I ASSURED HIM THAT HEID WOULD HAVE NO DECISIVE INFLUENCE IN FINAL CIG JUDGMENT ON RUSTY.

W. W. QUINN  
RELEASING OFFICER

HOYT S. VANDENBERG/DHG  
RICHARD HELMS

RH

~~TOP SECRET CONTROL~~

TCD: 12-29 14 MAR 47

**SECRET/RELEASE  
TO GERMANY ONLY**

33. Samuel Bossard to [Galloway], 17 March 1947

~~TOP SECRET CONTROL~~

[REDACTED]

W-1290  
LTS-1783

**SECRET/RELEASE  
TO GERMANY ONLY**

WAR DEPARTMENT DETACHMENT  
FORCES, EUROPEAN THEATER  
APO 757

#1

17 March 1947

Mr. [REDACTED]  
Washington, D.C.

Dear Mr. [REDACTED]:

My first inspection of the establishment at Oberursal and preliminary discussions with Lt. Colonel Deane and the German chiefs of his organization have convinced me that we should in no way neglect the potentialities of this operation. It has also become evident that I must concentrate my attention on the operation as it now exists, and its possible use to CIC in the future.

I am in no position of course without the benefit of elaborate records from other sources to evaluate the current product as I feel it should be evaluated before any decision is made on recommendations which I will submit later. In every way therefore it seemed advisable to Lt. Colonel Deane and myself that the current product should be separately evaluated by CIC experts at various Washington desks in order that the value which they set on the product be weighed against the risks which CIC will have to face if it is to exploit sections or the whole of the operation in the future.

I should like to point out that in interviews with all the top level officers of Intelligence Branch, G-2, USFET, who are acquainted with the operation, I have been assured that the positive product is not only satisfactory but essential to their needs, and they would consider the loss of this source a matter of serious concern. I have also had the benefit of the derogatory criticisms of CIC and CIB, G-2, USFET, regarding the security of the operation, but I have learned at the same time that CIB considers the CI product reliable and valuable.

Lt. Colonel Deane and I have consequently arranged with the approval of G-2, USFET, to have the attached reports sent to you for your action according to the instructions in WASH 390. It was also agreed that after this date CIC would receive through the same channels a distribution of the material as it is now being received by IB and CIB, G-2, USFET. The letter to Mr. Gordon Stewart will make clear any actions with Heidelberg in the matter.

I can assure you that my final appraisal of RUSTY will rest

copy # 2 w/d +  
with report  
22 Aug 50  
[initials]

~~TOP SECRET CONTROL~~  
**SECRET/RELEASE  
TO GERMANY ONLY**

33. (Continued)

~~TOP SECRET CONTROL~~ SECRET/RELEASE  
TO GERMANY ONLY

on first hand experience and all information and opinion I  
am able to collect from the various authorities concerned.

Sincerely yours,



SAMUEL BOSSARD

SECRET/RELEASE  
TO GERMANY ONLY

~~TOP~~ SECRET CONTROL

34. Memorandum to Helms, "American Intelligence Network," with attachment, 18 March 1947

**SECRET/RELEASE  
TO GERMANY ONLY** MEMORANDUM

18 March 1947

TO: [REDACTED]

FROM: [REDACTED]

REMARKS- Subject : American Intelligence Network.

Att'n : Richard D. Helms

1. The attached report was forwarded to me by a personal friend who is presently in charge of a sub-regional CIC Detachment in Germany.

2. The report was undoubtedly forwarded to me as the C.O. of the CIC Det. possibly thought that this network might be one operated by our organization.

3. Inasmuch as the subject matter of the report, is of a rather delicate nature, I am forwarding it on for you to take whatever action you might deem necessary.

4. To my knowledge the attached report has not been forwarded to any other channels.

Attached : 1 Memorandum, Subject: American Intelligence Network.

**SECRET/RELEASE  
TO GERMANY ONLY**

34. (Continued)

822

**SECRET/RELEASE  
TO GERMANY ONLY**

25 January 1947

MEMORANDUM FOR THE OFFICER IN CHARGE:

SUBJECT: AMERICAN INTELLIGENCE NETWORK

1. In August 1946 this Headquarters first became acquainted with an organization which has come to be known as Operation RUSTY. This organization - an espionage network established under the auspices of G-2 USFET to penetrate and observe Russian activities in areas under Russian control - was discovered by clandestine observation of a group of Germans who actually seemed engaged in subversive activities against American forces. After prolonged surveillance which finally resulted in the arrest and interrogation of some of the individuals involved, Agents of this organization discovered they were dealing with Germans and IP's in the hire of a special section of G-2 USFET. These persons were charged with the specific job of conducting offensive espionage operations against the Russians and Russian satellite countries.

2. The fact that Americans are conducting espionage against the Russians is firmly indorsed by this Headquarters; the fact that this espionage is being run by inexperienced amateurs is most certainly not. The activities and control of this espionage organization are such that it not only constitutes a source of serious embarrassment to the Theater Commander but also places the government of the United States in a precarious international position. It is pointed out that this offensive espionage network was introduced in the American Zone of Germany by the Military Intelligence Service Center without any prior coordination with on-the-ground intelligence agencies. The ex-enemy nationals and Displaced Persons serving MISG worked loosely in all directions, arousing the suspicion of CIC field personnel for some time before the real pattern became apparent and a partial explanation of the program was forthcoming from USFET. It is believed that the following case histories will paint the picture:

a. In the middle of August 1946, Leo NIERHAUS, a German civilian, was reported to CIC as attempting to recruit intelligence operatives and collecting information along US-Russian Demarcation Line. NIERHAUS stated he was interested in contacting reliable former German officers, and, if necessary, could bring about the release of PWs and SS internees. Two letters from NIERHAUS to a friend were intercepted by CIC; NIERHAUS' residence was searched. The search yielded maps of the Russian and Czech border areas, overlay paper, a folder containing intelligence notes on conditions in Czechoslovakia and the Russian Zone and a document written in German entitled "Instructions to Section Leaders" giving complete REIs for use of

**SECRET/RELEASE  
TO GERMANY ONLY**

34. (Continued)

SECRET/RELEASE  
TO GERMANY ONLY

American Intelligence Network (Continued)

25 Jan 47

the Agents working for him. One sentence of the EEI document was: "The ideals for which we strive must be placed higher than all material gains, regardless whether we have the approval of the authorities in power or not." When questioned, NIERHAUS was extremely reluctant to give information about his activities. He finally asserted he received the money, cigarettes, overlay papers and EEI document from one Alexander SCHMIDTLEIN of NURNBERG, Germany, whom he was assisting in doing intelligence work for the Americans. Subsequently contacted and questioned, SCHMIDTLEIN admitted with much hesitation his role in the organization. SCHMIDTLEIN asserted he was recruited for the American intelligence agency by one Robert HENGL, who introduced him to an American Captain named Eric WALDMAN. Captain WALDMAN assigned SCHMIDTLEIN to the task of collecting information from the Russian Zone and Czechoslovakia; to accomplish this SCHMIDTLEIN was authorized to recruit and dispatch agents outside the US Zone. For his own use, SCHMIDTLEIN was given a letter by Captain WALDMAN certifying that he was connected with USFET as a Liaison Deputy for citizens of Argentina and a letter of introduction addressed to German City officials of NURNBERG, signed by Lt. Col. CALLEBOT, Director of Military Government, NURNBERG. SCHMIDTLEIN stated he had refused any salary for his work, but received money and supplies from FRANKFURT for his Agents. His reports are sent to FRANKFURT by a German courier who appears periodically and also brings him his instructions and assignments. NIERHAUS joined the German Army in 1934, became an officer in 1943 and attained the rank of Captain in 1944; he saw service on the Russian front and has a brother who was an SS obersturmfuehrer, although NIERHAUS disclaimed any NSDAP connections. SCHMIDTLEIN was a Sonderfuehrer K, with Heeresgruppe Mitte. HENGL did liaison work as a Sonderfuehrer Z during the war and was attached to a regiment of VLASSOV's army stationed in BOBRUISK, Russia. SCHMIDTLEIN and HENGL met in 1943 during the war. (AGENT'S NOTE: When this investigation was culminated, this Headquarters forwarded the report to USFET with the observations;

- (1) Lack of coordination by the Agency responsible for this so-called German Intelligence Organization working for the Americans has resulted in the loss of many manhours by competent CIC agents who devoted time and energy to tracking down leads on suspicious moves of Germans believed involved in subversive activities.
- (2) It would have been only common courtesy for the Captain WALDMAN to have notified this Headquarters he was interrogating refugees in this Zonal border area. It has been only by a stroke of luck that such an uncoordinated project has not compromised other important operations in this area.
- (3) When briefed for their mission, some of these German agents are specifically instructed not to divulge any of their operations to CIC. This not only plants seeds of distrust in the minds of the individuals so instructed but it places legitimate intelligence agencies in the position of appearing to be working at cross purposes.

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TO GERMANY ONLY

SECRET/RELEASE  
TO GERMANY ONLY

American Intelligence Network (Cont'd)

25 Jan 47

(4) Footnotes of the EEI exhibit states: "Read, Remember and Destroy at Once!" The fact that it is an exhibit with this report obviates any need for comment on the manner in which this order was observed.

(5) If these German agents with questionable political backgrounds are compromised by CIC, it is highly likely that the Russians and Czechs also can learn of such an explosive-laden operation.

(6) It is further pointed out that prospective agents for this operation were approached indiscriminately and fully informed in general terms of the purpose of the organization. Such wild approaches unquestionably compromise the technique and purpose of many highly classified legitimate intelligence operations.

(7) While the uncovering of this suspicious activity by CIC is considered a compliment to Field Agents, it is the opinion of this Headquarters that the investigation will have been in vain unless:

- a. Such projects are coordinated with all interested Agencies in the future.
- b. Competent authorities supervise such important, long-range projects.
- c. Operational technique be so perfect that such a delicate operation cannot be compromised by mere interrogation.)

b. By the end of August 1946, another of these agents — Gerhard GAMBAL — found himself under investigation by CIC. He was found to be in possession of a 19-page set of EEIs which outlined in detail the target technique to be employed by Agents in this supposed American Army-supervised espionage by Germans. These instructions were so complete they stated such details as this: "We must penetrate Red Army Units; it should therefore be strived for to get as soon as possible a picture of Red Army units, their weapons, morale and supply depots and subsequent reports. The Red Army, in as short a period of time as possible, must be revealed to us like an open book". In its indorsement forwarding the GAMBAL report to USFET, this Headquarters commented:

(1) These instructions, it is emphasized again, have been issued to German Agents — usually former German Army officers falling in Automatic Arrest categories. These instructions carry the notation: "AFTER ACKNOWLEDGEMENT, DESTROY — THEN TRANSMIT ORALLY". Despite this order, German agents interrogated by CIC have been found in possession of these highly explosive — from a political viewpoint — instructions. It is not too far fetched to assume that Soviet Intelligence Agencies can come into possession of these EEIs if CIC can ferret them out.

SECRET/RELEASE  
TO GERMANY ONLY

34. (Continued)

SECRET/RELEASE  
TO GERMANY ONLY  
American Intelligence Network (GERMANY) 25 Jan 47

c. Meantime, USFET had published a directive for CIC in the field outlining a code-word arrangement whereby these German intelligence operatives were to call for a CIC agent, speak a code word and thus gain release from ordinary law restraints to permit them to pursue their mission.

d. These German agents continued to be arrested on such charges as illegal border crossing, suspected black marketing, etc. One time one of the leaders of a group of operatives visited this Headquarters to expedite the release of three of his men held in jail. As his cover he presented a letter, as reproduced below:

-----  
HEADQUARTERS  
UNITED STATES FORCES EUROPEAN THEATER  
APO 757

23 August 1946

CERTIFICATE

TO: Whom it May concern

This is to certify that the German civilian Mr. SIEGRIED UNGERMANN, Georgenstr. 28, MUNICH, connected with this Headquarters, is engaged in transportation business.

It is, therefore, requested that Mr. UNGERMANN be given any assistance needed to accomplish his mission.

This certificate is valid until 30 January 1947.

Any questions should be referred to Captain WALDMAN, Tel. FRANKFURT 2-2685 Ext. 113.

/s/ Eric Waldman  
ERIC WALDMAN  
O-1182990  
Captain FA  
c/O, Special Project

-----  
(The deficiencies of this so-called "cover-letter" are so obvious as to render further comment ridiculous.)

e. The story of experiences other American military units in the field have reported is capsuled in this letter:

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SECRET/RELEASE  
TO GERMANY ONLY

34. (Continued)

SECRET/RELEASE  
TO GERMANY ONLY  
American Intelligence Network (AINE) 25 Jan 47

HEADQUARTERS  
28TH CONSTABULARY SQUADRON  
APO 179 US ARMY

22 January 1947

SUBJECT: TIE Liaison Agents

TO : Hq. United States Forces Theater  
Technical Intelligence Branch  
(Attn: Lt. Col. RICHARD R. CLARK)

1. There are operating in the town of Hof and Hof Landkreis three (3) German civilians by name of Rolf Reithmayer, Kurt Noak, J. N. Niggemann, of whom the man N. Niggemann is said to be in charge.

2. By loose talk these people have lost whatever value they may have had to the United States Army in this area. They are known generally as being agents and by my informers are said to have made such statements as "they are here to supervise or check the activity of Jewish CIC Agents."

3. It is assumed that you have knowledge of their black market activities, but their boasting of their agent status has become a matter for town gossip.

4. This officer trusts that these people will be withdrawn at an early date and if replaced, closer briefing be given to operators in Hof Landkreis and/or Landkreis Rahnau. These 2 Landkreises are rather "hot spots."

/s/ Andrew G. Russell Jr.  
/t/ ANDREW G. RUSSELL, JR.  
Major, 28th Con. Sq.  
Provost Marshal

f. On 21 December 1946, one Herr SCHULTZ-MEISSNER reported to this Headquarters and stated he was the Commanding Officer of a region similar to this one. His superior, he said, was a Lt. Col. CLARK, assisted by a Capt. BROWN. He had been told by these two officers to report to this Headquarters, tell CIC "everything he was doing" and correspondingly receive a review of everything CIC was doing. He further stated this exchange of information would take place weekly and that he knew he could depend on CIC cooperation. SCHULTZ-MEISSNER was told in no uncertain terms that he was unknown to CIC, that CIC was not accustomed to giving information to Germans. Also on 21 December 1946 there appeared at Regional and Sub-Regional Headquarters no less than nine individuals; they varied from Automatic Arrest types to Russian DP's. Their common story was that they had been sent by a Mr. SHOKALSKI of PASSING to CIC to receive instructions.

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TO GERMANY ONLY

34. (Continued)

SECRET/RELEASE  
TO GERMANY ONLY

American Intelligence Network (Cont'd) 25 Jan 47

All had new Kennkarte and cover stories about as concealing as a fish net. No instructions were given to these individuals, but the entire Saturday afternoon of 21 December was spent by this Headquarters trying to contact either the mythical Col. CLARK or the equally ethereal Capt. BROWN for illumination. The CLARK-BROWN telephone was not answered. Informed that this Headquarters was not accustomed to receiving instructions from Col. CLARK or Capt. BROWN and that it had received no prior notice or information from either office, the individuals were encouraged to return home. All nine were much surprised and hurt because they had made long journeys to report to CIC for instructions. They could not understand how CIC could be so confused and inefficient. Further, they could not understand the apparent inefficiency of their own organization being run by Col. CLARK. They had the feeling American Intelligence was confused, uncoordinated and inefficient and that CIC was equally blundering and uninformed. This Headquarters particularly desires that the CIC not be unfavorably presented and reflected in anyone's eyes -- especially those of Germans or other Europeans.

g. In December 1946 one Herr BRANDIS, supposed to be a former officer of the German intelligence service, stated to Herr KOLB that the organization is mostly interested in matters of Counter Intelligence value such as relationships between the KPD in the US Zone and the SED, illegal border crossing of members of the Communist Party and surveillance and penetration of the KPD in the US Zone. These three functions, it is pointed out, has been assigned to the 970th CIC Detachment in the US Zone of Germany. It is obvious that no two organizations of such totally diverse nature as CIC and the G-2 collection of refugees from internment camps can be working on the same job at the same time. This Headquarters is particularly anxious to determine why none of the CI information garnered by these agents has been disseminated to CI in the field.

h. It is pointed out that of the nine men who appeared at this Headquarters on 21 December, every one of them had the name of the Regional Commander and his title. Some had the names of Sub-Regional Commanders. One also possessed a diagram of this CIC Region. His organization knowledge of the Region was virtually complete. Considering the abandon with which these agents handled EEIs (see paragraphs 2a and b above), it is considered highly likely that these CIC organizational facts could well fall into the possession of the wrong people.

3. Agent's Notes: Specifically, this Headquarters registers the following complaints:

a. It would appear that the entire operation is supervised by American personnel lacking experience in the direction of such a far-flung and potentially dangerous network. Any important incident involving these field agents might easily precipitate a top-level international dispute.

SECRET/RELEASE  
TO GERMAN ONLY

34. (Continued)

American Intelligence Network (Cont'd) **SECRET/RELEASE**  
**TO GERMANY ONLY** 25 Jan 47

b. While it is possible that the American personnel running the operation may have stringent and satisfactory control over the top three or four individuals in the network, it is obvious that insufficient control is exercised over field agents. It is the understanding of this Headquarters that the network is built on a cell system, with three or four top agents having three or four agents working for them, and three or four agents working for them, and so on down the line until the organization runs into the thousands of men.

c. These agents carry documents which compromise not only the personnel of legitimate American military intelligence agencies but, more importantly, compromise the targets and techniques of American intelligence agencies. Their REIs, for example, contain more intelligence information than a normal report of investigation. As a result, when carried into the Russian Zone, these REIs could enable the Russians to learn just what we know and what we are interested in. It is a known fact that these REIs have been carried into Russian Occupied territory.

d. The existence of this organization, while not widely known, has nevertheless been reported to this Headquarters by various German sources. That such reporting has been possible is explained by the open-handed recruiting methods which German agents of this organization use; e.g., they will meet another German on the street, offer to employ him for this intelligence work, outline the purpose and ask him if he is interested. In the event he replies in the negative, he still has received a great deal of pertinent information.

e. Cover of these agents is inadequate and poorly rehearsed. (See paragraphs 2d and f above). Primary requisite of such an organization is, of necessity, meticulous cover and documentation.

f. Lack of coordination with legitimate field intelligence agencies such as CIC. An astonishing number of man-hours have been wasted by CIC Agents who have pursued what they considered to be leads on possibly subversive individuals, only to learn that they were on the trail of suspicious-acting MISO agents doing the same thing CIC is doing — searching for information. This lack of coordination also extends to the realm of dissemination of information obtained by the vast network of German agents. In at least one instance, this Headquarters obtained more information sought in a highly-classified CIC project through interrogation of a suspicious-acting MISO agent than it had been able to obtain through field activity of its own. Yet this information had not been previously reported to any agency.

**SECRET/RELEASE**  
**TO GERMANY ONLY**

35. Bossard to Gordon M. Stewart, Chief, War Department Detachment,  
German Mission, 20 March 1947

**SECRET/RELEASE**  
**TO GERMANY ONLY**  
~~TOP SECRET CONTROL~~  
20 March 1947

W-1297  
LTS-1782  
#2

TO : Mr. Gordon Stewart, Chief, War Department Detachment,  
Amzon.

FROM : Mr. Samuel Bossard, Headquarters, European Command.

1. As we agreed by telephone, I am attaching samples of the current RUSTY product for Heidelberg comment ~~and~~ evaluation. This is in accordance with instructions to me in [redacted], and has the full approval of Colonel Schow. Colonel Schow is of the opinion, and I agree, that the Intelligence Branch is well equipped to express an objective opinion of the RUSTY contribution to their interests, since the Intelligence Branch has constant access not only to RUSTY, but to other sources of information on O.B. - some of which are of course not available to us. I have asked Colonel Schow therefore to give me an estimate of RUSTY's individual worth in the positive field as compared with all other sources available to the War Department. He has agreed to that proposal. Therefore unless you choose to do otherwise, I suggest you might safely neglect the study of reports 1001-1008 inclusive and 1010-A - 1001 inclusive. However, I would be most grateful for your opinions on the CI product.

WASH 390

2. In performing this service, I realize that you will be working under serious handicaps, and your staff will probably find it a great burden. I suggest, therefore, that in preparing your remarks that you limit yourself to those reports on which you can offer a ready and substantial opinion. The others will simply be passed on to Washington with no comment or that the report is too complex for speedy evaluation. Washington undoubtedly will be forced to work on this same principle, but I fully expect them to be in a position to comment in many instances where as a producing mission, it could not be expected of you. Under any circumstances the opinions of GIG on the product of RUSTY will be only one important factor in formulating the final decisions.

3. After you have finished with the attached reports, please send them directly to [redacted] with the covering letters. I will appreciate receiving a carbon copy of your comments for my own reference, since [redacted] advises me strictly that they are to have a place in my final over-all report but are not meant as a basis for Washington judgment apart from that report.

WASH 390

4. I think you understand the difficulties involved in presenting to the Washington authorities a full and objective report on this operation, as well as the necessity of providing a report as quickly as possible on which decisive action can be taken. I want you to know too that I am personally very grateful for the assistance you have offered me.

Incls: (See attached Appendix)

~~TOP SECRET~~  
**SECRET/RELEASE**  
**TO GERMANY ONLY**

35. (Continued)

~~SECRET/RELEASE~~ ~~SECRET CONTROL~~  
TO GERMANY ONLY  
APPENDIX TO LETTER OF 20 MARCH 1947

1. Attached for your information and evaluation are the following reports:

- ✓ Intelligence Reports Nos. 1001-1008 incl., 1010-A-100 incl.  
Counterintelligence Reports Nos. 176-205 incl., 207, 208,  
213, 216<sup>22</sup>, 220<sup>^</sup>
- ✓ Evaluation Reports 46, 47, 48, 49, 50, 51, 52, 57, 58
- ✓ Political Project No. 10
- ✓ General Projects Nos. 10, 12

2. It will be noted that certain omissions occur in the series. Such an omission indicates that a report of a previous date has been delayed in publication because a report of priority interest has been given precedence in publication.

3. It will also be noted that charts are referred to as "attached" in certain reports. These charts exist at this date only in original form but photographs of them are in the process of preparation.

4. Since all material referred to under paragraph 1 is composed of file copies, it is requested that the entire material be returned through appropriate channels to Lt. Colonel Deane.

*\* In accordance with instructions from  
Bossard the series of reports is  
being held in Heid. for evaluation.  
It will be sent in a later pouch.  
Dorothy M. Stewart*

~~SECRET/RELEASE~~  
~~TO GERMANY ONLY~~  
~~TOP SECRET CONTROL~~

36. Cable, Heidelberg to SO, 21 March 1947

**SECRET/RELEASE**  
**TO GERMANY ONLY**

INCOMING CLASSIFIED MESSAGE  
CENTRAL INTELLIGENCE GROUP

PAGE NO. \_\_\_\_\_

FROM: HEIDELBERG ROUTINE  
TO: SPECIAL OPERATIONS 21 MAR 47  
ACTION: AJSO (1) [REDACTED] IN 11175  
INFORMATION:

PARAPHRASE NOT REQUIRED. HANDLE AS TOP SECRET CONTROL  
CORRESPONDENCE PER PARAS 51 (1) 60A AR-380-5.

TOP SECRET CONTROL

COPY # 1

HEID 213

[REDACTED] EYES ONLY  
TO: WASHA FOR: [REDACTED] [REDACTED] CITE: HEID FROM: BOSSARD  
USFET. WASH 0390  
[REDACTED]

1. COL. SCHOW FULLY APPRECIATES CONTENTS YOUR CABLE AND IS IN COMPLETE AGREEMENT.
2. ALL ACTIONS WITH HEIDELBERG WILL FOLLOW DIRECTIONS YOUR PARA 2.
3. MY REPORT OF INVESTIGATION WILL COME TO YOU IN THREE FOLLOWING SECTIONS:
  - A. ADMINISTRATION, FINANCE, PERSONALITIES AT OBERURSAL LEVEL.
  - B. ORGANIZATION AND OPERATIONS AT FIELD LEVEL.
  - C. FINAL REPORT OF APPRAISAL AND RECOMMENDATIONS.
4. I PLAN TO SEND 3 C BEFORE END OF APRIL. WILL BE MOST APPRECIATIVE YOUR ADVICE AND FURTHER DIRECTIONS BEFORE I RETURN LONDON EARLY MAY.

REVIEWED: 05 MAR 49  
DOWNGRADED TO: S  
REVIEWER: [REDACTED]  
TOP SECRET ON REASON: 1.5(G)

FORM NO. 35-5  
OCT 1946

TOP SECRET  
TO:

**SECRET/RELEASE**  
**TO GERMANY ONLY**

(1340)

36. (Continued)

~~TOP~~ SECRET CONTROL

2

HEIDELBERG **SECRET/RELEASE**  
**TO GERMANY ONLY.** IN 11175

5. AM DAILY MORE IMPRESSED WITH RESPONSIBILITY ENTAILED  
IN FINAL WASHINGTON DECISIONS. ALSO FEEL IT URGENT TO EFFECT  
A SPEEDY DECISION BECAUSE OF GRAVE RISKS AS WELL AS POTENTIALITIES  
INHERENT IN OPERATION OF THIS SCOPE AND NATURE.

6. BELIEVE THIS MATTER WILL HAVE TO BE PUT BEFORE HIGHEST  
GOVERNMENT AUTHORITIES IN ORDER THAT ANY DECISION MAY BE TAKEN WITH  
THEIR FULL ADVICE AND CONSENT.

~~TOP~~ SECRET CONTROL

TOR: 1803 22 MAR 47

**SECRET/RELEASE**  
**TO GERMANY ONLY**

37. Report, "American Intelligence in Bavaria," 29 March 1947

**SECRET/RELEASE**  
**TO GERMANY ONLY** **SECRET CONTROL**

STATION : Munich REPORT NO : [REDACTED] MGH-1108  
OFFICER : [REDACTED] AB-102 REPORT DATE : 29 March 1947  
SOURCE : CIC INFORMATION DATE: March 1947  
EVALUATION: B-2 DATE INFO REC'D : 20 March 1947  
NUMBER OF PAGES : 1  
SUBJECT : American Intelligence Agents in Bavaria

NOTE: Source of this information is Munich CIC agent [REDACTED] Peter Reno

1. One MARISFALVI, living in Augsburg, claims to represent a "high American intelligence" agency which is prepared to spend \$40,000,000 in developing intelligence chains in Czechoslovakia and the Balkans. He states to his prospective agents that money is not a question, and that he personally has been assigned the task of establishing intelligence chains in Czechoslovakia, his primary targets being Russian and Czech O.B., and Czech industrial production.

2. In the course of his investigation, of MARISFALVI, Source came in contact with a Munich lawyer named Frau HEUCHNER who claims to have influential connections in Poland, and to have for this reason been requested by one Mr. BLAU, representative of an American intelligence agency of "a much higher level than CIC," to look for suitable Polish agents. She says she received 100,000 RM to begin her operations.

3. Source believes that the Bavarian Red Cross is serving as a cover for this organization. Dr. BAUER, Dr. APPLE and Dr. WAGNER, Red Cross officials, appear to be playing a leading role.

Field Comment: These individuals are believed to be connected with Operation KEYSTONE.

Distribution:

- 2 - Wash
- 2 - Munich
- 1 - EUCOM
- 5 - SC Desk
- 1 - Registry

**SECRET/RELEASE**  
**TO GERMANY ONLY**  
**SECRET CONTROL**



38. SC, AMZON to FBM for SC, Washington, "KEYSTONE: LESHCHINSKY,"  
31 March 1947

**SECRET/RELEASE SECRET**  
**TO GERMANY ONLY**

31 March 1947

TO: FBM for SC, Washington  
FROM: SC, AMZON  
SUBJECT: KEYSTONE: LESHCHINSKY *ced*  
REF: W-817

1) Early in February a former German Abwehr agent named LESHCHINSKY contacted [redacted] at Munich and invited him to collaborate with "American Army Intelligence". LESHCHINSKY stated that he had been commissioned by a major from a Third Army unit stationed in Stuttgart to find five gifted men to be trained in an American radio school, equipped with radio sets, and sent into the USSR to establish a W/T net. In addition, he was to conduct anti-Soviet counter-intelligence work in the American Zone. LESHCHINSKY suggested that [redacted] help him in this latter project, in return for which he would be well paid, supplied with various operational items, and given traveling facilities within the American and British Zones.

2) The "American major's" offer and LESHCHINSKY's extension of it to other persons was commonly known in the UNRRA Camp at Mittenwald, Bavaria, where LESHCHINSKY resides.

3) It has been ascertained that the "American major" is an operative of the KEYSTONE project.

Distribution:

- 2 - SC, Washington
- 1 - SC, [ ]
- 1 - SC, Munich
- 1 - Registry
- 2 - SC DESK (Attach)

**SECRET/RELEASE**  
**TO GERMANY ONLY**

**SECRET**



39. Memorandum to [Galloway] and Bossard, "Evaluation of RUSTY CI Reports,"  
with attachments, 1 April 1947

~~TOP SECRET~~  
~~SECRET/RELEASE~~  
TO GERMANY ONLY

[REDACTED]  
COPY No. 1

LTS - 1842

1 April 1947

C# 650

MGH-005-401

TO : Mr. [REDACTED]  
Mr. Samuel Bossard

SUBJECT: Evaluation of RUSTY CI Reports.

1. As requested in Mr. Bossard's letter of 20 March 1947, the RUSTY CI file has been reviewed by our SC desk. Comments on individual reports are attached.
2. Every name and fact given in the Rusty reports has been checked in our files in order to assess the reliability of the net. Since our files contain information from CIC, other Missions, and other services, in addition to our own, we consider them to be a fairly reliable guide in matters of detail.
3. In addition we have attempted to evaluate the Rusty product as CE intelligence. This was not easy. Our first review had as its terms of reference our own relatively specialized targets and standards of evaluation. It resulted in the rejection of a high percentage of the reports. In re-examining the material, we reached the following conclusions:

- a) If the Rusty operation aims at the development of a full-fledged CE service, then it must be in the earliest stages of organization. There is no evidence of double-agent operations and little evidence of case development.
- b) If the above is not the case, then the following possibilities exist:

1. Rusty CI operations may be aimed at developing leads which in turn are referred to another agency (possibly CIB/CIC). In this case the reports must be judged in the light of their value to that agency.
2. Rusty may have two CI functions: first, to develop certain limited targets (such as the Communist Party and the Centrale Sanitaire Suisse); secondly, to conduct routine spot checks aimed at determining the security status of the zone but not aimed at the development of aggressive CE operations. If this is the case, then the difference in quality between the more substantial reports and the low-level ones can be easily explained.
3. Rusty CI work may not be the result of a guided effort but rather the product of a loosely knit informant net picking up random information.

REVIEWED: [REDACTED]  
DOWNGRADED TO: [REDACTED]  
REVIEWER: [REDACTED]  
CL REASON: [REDACTED]  
DECL ON: [REDACTED]  
DRA FROM: [REDACTED]

~~TOP SECRET~~  
~~SECRET/RELEASE~~  
TO GERMANY ONLY

39. (Continued)

~~TOP SECRET~~  
SECRET/RELEASE  
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4. The possibilities outlined above are given partially as an explanation of our own tentative results in attempting to evaluate the material, and partially as a guide to future investigations of the operation. It is our hope they will serve to carry your review one step further.



Distribution:

- 2 - Wash
- 2 - Mr. Bossard
- 1 - Reg (cover only)
- 1 - File

SECRET/RELEASE  
TO GERMANY ONLY

~~TOP SECRET~~

39. (Continued)

~~TOP SECRET~~  
COMMENTS ON RUSTY REPORTS

Subject Categories

**SECRET/RELEASE  
TO GERMANY ONLY**

A. KPD and Affiliated Groups

183 - KPD Plans in Case of War

This report lacks specific details and does not indicate how the sources obtained their information. Generalities such as those quoted are useful only as policy statements from a responsible high-echelon official. Otherwise, evaluation is difficult because of the small amount of information available on KPD clandestine activity. It is known, however, that Communist policy includes penetration of administrative offices. It is possible that sabotage is also included, but reliable qualified sources doubt that it is emphasized in the Western Occupation Zones because of the danger that such activities will lead to a prohibition of the Party. Nothing is known of an illegal radio station at Rosenheim.

205 - KPD Counter-Intelligence Service

We have received information to the effect that KPD-Prüfungskommissionen exist at Stadt level to investigate cases of individual security interest within the Party; representatives called 2nd Kadermann or Abwehrmann cover the various Stadtteile. Here FELBER is reported as a third counter-intelligence head, with functions relating to external "danger." This report is therefore of interest as it may indicate the existence at Land level of another KPD security outfit.

207 - Terror Organization of the KPD

This report has some value for its account of current low-level KPD activity.

201 - Conference of Communist Top Functionaries in Praha

A Communist conference was held in Prague in December 1946.

184 - Passes for SED Couriers

197 - SED Courier Carrying Orders for the West Zones of Germany.

Of interest if followed up.

198 - Organization of Communist Groups Among Lithuanian DPs

No information exists on these groups, although such organizations, working on a low level, are frequently reported among DPs of various nationalities.

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**SECRET/RELEASE  
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39. (Continued)

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TO GERMANY ONLY

RUSTY - Page 2

204 - Organization "Sturmvoegel"

We have information on this group.

186 - Centrale Sanitaire Suisse

Conclusions may have been reached by inference, since CSS is known to favor leftist groups and it might reasonably expect funds from Free Germany. If more precise, the information on Friedrich WOLFF (if he is the well known author who was a member of the KPD Central Committee in Moscow during the war) would be useful for background material. KRAUS' statements on the Saar are unorthodox for a KPD man; but he would only be of interest if he were a personality of some importance - we are unable to identify him.

B. Soviet Recruiting Policies

176 - Soviet Measures to Recruit German Technicians and Other Specialists

This confirms information already on file concerning Soviet recruiting. The inference that stricter denazification laws are urged in order to further recruiting is dangerous, however, unless specific evidence can be supplied.

177 - Soviet Intelligence Missions for People Desiring International Passes

This confirms previous reports, except that in the cases which have come to our attention refusal to accept the mission delayed issuance of the pass but has not resulted in its being withheld. The information is of CE interest only when the person accepts the mission.

180 - Recruiting of Specialists for the USSR Zone

This is another confirmation of a well known practice.

179 - Compulsory Registration of Former Members of the German Wehrmacht

This confirms previous information on required periodical registration of various types of personnel in the Russian Zone.

C. Soviet Installations

181 - School for NCOs of the Soviet Army in Ilfeld

~~SECRET/RELEASE~~ ~~SECRET~~  
TO GERMANY ONLY

39. (Continued)

~~SECRET/RELEASE~~ SECRET  
TO GERMANY ONLY

RUSTY - Page 3

This seems logical, in view of the Soviet emphasis on political training in the army.

- 187 - MVD Office in Polozk
- 188 - MVD Office in Cottbus
- 189 - MVD Office in Goerlitz
- 190 - MVD Office in Queslinburg
- 191 - MVD Offices in Halle
- 202 - MVD Office in Rostock

It is well established that MVD offices exist in nearly every important town in the Russian Zone, so that the information contained in this series of reports is of value only for the details added. It may be noted that the information in 187 is dated May 1946. Agents of MVD Cottbus and Halle have been identified previously, with the further information that the Halle office was to be moved (December 1946). The exact location of the new office is additional to information already on file.

- 194 - Officer of the Organization Smersh in Gera

This report confirms information of November 1946 on the location of a sub-regional Smersh office in Gera.

D. Soviet Activities Among DPs

- 178 - Activities of the Soviet Clergy in the US Zone of Germany

This confirms a report of December 1946 in which Lisa FELDMANN's connections with the AVTONOMOV network (the main matter of interest) are discussed.

- 185 - Woman Agent of the Soviets for the British Zone

Lack of details does not justify the conclusion.

- 192 - Gregori YAROPUT

This report furnishes considerable information on YAROPUT, but omits some well known and salient features of his present activities, such as the alias under which he currently lives. Fairly extensive reports on YAROPUT and his connections with ANOKHIN as a possible Russian agent were received during May to July 1946 and were corroborated by BINGO arrestees.

- 203 - Soviet Woman Agent Lyubov Vlassovna HANSEN in Regensburg

This report confirms a series of other reports from

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SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

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TO GERMANY ONLY RUSTY - Page 4

May 1946 on RIESUNOV, a Soviet agent in Regensburg who moved to Berlin. In December 1946, Lyubov GANSON was reported a member of the AVTONOMOV RIS group. Other persons mentioned were either reported as suspected Soviet agents or arrested in the BINGO Operation of July 1946, including YAROSLAVZEV, Maria HELMER, VERBITSKAYA, KULIKOVA, PAVLOV, FELIKSON and his mother, and LONGINOV.

208 - Soviet Agent Sata RIESA

ABN continues to be an object of Russian penetration, but RIESA's name has never been mentioned in connection with it.

216 - Soviet Activities in the DP Camps of the US Zone Since 1 November 1946

Annex 1 - A lead requiring further investigation  
Annex 3 - Same  
Annex 5 - Low-level lead requiring further investigation  
Annex 6 - Same  
Annex 7 - Possible interest if the background material were more definitely qualified.  
Annex 10 - Undeveloped lead  
Annex 11 - Same  
Annex 12 - Same  
Annex 14 - Same  
Annex 15 - Same  
Annex 19 - Same, low level  
Annex 22 - Same

Annex 8 - Confirms previous reports (May 1946) on ANISSIMOV and ANDRONAKI; undeveloped lead on Soviet Repatriation Commission Activities

Annex 9 - Confirms previous information: KOMAROVSKI was reported as a Soviet agent in emigre groups before the war (by Munich, July 1946); The FELIKSONS were arrested in the BINGO Operation (July 1946); Capt. Georg I. PAVLOV is listed on all the accredited rosters of Allied personnel at USFET; this report furnishes possible leads to his activities.

Annex 17 - Confirms reports received during January to March 1946. MARTENS was reported as a Soviet agent; MITYA, full name Mitya ABUSHAYEV, connected with a Salzburg project; RUMIANTSEV is well known; KRETOV was wearing a Red Army uniform in October 1945 and continued to do so until his deportation (Shanghai incident) in January 1946.

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~~TOP SECRET~~  
TO GERMANY ONLY

39. (Continued)

~~SECRET/RELEASE OF SECRET~~ RUSTY - Page 5  
~~TO GERMANY ONLY~~

- Annex 18 - Confirms information of May 1946 on KUN-NAPA's location and background.
- Annex 21 - Confirms information on PARFENOV, reported arrested at Kassel in the BINGO Operation in July 1946.
- Annex 4 - CIC lead.
- Annex 13 - Possibly useful unconfirmed information, weakened by such statements as "According to her own statements, she had a good time in Prague," "She often sees suspicious persons," "She is anxious to come in contact with Americans."
- Annex 16 - Cannot evaluate; cover letter only
- Annex 20 - Cannot evaluate
- Annex 2 - Soviet sabotage-intelligence schools have several times been reported in the vicinity of Prague but there is no exact confirmation on this one. The amount of time for instruction provided in so short a course is open to question.

E. Soviet and Allied Agents

- 182 - This information is not inconsistent with known Soviet practices. There have been numerous reports of low-level Soviet intelligence offices in Berlin and the Russian Zone directing agents to have themselves recruited by an American agency such as CIC or to meet Americans. A report of March 1946 to the effect that a Soviet intelligence office had instructed a casual agent to penetrate an American signal detachment was discounted because of the agent's unreliability. The Soviet practice of blackmailing and threatening ex-GIS personnel in order to force them to work for Soviet intelligence is confirmed from other sources.
- 195 - Detention for Suspected Espionage for the Western Powers
- 196 - Detention for Suspected Espionage for the Western Powers
- 200 - Arrest of Dr. ROHDE and Engineer BAUER Because of Suspected Espionage for the Western Powers.
- No Comment
- 213 - Most of the information on the Georgian group surrounding von MENDE and TSOMAYA is already known,

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SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

~~SECRET/RELEASE~~ ~~TOP SECRET~~  
TO GERMANY ONLY

RUSTY - Page 6

since its members were extensively debriefed in the autumn of 1945. The information on negotiations with the British IS confirms reports of November 1946 and adds some additional data.

199 - Gyula KADAR, Former Chief of the Hungarian Intelligence Service.

This report confirms previous reports that KADAR was a Russian prisoner but adds the new information as to his present location.

220 - Soviet Activities in the DP Camps of the US Zone since 1 November 1946.

Most of the information summarized in this report has already been commented on in the evaluation of 216.

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39. (Continued)

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14 February 1947

**FILE**

SUBJECT: Counterintelligence Report No. 176, Operation RUSTY.

TO : AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Soviet Measures To Recruit German Technicians And Other  
Specialists From The Western Zones Of Germany.

Date of observation: Until the beginning of January 1947.

Source: Summary.

The Soviet measures concerning the recruiting of German technicians and other specialists from the Western zones of Germany are known as follows:

A. Measures for voluntary employment (recruiting).

1. Organization of recruiting.

1. The recruiting is directed by:  
MGB personnel which is established within the SMA  
and the MVD offices,

~~German research laboratories which are established  
by the Soviets,~~

Technische Hochschule (Technical Academy) BERLIN,  
Different firms in the Soviet zone.

2. Recruiting agents are:

agents of the MGB and GRU of the general staff of  
the Armed Forces, German scientists, technicians,  
and employees of the aforementioned installations  
and firms.

3. The individual recruiting is based on the exact  
knowledge of the personal data and situation of  
the personalities who are to be recruited. The  
leading recruiting offices obtain this knowledge  
from the card files of the ministries for special  
missions (from the Fragebogen filled in according

TS No. CR 1585

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Page No. 2 of 3 pages.

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to the denazification law). To a great extent, the card files are available for them by the numerous communists working at these ministries.

II. Recruiting methods.

1. Exploitation of the distressing conditions caused by the denazification. With the assistance of KPD (Communist Party of Germany) and other pro-Soviet organizations, the Soviets press for a severe and stern handling of the "political purge" in the western zones. The Soviets then try to influence the persons who, by the denazification verdicts, are banned from normal conditions of life by promises (mild treatment if the persons in question move to the Russian zone, promise of favorable labor conditions etc.). Simultaneously, the Soviets take advantage of severe denazification verdicts in the Western zones for propaganda activities against the Western powers. These recruiting methods already succeeded in influencing a number of German scientists, technicians and former officers. Often the recruiting failed as the insecure conditions in the Soviet zone were known to the persons in question. The Soviets, however, managed to utilize persons who would collaborate but decline to move to the Soviet zone. The persons concerned remain at their present place of residence in the western zones but they operate there according to Soviet directives. Couriers pick up the completed work and bring new directives from the Russian zone. Apparently, the payment is made by economic firms in the US zone, which are used for the camouflage of Soviet purposes. The Soviets attach great value to the recruiting of artists in addition to the recruiting of scientists, technicians, and former officers with special knowledge. This may be explained by the stress which the Soviets put on the propagandistic influence of the German population by all branches of the fine arts. Politically indicted artists were already permitted to operate in the Soviet zone while their equally indicted colleagues in the Western zones have been banned from artistic activity. In numerous cases artists operating in the Russian zone asked their colleagues in the Western zones to move to the Russian zone because of the better conditions.

2. Promises to internees concerning their future.

Former SS leaders and SS physicians detained in camps by the Western powers are frequently offered jobs in the

TS No. OR 150:

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Page No. 2 of 3 pages.

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39. (Continued)

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Russian army or armament industries. On these occasions, the internees are told that the acceptance of such offers means the only possibility to join their families soon. Their release by the Western powers could not be expected. In case they accept these offers the internees get help to escape from the camp. They, and apparently their families as well, are then channelled illegally into the Russian zone. The route they are channelled probably goes through the US and the Soviet zone of Austria. Investigation has been ordered. Results will be forwarded in CI Reports.

B. Measures For Compulsory Employment. (Indictment as war criminals).

It was discovered in some cases that the Soviets indict persons as war criminals in order to get them extradited from the Western powers.

C. Individual Examples For Russian Recruiting Were Reported

in CI Rpts. No. 26, 36, 37, 51, 55, 66, 74, 75, 76, 79, 119 and 137.

More individual cases will be reported in future CI Reports.

TS No. OR 15827

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Page No. 3 of 2 pages.

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39. (Continued)

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**FILE**

13 February 1947.

SUBJECT: Counterintelligence Report No. 177, Operation RUSTY.

TO : AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Soviet Intelligence Missions for People Desiring Interzonal  
Passes.

Date of observation: End of January 1947.

Source: No. 558 (reliable).

In Saxony, USSR Zone of Germany, frequently interzonal passes are issued by the SMA (Soviet Military Administration) only if the people agree to carry out intelligence missions in the Western zones.

The soap manufacturer BERGMANN in DRESDEN (M 52/F 29) was offered an interzonal pass under this condition. Under these circumstances, BERGMANN refused the offer.

TS No. OR 1586 Copy No. 6 of 6 copies  
Page No. 7 of 7 pages

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39. (Continued)

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**FILE**  
13 February 1947.

SUBJECT: Counterintelligence Report No. 178, Operation RUSTY.

TO : AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Activities of the Soviet Clergy in the US Zone of Germany.

Date of observation: End of January 1947.

Source: No. 995 (reliable).

Supplements to CI Report No. 155:

1. Marie Ivanovna FELDMANN has a connection with Archbishop Nikolai von RATJA (alias Nikolai AVTONOMOV) (see CI Report No. 86).
2. Her daughter Lisa FELDMANN is married to a former SS (Schutzstaffel) leader who was reported as killed in action. However, he is believed to be staying in the USSR Zone of Germany. It seems possible that Lisa FELDMANN is forced to agent's activities for the Soviet IS by the menace of reprisals against her husband.
3. Lisa FELDMANN often travels from MUNICH to the USSR Zone of Germany. She carries big parcels when returning to MUNICH. Each time shortly after her arrival to the apartment of her mother at MUNICH-PAMPESDORF, Birkensteinerstrasse No. 11, several persons arrive there. This usually occurs at night.
4. On one of her last trips Lisa FELDMANN was accompanied by a Russian when she returned from BERLIN to MUNICH. Then she brought propaganda leaflets in Russian with the picture of the MOSCOW patriarch ALEKSI.

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Page No. 1 of 1 pages

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**SECRET/RELEASE  
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39. (Continued)

TOP SECRET  
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FILE

13 February 1947.

SUBJECT: Counterintelligence Report No. 179, Operation: RUSTY.

TO : AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Compulsory Registration of Former Members of the German  
Wehrmacht in HALBERSTADT.

Date of observation: End of December 1946.

Source: No. 559 (reliable)

Registration books are issued to all former male members of the German Wehrmacht in HALBERSTADT (M 52/D 27), USSR Zone of Germany. They contain data in Russian concerning the rank, time of service, branch, and military training of the bearer. These registration books are called "Russisches Soldbuch" (Soviet Army Identification Book) by the population.

When the bearers of these registration books report monthly to Soviet garrison headquarters a remark is noted into these books.

TS No. OR2 1588 Copy No. 6 of 6 copies  
Page No. 7 of 1 pages

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39. (Continued)

SECRET/RELEASE  
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TOP SECRET  
TOP SECRET

FILE

21 February 1947

SUBJECT: Counterintelligence Report No. 180, Operation JUSTY.

TO : AG of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Recruiting of Specialists For The USSR Zone.

Date of observation: Middle of December 1946.

Source: No. 755 (reliable).

In about October 1946, the mechanic PETZINNA was recruited within the US zone for the firm BEUGRELT and Co., LEIPZIG (N 52/E 21), USSR zone. After PETZINNA had crossed the border legally with passes from the USSR zone he was employed in the LEUMA plant near MERSEBURG (N 52/D 91). Shortly before Christmas he came to the US zone with an interzonal pass (4 zones) which was valid for 15 days. He was ordered to travel via HAMBURG (L 54/S 55), British zone, in order to deliver papers to 2 specialized workers newly recruited for the USSR zone and to return with them. PETZINNA told that these interzonal passes are issued for furlough trips to all workers who are known to be politically completely reliable. PETZINNA himself is an old communist. He lives with co-workers in a former castle near LEUMA. At these quarters there are special informants who watch the workers.

TS No. OR 1599.

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Page No. 1 of 1 pages.

TOP SECRET  
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SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

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21 February 1947

SUBJECT: Counterintelligence Report No. 161, Operation MUSTY.

TO : AG of G, C-2, Headquarters, United States Forces  
European Theater, APO 787, U.S. Army.

School For NCOs Of The Soviet Army In ILFELD.

Date of observation: December 1946.

Source: No. 789 (reliable).

On 16 November 1946, a school for NCOs of the SA was established in the castle in ILFELD (M SE/D 13), USSR zone. 200 men are instructed there at a time in courses of 4 - 5 weeks each.

No military field training was observed. Therefore, it is supposed that courses of political instruction are concerned.

TS No. OR 1600.

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Page No. 1 of 1 pages.

~~TOP SECRET~~  
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39. (Continued)

~~TOP SECRET~~  
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FILE

21 February 1947

REF ID: Counterintelligence Report No. 132, Operation BERRY.

To: SAC of 1, W-2, Headquarters, United States Forces  
European Theater, 125 707, U.S. Army.

Soviet Agents With The US-Cable Detail in [redacted]

Date of observation: Middle of December 1946.

Source: No. 810 (undetermined).

The so-called US cable detail (detail of the Signal Corps of the USF) which is stationed with the Soviet garrison headquarters in WEIMAR (M 51/J 87), USGR zone of Germany, is closely watched by NKVD agents. A Jewish descendent who is employed by this detail as an interpreter is believed to be one of those agents.

A former female member of the German SD (security police) was forced by threats of the Soviets to work with this cable detail. Constantly threatened by the Soviets she was ordered to steal US teletype messages. Apparently, she did so successfully in several cases.

TS No. OR 1601.

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Page No. 1 of 1 pages.

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24 February 1947.

**SUBJECT:** Counterintelligence Report No. 183, Operation FUSTY.

**TO :** AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

KPD Plans in Case of a War.

Date of observation: until January 1947.

Sources: No. 154 (reliable), No. 410 and No. 512  
(completely reliable).

1. The following measures prepared or planned by the KPD (Communist Party of Germany) in case of an armed conflict between the USSR and the Western powers are known:

- (a) Set-up of a terrorism organization,
- (b) Set-up of an illegal radio net,
- (c) Set-up of a courier net,
- (d) Set-up of a camouflaged organization within the railroad police.

2. Set-up of a terrorism organization.  
The organization of terrorism groups within all the local KPD groups in the US Zone is directed by the BERLIN KPD center (apparently within the party headquarters of the SED (Socialist unity party of Germany).

The leading personnel for these terrorism groups are trained at a BERLIN school which is known as "Terrorism School". The main subjects taught at the BERLIN "Terrorism School" are propaganda, espionage and sabotage.

Only members who had been with the KPD before 1933 are sent to the courses of this school by the KPD. In addition, their reliability is carefully examined. The students who are selected in this way are illegally smuggled to the USSR Zone by the KPD, and later they return illegally to the US Zone.

TS No. OR 1402 Copy No. 6 of 6 copies  
Page No. 7 of 7 pages

~~TOP SECRET~~ SECRET/RELEASE  
TOP SECRET TO GERMANY ONLY

39. (Continued)

~~TOP SECRET~~  
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The terrorism groups are ordered not to expose themselves by premature operations. These members are partly established in legal administrative positions of the party organization where they are not too much exposed.

It was observed in some local KPD groups that members retired from the party, which apparently happened by order of the party. It seems possible that this was made for the purpose of camouflaging members of the terrorism groups.

2 sources, which are completely independent from each other, reported the following missions of the terrorism organization in case of a war:

- (a) Operation of attempts to kill prominent persons of the Allied and German administration,
- (b) Attempts to kill high-ranking military leaders of the occupational troops of the Western powers,
- (c) Sabotage on military installations (airfields, ammunition dumps, ration supply depots, etc.),
- (d) Paralyzing of the Allied and German administration.

In order to prepare for these measures, KPD agents are supposed to obtain key positions of the German administration as early as possible.

Mainly, women agents are to be installed in the Allied administration.

3. Set-up of an illegal radio-net. Simultaneously with the set-up of the terrorism groups, an illegal radio-net is built up. Already a few radio stations of this net are said to have been operating temporarily. A radio station which apparently operates for the headquarters of the KPD for Bavaria (MUNICH) is said to be located in the area of ROSENHEIM (M 48/E 22). This radio station is said to have connections with a station near BERLIN. It is also supposed to operate a direct radio-connection to MOSCOW, USSR, in the future.

TS No. OR 1622 Copy No. 6 of 6 copies  
Page No. 2 of 4 pages

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TOP SECRET  
TOP SECRET

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### 4. Set-up of a courier net.

To direct the illegal terrorism organization a widely extended courier net is being built up. CI Reports already reported about some couriers.

A significant courier connection is believed to be from BERLIN to LINDAU, in the French Zone of Germany, via SALZBURG, Austria and MUNICH, US Zone of Germany. This route is only used by Russians. It is said, that all the terrorism groups of the US and the French Zone will be connected with this courier connection. For camouflage reasons the Bavarian headquarters of the KPD in MUNICH apparently is kept outside of this courier route.

Thus, it is guaranteed that the illegal courier route will not be endangered in case the Bavarian headquarters, which is exposed by its official character should be paralyzed by the occupational power.

The significance of this route is revealed by the fact that Russians are employed as couriers. It can be concluded that these couriers are well-trained agents.

Apparently, an additional courier connection exists (from BERLIN ?) to the Bavarian headquarters of the KPD in MUNICH through the Czech liaison officer in MUNICH. A woman named Manja SKRABAL, alias Toni WOKUEKA operates as a courier between this official Czech office and the Bavarian KPD headquarters. This woman speaks 3 languages and is often seen in the building of the Bavarian headquarters of the KPD in MUNICH, Widenmayer-Strasse.

### 5. Set-up of a camouflaged organization within the railroad police.

According to reports received, a camouflaged organization is built up within the railroad police of the US Zone. Apparently its mission is to gather information concerning US shipments by rail. It seems possible that this organization, which mainly consists of communists working within the railroad police, is charged with sabotage actions in case of a war.

TS No. 07-1602 Copy No. 6 of 6 copies  
Page No. 3 of 4 pages

TOP SECRET SECRET/RELEASE  
TOP SECRET TO GERMANY ONLY

39. (Continued)

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~~TOP SECRET~~  
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6. Use of the Centrale Sanitaire Suisse (CSS).  
The CSS activities are in accord with the KPD activities, especially in regard to a possible conflict (see CI Reports No. 28 and 136).

It is reported that the CSS delivers weapons, ammunition and other illegal material along with its medical shipments in order to supply the terrorism organization set up by the KPD. These reports require further confirmation.

Note: Observations on all the details of the proceedings reported above are continued. Further information will be forwarded in following CI Reports.

TS No. OR 14612 Copy No. 6 of 6 copies  
Page No. 4 of 4 pages

~~TOP SECRET~~  
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39. (Continued)

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**FILE**

21 February 1947

U.S. Army Intelligence Report No. 104, Operations Section.

Part of 10, 1-2, Headquarters United States Forces  
European Theater, AF 757, U.S. Army.

Messages For SED-Couriers.

Date of observation: End of December 1946.

Source: No. 758 (reliable).

When a group of persons illegally crossing the  
national border in the area of WALKENRIND (M SA/C 03) was  
checked by a Soviet patrol, 2 men presented papers with  
the heading "SED" (socialist unity party of Germany)  
and a big stamp with the Soviet star emblem in red paint.  
Immediately, they were separated from the rest of the  
group.

Note: Apparently, SED-couriers are concerned.

TS No. OR 1603.

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Page No. 1 of 1 pages.

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**SECRET/RELEASE  
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39. (Continued)

SECRET/RELEASE  
TO GERMANY ONLY

TOP SECRET  
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FILE

25 February 1946

REFERENCE: Counterintelligence Report No. 185, Operation WISKEY.

TO : AC of 3, G-2, Headquarters, United States Forces  
European Theater, APO 787, U.S. Army.

Woman Agent of The Soviets For The British Zone.

Date of observation: December 1946.

Source: No. 754 (reliable).

The Latvian woman Annija TILTIN apparently is a Soviet agent for the British Zone of Germany. She is living in the restricted area of the airfield KYRITZ (N 53/Z 19), USSR zone, and has admission to the airfield. Annija TILTIN is frequently absent from KYRITZ. On 18 December 1946 one of our agents followed her when she traveled from KYRITZ to NEUSTADT (N 53/Z 18), and from there to WITTENBERG (N 53/Y 69). In WITTENBERG, our agent lost her. He found her again later in the waiting-room when she entered the Soviet railway station headquarters.

From there she went to a hairdresser in the Bahnhofstrasse. At night on 18 December 1946 she left WITTENBERG by train going in the direction of SALTZWEDDEL (N 53/Y 27). While TILTIN slept, our agent could look at her identification papers. She is provided with a gray pass in German and Russian of the USSR zone and a blue zonal pass of the British zone.

Personal data: Annija TILTIN was born on 6 October 1918 in VALKAMARPIE/Latvia. She is married. She has a round face with protruding cheek bones. She has dark blond wavy hair. She wears a brown fur hat, a brown fur coat and boots. She speaks German well but her R-sounds are rolled too much. Her baggage consisted of a bag hung over the shoulder and of a black hat box.

When the passes were checked in SALTZWEDDEL, our agent was detained and he could no longer watch TILTIN.

Note: It is assumed that TILTIN traveled by order of the Soviet IS to the British zone.

TS No. OR 4220.

Copy No. 4 of 5 copies.  
Page No. 1 of 1 pages.

TOP SECRET  
TOP SECRET

SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

TOP SECRET  
TOP SECRET

FILE

SECRET/RELEASE  
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25 February 1947.

SUBJECT: Counterintelligence Report No. 186, Operation FUSTY.

TO : AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

"Centrale Sanitaire Suisse" (CSS).

Date of observations: until beginning of January 1947.

Source: No. 353, 512, and 514 (reliable).

Supplement to CI Reports No. 28 and 136:

1. Connection between the CSS and the movement "Free  
Germany" in Switzerland.

A letter of the Swiss clearing office to the movement "Free Germany" in Switzerland, Rechtsdienst, Post office box Fraumuenster 1058 in ZURICH is forwarded as annex. A connection between the members of that movement and the CSS may be learned from it.

2. Connection between Dr. THALHEIMER and Mr. SCHOETTLE.

Before his emigration to the USA Dr. THALHEIMER was a professor at several German universities. After his emigration he gave lectures at the university of California. He maintains connections with his nephew Mr. SCHOETTLE in STUTTGART. He announced to the latter his intention to return to Germany in order to assume a position as a professor of sociology at the university of HEIDELBERG. Dr. THALHEIMER is a communist and the editor of an illegal periodical which in Russian has the title "The Red Star". This

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Page No. 1 of 5 pages

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periodical is also published in German. Immediately after his return, Dr. THALHEIMER intends to get in touch with 2 communist groups which contain communist emigrees, who returned to Germany. These groups are called the "MARBURG and OFFENBACH circles". They are propagating the idea of a universal communism among the intellectual circles of the US Zone.

**3. Conference of intellectual KPD circles in STUTTGART.**

In the middle of December 1946, a conference of intellectual KPD circles was held in STUTTGART. A Dr. Werner KRAUS delivered the speech. Mr. SCHLOTTERBECK, Mr. SCHOTTLE, and Mr. BUEMANN participated in this meeting (all of them are active co-workers of the CSS). Dr. KRAUS propagated the incorporation of the SAAR area into France as a communist France urgently needs the SAAR as a base for her spiritual struggle and in case of a possible conflict for the accomplishment of the aims of the universal Bolshevism.

to  
return  
to  
economic

Dr. KRAUS also announced that it is important to convince the Germans that KOENIGSBERG and East Prussia must remain with the USSR by any means in order to reach the Bolshevik world revolution.

**4. Conferences at Friedrich WOLFF's.**

At Christmas, Dr. KRAUS stayed for conferences at Friedrich WOLFF's in DAVOS, Switzerland.

During the time from Christmas until New Year's Day, conferences of Bolshevik cultural representatives were held at Friedrich WOLFF's. On this occasion WOLFF delivered directives for a Bolshevik penetration of cultural activities.

Very probably Mr. SCHLOTTERBECK was also present at these conferences. Anyhow it is known that he was absent from STUTTGART during this time.

TS No. OR 1629 Copy No. 6 of 6 copies  
Page No. 2 of 5 pages

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**SECRET/RELEASE  
TO GERMANY ONLY**

39. (Continued)

**SECRET/RELEASE  
TO GERMANY ONLY**

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5. Supplement.

In Annex 2 and 4 of CI Report No. 136 the abbreviation "LVA" was mentioned in connection with Mr. PESCHEL, director of the LVA upper Bavaria.

"LVA" means Landesversicherungsanstalt (insurance company of a country).

6. Permanent nursery WENTERSCHWAIGE.

The permanent nursery WENTERSCHWAIGE where the MUNICH conferences of the CSS representatives are held belongs to the Landesversicherungsanstalt Oberbayern. Its director, Mr. PESCHEL, is also a member of the administration board of the Sueddeutsche Aerzte und Sanitaetshilfe Bayerns (South German medical and sanitary care organization of Bavaria).

1 Annex.

Note: Observations are continued.

TS No. OR 1629 Copy No. 6 of 6 copies  
Page No. 9 of 2 pages

~~TOP SECRET~~

~~TOP SECRET~~

**SECRET/RELEASE  
TO GERMANY ONLY**

39. (Continued)

~~TOP SECRET~~  
~~TOP SECRET~~  
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Annex 1 to CI Report No. 186

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Swiss Clearing Office  
ZUERICH  
BOERSENSTRASSE 26  
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TO: Movement "Free Germany"  
in Switzerland,  
Rechtsdienst  
Post office box Fraumuenster 1058  
-----

Z U E R I C H 1.

-----  
ZUERICH, Boersenstrasse 26  
13 July 1945.

SUBJECT: Decisions of the Union's Council on Febr. 16/ April 27/  
July 3 1945.

Collections and payments of contributions to the Centrale  
Sanitaire Suisse by German nationals in Switzerland  
from their blocked accounts.

We confirm the reception of your letter of July 9. Concerning  
the matter mentioned above and are now informed of its contents.

In regard to the fact that yearly contributions of about 50  
francs per person are concerned we cannot issue a regulation at  
large for this purpose because normally the blocked persons may  
easily pay these relatively small gifts from the means placed at  
their disposal for their living costs and personal needs.

TS No. OR 1621 Copy No. 6 of 6 copies  
Page No. 4 of 5 pages

~~TOP SECRET~~  
~~TOP SECRET~~  
**SECRET/RELEASE  
TO GERMANY ONLY**

39. (Continued)

~~TOP SECRET~~  
**SECRET/RELEASE  
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But if in a special case an allowance from a blocked account must be required the blocked person may, according to our knowledge, commission its bank to transfer the money directly to the Centrale Sanitaire Suisse.

We like to assist the institution in question - the Centrale Sanitaire Suisse - as far as possible that the charity may not be hindered by the competent decisions of the Union's Council.

We hope to have served you with these statements.

Yours sincerely

Swiss Clearing Office

(signatures)

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TS No. OB 1629 Copy No. 6 of 6 copies

Page No. 5 of 2 pages

~~TOP SECRET~~  
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39. (Continued)

SECRET/RELEASE  
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FILE

25 February 1947

REF ID: Counterintelligence Report No. 187, Operation NO WY.

TO : AG of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

MVE Office in POLOZK.

Date of observation: December 1946.

Source: No. 990 (reliable).

In May 1946, a MVE office was located in POLOZK  
(135 km NE MILNA). At that time, the head of this office  
was a Georgian with the name GABELAYA.

TS No. OR 1630.

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Page No. 1 of 1 pages.

~~TOP SECRET~~  
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39. (Continued)

SECRET/RELEASE  
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FILE

25 February 1947

SUBJECT: Counterintelligence Report No. 188, Operation HURTY.

TO : Chief of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

NVA Office in COTTBUS.

Date of observation: Middle of December 1946.

Source: No. 812 (reliable).

At the beginning of October 1946, the NVA office in COTTBUS (O 52/A 57), USAR zone of Germany, moved to a place outside of COTTBUS. After a short time this office moved back to COTTBUS into new quarters in the Boysen-Strasse.

TO No. OR 1631.

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Page No. 1 of 1 pages.

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39. (Continued)

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TOP SECRET  
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FILE

25 February 1947

MEMOR: Counterintelligence Report No. 189, Operation FU TY.

TO : AG of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

NVA Office in GOERLITZ.

Date of observation: Beginning of December 1946.

Source: No. 813 (reliable).

The NVA office in GOERLITZ (O 52/B 00), WGBR zone of Germany, is located in the former "Braunes Haus" (Brown house; agency of the former NSDAP) on the street "Die SAAR ist frei" (now Rosa-Luxemburg or Karl-Marx street).

The building is enclosed with barbed wire; the entrance is closed by a bar.

The personnel amounts to about 75 men.

TO No. OR 1612.

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Page No. 1 of 1 pages.

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TOP SECRET

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39. (Continued)

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FILE

25 February 1947

SUBJECT: Counterintelligence Report No. 120, Operation WU TY.

TO : AC of , G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

SVE Office in QUFELINSBURG.

Date of observation: Middle of December 1946.

Source: No. 316 (reliable).

QUFELINSBURG (M 52/L 35), VOR zone of Germany,  
recently has an SVE office consisting of 80 men.

TS No. OR 1633.

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Page No. 1 of 1 pages.

TOP SECRET

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260

39. (Continued)

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FILE

25 February 1947

SUBJECT: Counterintelligence Report No. 191, Operation HUNTY.

TO : SAC of G, G-2, Headquarters, United States Forces  
European Theater, APO 787, U.S. Army.

MVD Offices in HALLE.

Date of observation: Middle of December 1946.

Source: No. 755 (undetermined).

1. On 16 December 1946, part of the MVD office in the Luisen-Strasse in HALLE (M 52/D 92), USSR-zone of Germany, was shifted to MERSEBURG (M 52/D 91).

Only one section, of which all the members were dressed in civilian clothes, remained in the old quarters.

2. The old jail "Am Kirchtur" in HALLE is now a MVD prison. It is guarded by MVD troops and secured by watchtowers and machine gun posts.

TS No. OR 144.

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Page No. 1 of 1 pages.

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39. (Continued)

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TOP SECRET  
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FILE

27 February 1947

SUBJECT: Counterintelligence Report No. 192, Operation RUSTY.

TO : AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Gregori YAROPUT.

Date of observation: until beginning of February 1947.

Source: No. 318, 756 (reliable) and No. 995 (completely reliable).

Concerning Gregori YAROPUT the following data is known:

1. Before the German surrender.

In 1942, YAROPUT was taken prisoner by the German Armed forces. Because of his anti-Bolshevik attitude he was released and sent for a course of propaganda training of the "Russian Liberation Army" (ROA) to DABENDORF (N 53/Z 81) near BERLIN.

After the completion of this training YAROPUT was sent to PARIS. He was summoned back to DABENDORF because of an incident during which YAROPUT shot a lieutenant of the ROA into his leg. He got a new appointment in the Ukraine by the German intelligence service. But he was again summoned back and sent to Rumania because he had ordered 6 men of a Kalmuck detachment to be shot who had been employed by the German Armed Forces to fight partisans. In Rumania, he was in charge of a detachment of Hilfs-willige (unarmed Russian volunteers working for the German Armed Forces).

After the surrender of Rumania, YAROPUT found his way through Slovakia to Germany. When Germany surrendered, he belonged to the ROA unit in SALZBURG (N 48/Z 92) which was under the command of General TURKUL. Colonel of the ROA YAROPUT was court-martialed to death because of disobedience (he refused to obey orders issued by General TURKUL in connection with the surrender). However, YAROPUT succeeded in escaping before the sentence was executed. One

TS No. OR 1637.

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Page No. 1 of 1 pages.

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39. (Continued)

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officer of his headquarters who was also sentenced to death, name -  
FRONCOV, was shot because of his sentence.

2. After the German surrender.

After the surrender YAROPUT resided in SALZBURG and maintained close connections with YANKOVSKI, KUSOV and PASSECHNIK. The afore-  
said persons were arrested by US authorities apparently because of  
criminal offenses and after a one month' detention they were re-  
leased.

Then, YAROPUT lived with the former POA sergeant ORLOV. ORLOV  
had a constant connection with the Soviet Mission in SALZBURG, es-  
pecially with its chief, a major of the SA PASSECHNIK. YAROPUT  
explained his and ORLOV's connections with the Soviet Mission with  
the allegation that they procured vodka and other items on the  
black market for the Soviet Mission. It became known, however, that  
YAROPUT visited the SALZBURG emigrants' committee together with  
Major PASSECHNIK who wore civilian clothes and was provided with  
passes identifying him as a Russian emigrant.

ORLOV was seen in a SALZBURG restaurant accompanied by Major  
PASSECHNIK and another Soviet lieutenant colonel. PASSECHNIK issued  
directives to ORLOV which the later wrote down.

When YAROPUT heard in emigrants' circles that ORLOV was sus-  
pected of being a Soviet agent he disseminated the following rumor:

He allegedly induced YANKOVSKI to steal ORLOV's wallet during  
a festivity at the camp PASSECH in SALZBURG in order to clear up the  
suspicion. However, no evidence for any intelligence activities in  
the Soviet interest was obtained from the examination of ORLOV's  
papers, only black market activities were proven. YANKOVSKI, however,  
declared that YAROPUT's allegations were mere inventions. Several  
times, it became known that YAROPUT had denounced anti Bolshevik  
emigrants.

In October 1945, YAROPUT moved from SALZBURG to Bavaria. There,  
he was engaged with the sale of forged papers, travel permits to  
Austria, etc. He was registered in several DP camps simultaneously  
and received food-rations from them. In MUNICH, he appeared under  
the name ONDICH. He continued to maintain close connections with  
ORLOV who often slept in his apartment. In MUNICH, YAROPUT contacted  
ANGELIN. The latter reserved a room for YAROPUT in his apartment,  
but YAROPUT was seldom there because he was afraid of a possible  
detention. YAROPUT headed a group which produced vodka on a large  
scale. In order to legalize his residence in MUNICH, YAROPUT got a

TS No. CR 4472.

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Page No. 1 of 2 pages.

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~~TOP SECRET~~ TO GERMANY ONLY

39. (Continued)

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SECRET/RELEASE  
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job with a US office. He took advantage of this job to sell US goods illicitly. He was arrested twice. Besides US articles, he also possessed valuables which belonged to the treasure of the Russian emigration in Serbia which was stolen by YAROPUT.

From the beginning of 1946 until April 1948, YAROPUT displayed great interest for the MTD (Natsionalni Trudovii Soyuz Novavo Pokoloniya, national labor union of the new generation) and contacted its MTD group.

After the compulsory extradition of the MTDs of the ROA of camp PLATTING (N 49/U 73) to the Soviets in February 1948 YAROPUT tried to instigate the MUNICH MTD leaders to terrorism actions against the US occupational power. Furthermore, he tried to organize terrorism groups among the emigrants for plots against the Soviet repatriation mission. He disseminated rumors against emigrants accusing them of activities in the Soviet interest.

Since YAROPUT escaped from his apartment in MUNICH-BOGENHAUSEN in view of a threatening detention, his new residence could not yet be identified. His apartment in MUNICH-BOGENHAUSEN was on Mauerkirchstrasse No. 48/I. However, it is supposed that he is still living in MUNICH. He has become extraordinarily cautious. He broke off all his former connections and avoids making new acquaintances. According to reports which have not yet been confirmed, he is said to have repeatedly met officers of the Soviet mission.

Because of his provocative conduct during the whole year of 1948, YAROPUT is suspected to have been recruited for the Soviet intelligence service and operated his provocations by Soviet order.

Note: Observations are continued.

TS No. OR 437.

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Page No. 2 of 2 pages.

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39. (Continued)

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27 February 1947.

**SUBJECT:** Counterintelligence Report No. 193, Operation FUSTY.

**TO :** A<sup>4</sup> of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Soviet Attempts to Make Prominent DPs Return to the USSR.

Date of observation: middle of January 1947.

Source: No. 210 (completely reliable).

Supplement to CI Report No. 92:

On 12 January 1946, General RASTIKIS in the DP camp  
SCHKINFELD (M 50/N 92) was visited by the former Lithuanian  
Colonel TWARONAS from KAUNAS, Lithuania. TWARONAS was ac-  
companied by one of the two persons who in November 1946  
had come to the camp for recruiting purposes. Colonel  
TWARONAS was a regimental commander of the Lithuanian Armed  
Forces and later became the commander of the military academy  
in KAUNAS. When the SA entered KAUNAS he remained there and  
now he operates for the Soviets.

Both visitors handed General RASTIKIS letters from his  
daughter who has been returned from Siberia to KAUNAS in the  
meantime. There she is living at an uncle's. These letters  
contained pictures. She wrote to her parents that her sister  
and she are longing for their return. General RASTIKIS de-  
clared that he is determined not to have himself extorted  
and will not to return to Lithuania.

Both visitors had come from REGENSBURG (M 50/U 15).

TS No. OR 1631 Copy No. 6 of 6 copies  
Page No. 1 of 1 pages

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39. (Continued)

TOP SECRET  
TOP SECRET

FILE

SECRET/RELEASE  
TO GERMANY ONLY 27 February 1947.

**SUBJECT:** Counterintelligence Report No. 194, Operation RUSTY.

**TO :** AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Officer of the Organization "SMERSH" in GERA.

Date of observation: Beginning of December 1946.

Source: No. 214 (completely reliable).

A lieutenant GEORGE is the officer of the organization "SMERSH" assigned to the SA corps headquarters in GERA (M 51/K 06) (see I Report No. 1063).

According to his statements, the waiter and interpreter of the officers' club in BAALFELD (M 51/J 53) with the first name Viktor was detained for being suspected of espionage for the USA.

Shortly before his detention, Viktor visited the US zone.

Comment: Apparently, the "OKR SMERSH" of the headquarters of the XVIII Gds Rifle Corps is concerned. The location of this corps in GERA was confirmed by other reports (see Evaluation Report No. 40).

TS No. OR 7619 Copy No. 6 of 6 copies  
Page No. 1 of 1 pages

TOP SECRET  
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TO GERMANY ONLY

39. (Continued)

~~TOP SECRET~~  
~~TOP SECRET~~  
SECRET/RELEASE  
TO GERMANY ONLY

FILE

27 February 1947.

SUBJECT: Counterintelligence Report No. 195, Operation RUSTY.

TO : AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Detention for Suspected Espionage for the Western Powers.

Date of observation: Beginning of December 1946.

Source: No. 213 (reliable).

Miss VOGT from MEININGEN (M 51/J 57) was arrested by the German police because she was suspected of espionage for the Western powers. She was transferred to the Soviet Military Administration in WEIMAR (M 51/J 57).

TS No. OR 1640 Copy No. 6 of 6 copies  
Page No. 1 of 1 pages

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39. (Continued)

~~TOP SECRET~~  
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FILE

**SECRET/RELEASE  
TO GERMANY ONLY** 27 February 1947.

SUBJECT: Counterintelligence Report No. 196, Operation MUSTY.

TO : AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Detention for Suspected Espionage for the Western Powers.

Date of observation: End of November 1946.

Source: No. 757 (reliable).

Mr. PRAUTSCH went to the USSR zone to prepare his re-settlement from the US zone. When he arrived in his home place DEKITSCH (N 52/E 13) he was arrested by the Soviets for being suspected of espionage for the Western powers. He was interrogated several times.

Time and again he was asked for the origin of his orders and for his missions. PRAUTSCH consistently declared that he had returned to his home place to look for a job and that he wished to return with his family from the US zone to the USSR zone. As no contradictions could be found he was released from detention after 3 days.

TS No. OR 10411

Copy No. 6 of 6 copies  
Page No. 1 of 1 pages

~~TOP SECRET~~  
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**SECRET/RELEASE  
TO GERMANY ONLY**

39. (Continued)

~~TOP SECRET~~  
~~TOP SECRET~~

FILE

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27 February 1947.

SUBJECT: Counterintelligence Report No. 197, Operation MUSTY.

TO : AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

SED-Courier Carrying Soviet Orders for the West Zones of  
Germany.

Date of observation: End of December 1946.

Source: No. 215 (reliable).

Supplement to CI Report No. 161:

The courier with the motor vehicle SF 0 07 31 apparently is one of the managers of the SED (Socialist unity party of Germany) with his residence in DRESDEN (N 52/F 29).

Personal data: medium height,  
slender,  
dark hair,  
deep-set eyes,  
dark-looking,  
former concentration camp inmate.

The documents are not kept in the pocket of the left door of the car, as was reported in CI Report No. 161, but in the interior part of the left door. The inner panel of that door has to be unscrewed every time the courier mail is put in or taken out.

Once or twice every month this courier meets a Soviet general who according to statements of the courier considers the courier an honest friend. The general embraces him when he is greeting him, offers him food and schnaps, and gives him any assistance required.

The courier trips are made every 2 weeks on the Autobahn KISERACH (L 51/N 56) - NERSFELD (L 51/N 35).

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Page No. 1 of 1 pages

~~TOP SECRET~~

SECRET/RELEASE  
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39. (Continued)

~~TOP SECRET~~  
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TO GERMANY ONLY**

**FILE**

6 March 1947

1. **OR**: Counterintelligence Report No. 198, Operation "BURY".  
2. **OR**: G-2, Headquarters, United States Forces European Theater, APO 757, U.S. Army.

Organization Of Communist Groups Among Lithuanian IFS.

Date of observation: January 1947.

Source: No. 216 (reliable).

1. Organization of communist groups:

A communist group was organized in the IP camp 3 LL (L 30/N 53) near ~~WERNBERG~~ which is known under the name of "reprisal group".

2. Activities:

This group disseminates appeals among the Lithuanians which are supposed to create insecurity and fear. The group also sends letters to well-known personalities of the camp threatening them and demanding that they leave the camp.

3. Members of this group.

The following persons are known to be the main instigators who apparently operate by order of the Soviet IS:

- (a) GOMBERGAS,
- (b) BUBLIAUSKAS,
- (c) RADVYKAS.

The latter two (b and c) are connected with the persons indicated below:

- (d) MILERIDNE
- (e) ISBICKI.

TS NO. OR 1102.

Copy No. 6 of 6 copies.  
Page No. 1 of 2 pages.

~~TOP SECRET~~

~~TOP SECRET~~

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39. (Continued)

~~TOP SECRET~~  
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SECRET/RELEASE  
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4. Personal data:

(a) GOLUBIENKA, Ricardas, is a shoemaker from KAVUNAI. He was evacuated from Lithuania to Germany during the war because of his communist activities. He maintains connections with German communists. Once he threatened another Lithuanian in a restaurant and told him that he and all fascists would have the same fate as ~~REDACTED~~. (~~REDACTED~~ was shot by communist Jews in BAYREUTH (R 50/O 75) in fall 1946).

GOLUBIENKA often disappears from the camp for 1 - 2 weeks. He is frequently visited by suspicious persons, including a Latvian woman ~~REDACTED~~.

(b) BUBLIAUKAS came from the USSR zone to WUERZBURG (L 50/R 33) in April 1946. He is a watchmaker. He said that he had repaired watches for Soviet officers in the USSR zone and that he received good pay for his work. BUBLIAUKAS often listens to Soviet broadcasting stations during the night from 0200 - 0300 hours. At the end of 1946, allegedly he went with his wife to FLENSBURG (L 55/C 29) and returned after some time alone. The whereabouts of his wife is unknown.

(c) ZALVYDAS, details are not yet known.

(d) MILERIENE, Gertruda, 34 years old. In summer 1946, she came from the USSR zone. In HERZFELD (L 51/R 38) she was detained by US authorities. After her release she went to WUERZBURG. She is under the special protection of Dr. TORO (UNERA physician, who escorts the Polish EP shipments to Poland). With his assistance, she got a job in the UNERA hospital in WUERZBURG. She is living at BUBLIAUKAS'.

(e) IZBICKI, Maksymiljan, Pole, is a radio technician by profession. He does not live in the EP camp, but in private quarters in town (WUERZBURG). He alleges to have been with the Armia Krajowa and to have come to the US zone in 1943 because he was afraid of the Bolsheviks. (AK = national army, a rightist organization of the Polish resistance movement created by the Polish exile government during World War II. Its aim is: struggle for a free national Poland, therefore, its attitude is anti Soviet). Though he is a Pole he succeeded in becoming a member of the Lithuanian guard detail. After some time, however, he was discharged because of stealing. Now, he is working in a PX store in WUERZBURG. IZBICKI is a friend of ZALVYDAS.

Note: Observations are continued.

TS No. OR 1721

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Page No. 2 of 2 pages.

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~~TOP SECRET~~

SECRET/RELEASE  
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39. (Continued)

TOP SECRET

FILE

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**SECRET/RELEASE  
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6 March 1947

TOP SECRET: Counterintelligence Report No. 109, Operation MANTON.

TO: SAC of S, I-2, Headquarters, United States Forces  
European Theater, APO 757, U. S. Army.

Gyula KADAR, Former Chief of The Hungarian Intelligence  
Service.

Date of observation: Beginning of January 1947.

Source: No. 592 (reliable).

Gyula KADAR, the former chief of the Hungarian intelligence service, is a prisoner in a Soviet camp in LAGOS (LITOMSKA - A 50/44), now W. G. He is subjected to hard labor and is in a state of extreme physical weakness.

TS No. OR 1703.

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Page No. 2 of 2 pages.

TOP SECRET  
TOP SECRET

**SECRET/RELEASE  
TO GERMANY ONLY**

39. (Continued)

TOP SECRET

TOP SECRET

FILE

SECRET/RELEASE  
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6 March 1947

SUBJECT: Counterintelligence Report No. 200, Operation WUMPT.

TO : AG of C, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Arrest of Mr. KOHNE and Engineer BAUER Because of Sus-  
pected Espionage For The Western Powers.

Date of observation: January 1947.

Source: No. 814 (reliable).

In summer 1946, Mr. KOHNE, a member of the police,  
and BAUER, an engineer employed with the Landes radio  
station WEIMAR were detained in WEIMAR (M 81/J 37).

In December, they were still detained in the MWL  
prison, which is established in the former Marstall  
(stud of the former dukes of WEIMAR).

TS No. OR 1704.

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Page No. 1 of 1 pages.

TOP SECRET  
TOP SECRET

SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

~~TOP SECRET~~  
~~TOP SECRET~~  
SECRET/RELEASE  
TO GERMANY ONLY

FILE

6 March 1947

SUBJECT: Counterintelligence Report No. 201, Operation WINTER.

TO : G of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U. S. Army.

Conference of Communist Top Functionaries in PRAGUE.

Date of observation: Middle of January 1947.

Source: No. 758 (reliable).

Since 12 January 1947, a conference of top functionaries of communist parties is being held in PRAGUE (PRAG - O 31/L 78, 88), Czechoslovakia.

Among them are delegates from Czechoslovakia, France, and USSR. The subject of the negotiations is believed to be the foundation of a new "International". The conference is held at the hotel "Excelsior".

TS No. OR 1705.

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Page No. 7 of 7 pages.

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39. (Continued)

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FILE

8 March 1947

SUBJECT: Counterintelligence Report No. 202, Operation RU 77.

TO : AC of L, G-2, Headquarters, United States Forces  
European Theater, APO 757, U. S. Army.

MVI Office in ROSTOCK.

Date of observation: January 1947.

Source: No. 194 (reliable).

Since the beginning of January 1947, a MVI office is located in ROSTOCK (M 55/0 61), Meifergarben No. 4. By this office, old communists are recruited to become informants. Also, former Nazis who are politically indicted are black-mailed for information activities under the menace of concentration camp detention. The informants are ordered to watch persons who arrive in ROSTOCK coming from the western zones.

On 6 January 1947, all passengers on the roads to ROSTOCK were checked to see if their identification cards had the Soviet registration stamp. For this purpose a double line of sentries surrounded the town. Every person who had no registration stamp was detained.

TS No. OR 1706.

Copy No. 6 of 6 copies.  
Page No. 1 of 1 pages.

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TO GERMANY ONLY

TOP SECRET  
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FILE

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14 March 1947.

SUBJECT: Counterintelligence Report No. 203, Operation PUSTY.

TO : AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Soviet Woman Agent Lyubov Vlassovna HANSEN in REGENSBURG.

Date of observation: Until the end of January 1947.

Source: No. 156

Evaluation: B-2

- I. Lyubov Vlassovna HANSEN, living in REGENSBURG (M 50/U 15), Adolf Schmetzerstrasse No. 21, is greatly suspected of activities for the Soviet Intelligence Service.

She is married to a Danish citizen Emil HANSEN, an engineer. Her husband is working at an engineer agency in REGENSBURG, Feichsstrasse No. 17.

In fall 1945, L.V. HANSEN completed a driver's school which was headed by a Russian engineer HUDIAKOV. During that time she was in close connection to the MVD captain Jurii PESUNOV who apparently was her boss. In January 1946, L.V. HANSEN took a job as a secretary in the Soviet repatriation commission in REGENSBURG. She was a close friend to Colonel FOMENKO and they called each other "thou".

On 23 February 1946, L.V. HANSEN and Alexandra VERBITSKAYA were guests at the celebration of the day of the Red Army in the Soviet Mission. On that night, Colonel of the SA FOMENKO expressed thanks to L.V. HANSEN in kind words for their "brilliant, successful work". After the detentions in July 1946, L.V. HANSEN gave up her job with the Soviet Mission. In fall 1946, she had a daughter who looks extraordinary like the MVD Captain PESUNOV.

TS No. OR 1757 Copy No. 6 of 6 copies  
Page No. 1 of 2 pages

TOP SECRET  
TOP SECRET

SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

~~TOP SECRET~~  
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In fall 1946, L.V. HANSEN made public remarks concerning the SU which revealed her sympathy for the Bolshevist Russia, but now she has become more cautious and reserved. It is also noticeable that she avoids statements concerning her past.

Lately, several times she had said that she is tired of staying in Germany and that she intends to move to Denmark with her husband. Her husband is completely under her influence.

L.V. HANSEN owns both a small and a large Kodak-Foto-camera

Unknown persons in US uniforms without insignia of rank were met twice in her apartment.

II. L.V. HANSEN's connections are revealed in the chart attached.

III. Data concerning the persons of the chart attached:

- (1) YAROSLAVTSEV, Leonid, living in REGENSBURG, Friedensstrasse No. 17, III, he is known as a blackmarketeer.
- (2) OREMIKSON, Georg Yurii and his mother were arrested in July 1946 because of suspected espionage for the USSR.
- (3) HELMER, Marie, living in REGENSBURG, Friedensstrasse No. 17, III, in the apartment of YAROSLAVTSEV. In fall 1946, she was frequently visited by Soviet officers with whom she had parties often.
- (4) VERBITZKAYA, Alexandra, living in REGENSBURG, Poritzstrasse No. 8/III at KREMER's. Often she had short meetings with Soviet officers on remote streets. She visits her girl friends Sofia KULIKOVA and Yekatherina TOBINA in the Ganghofer-Siedlung.
- (5) KULIKOVA and TOBINA. During the time from January to March 1946, they were visited twice by Soviet officers late at night. They have a girl friend Ira BONDARENKO who also maintains close connections with Soviet officers.
- (6) BONDARENKO, Ira visited KULIKOVA and TOBINA during the Christmas holidays. They had a big party.

TS No. OR 1157 Copy No. 6 of 6 copies  
Page No. 2 of 3 pages

~~TOP SECRET~~  
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39. (Continued)

~~TOP SECRET~~  
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- (7) PAVLOV, Captain GB, officer of the Soviet Mission in REGENSBURG, head of the espionage net maintained by the Soviet Mission.

Formerly, he was reported as a lieutenant colonel by mistake (see CI Reports No. 13 and No. 27).

- (8) FELIKSON, Yurii, living in REGENSBURG, Fischerstrasse 11a has close intelligence connections with VERBITSKAYA. He speaks Russian and English, and he alleges to be Russian born Englishman.
- (9) LONGINOV, Grisha, living in STRAUBING (N 49/U 54), DP camp, born on 28 November 1924 in MOSCOW/USSR. He is believed to be an MGB agent. He is a friend of TERENTYEV (see CI Report No. 27). He is often traveling about in the area REGENSBURG and LANDAU (N 49/U 62). He is said to be staying in DEGGENDORF (N 49/U 83) for the last several months. In the DP camp, LONGINOV agitated for the return to the USSR. One of his sub-agents MAKIONOV is believed to have returned to the USSR.
- (10) RESUNOV, Captain GB, moved in July 1946 from the US zone to the USSR zone of BERLIN because he believed he exposed himself too much because of his intelligence activities and felt himself watched. Later, he was promoted Major GB because of his "productive activities".

During his stay in the US zone, he had a connection with Archbishop Nikolai von RATYA (alias Nikolai AVTONOMOV) (see CI Report No. 47 there mentioned as RESUNOV).

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TS No. OR 1157

Copy No. 6 of 6 copies  
Page No. 3 of 3 pages

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39. (Continued)

TOP SECRET  
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FILE

14 March 1947

SUBJECT: Counterintelligence Report No. 204, Operation PURITY.

0 : AC of G, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Organization "Sturmvogel".

Date of observation: December 1946.

Source: No. 790 (Ev. B-2).

In CI Rpt. No. 17 an organization was reported which was known among the German PWs in France as "Rote Hilfe" (Red Relief). Concerning this matter it is reported in addition:

1. Organization "Sturmvogel".

In the German PW camps of the departments Nord and Pas de Calais in France it was uncovered that communist agents are established with the headquarters of the camps. Usually, these agents are operating as administrators. These communist agents form the organization "Sturmvogel", which represents a sub-organization of the "National Committee Free Germany" founded and directed by MOCCO.

2. Activities of the Organization "Sturmvogel".

The organization is distributing communist leaflets to the German PWs and propagates communism under the slogan "Liberty to Men". PWs who are Marxists or allege to be Marxists are assisted in escape.

3. Connections of the Organization "Sturmvogel".

This organization "Sturmvogel" has connections with the French and Polish communists of the industrial area of Northern France. They are actively assisting the German PWs when liberated by the organization "Sturmvogel". The fact of international co-operation indicates that the action of liberation and propaganda started by the organization "Sturmvogel" is directed and aided by international communist agencies.

TS No. OR 1151.

Copy No. 6 of 8 copies.  
Page No. 1 of 2 pages.

TOP SECRET  
TOP SECRET  
SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

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SECRET/RELEASE  
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4. Press Report.

In connection with this, a TSI-report is most interesting. It is attached as annex. This report apparently intends to camouflage the real actors.

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TS no. OR 1788.

Copy No. 6 of 6 copies.  
Page No. 2 of 2 pages.

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39. (Continued)

~~TOP SECRET~~ SECRET/RELEASE  
~~TOP SECRET~~ TO GERMANY ONLY

14 March 1947

Annex to CI Rpt. No. 204.

On December 1946, LORON (TAM Report on 12 December 1946). Agency Reuter reports from PARIS:

It became known here that the French Organization "Wehrwolf" is acting in Alsace. This organization is assisting the German PWs so that they may escape. It is responsible for the escape of a number of prisoners from jail and for sabotage actions in East-France. The "Wehrwolfe" are suspected of having been involved in the derailing of the express train on the line BETHO on Dec. 8.

The French Press communicates that a few German PWs escaped from the camp in the Vosges. When they were brought back they declared that they had received falsified papers. They were supposed to be sheltered in the homes of French "Wehrwolfe". On Dec. 10, a few German PWs stole a plane at LANGON (East-France) and left for Germany. The plane was of German construction, as it is reported, and it had enough fuel for a flight of 300 miles.

According to reports from ALSACE a certain HENKESER, manager of the French gang "Wehrwolf", was arrested at MUEHLEAUSEN. These reports stated that the French police detected 800 dollars in his home, a large sum of German marks, and a small radio-station. According to the reports at hand the police arrested 15 more persons in the area of MUEHLEAUSEN.

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TS No. OR 1258.

Copy No. 6 of 6 copies.  
Page No. 1 of 1 pages.

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39. (Continued)

~~TOP SECRET~~  
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SECRET/RELEASE  
TO GERMANY ONLY

14 March 1947

FILE

SUBJECT: Counterintelligence Report No. 205, Operation RUMTY.

TO : AG of , G-2, Headquarters, United States Forces  
European Theater, APO 757, U. S. Army.

KPD Counterintelligence Section.

Date of observation: Middle of December 1946.

Source: No. 410 (W: A-2).

Supplement to CI Report No. 183.

1. An information and counterintelligence service of reliable KPD members has been organized in MUNICH (K 49/Y 85) by order of the Landes headquarters of the KPD in Bavaria.

The leader of the KPD branch SCHWABING (K 49/Y 85), Otto FELBER, living in MUNICH 23, Handlstrasse is the head of that counterintelligence service. FELBER was trained at the BERLIN "terror school" of the KPD. In party circles he is called "3d counterintelligence head". FELBER is ordered to uncover as early as possible all measures planned by other parties or organizations and by MG against the KPD, and to report them to the Landes headquarters in MUNICH, Widenmayerstrasse. The KPD provides FELBER abundantly with goods and money for bribing so that he can accomplish his mission.

2. A man called GRASBECK is supposedly connected with the set-up of the information and counterintelligence service. He often travels around and contacts the local MUNICH groups and other agencies. He frequently uses taxis for his trips. The use of taxis, instead of passenger cars allotted to the KPD, apparently serves as a camouflage. GRASBECK is of Polish descent. He is 165 cm tall, has black hair. Usually, he wears a leather jacket and a leather cap. In KPD circles he is called the man who "is continuously working". They avoided having any un-informed person meet GRASBECK when he visits the local KPD groups.

TS No. OR 1159.

Copy No. 6 of 6 copies.  
Page No. 1 of 2 pages.

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TO GERMANY ONLY

39. (Continued)

**TOP SECRET**  
**TOP SECRET** **SECRET/RELEASE**  
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3. In addition the following connections of HELBER are known:

After the completion of his training at the terror school of the NPD in BERLIN, HELBER was ordered to organize a terror group in MUNICH - Schwabing. The following persons are known as his next co-workers:

BAUMANN, MUNICH 23, Marschallstrasse No. 19,  
HUBER, MUNICH 23, Schwabing,  
HACKER, MUNICH, Betriebsrat (member of the works council) with the construction firm HUBER & CO., MUNICH

(all of them are former students of the courses of instruction at the NPD terror school in BERLIN).

HACKER has a constant connection with the local NPD group ROSENHEIM (M 48/2 22). His agents are established in the Wirtschaftsamt (office for distribution of goods) there. In party circles once told that he has valuable information material.

It seems possible that a courier connection with the assumed radio station of the terror radio net in the ROSENHEIM area is concerned with HACKER's connections to this city (see CI Rpt. No. 183, No. 3).

Note: Observations are going on.

TS No. OR 1151.

Copy No. 4 of 6 copies.  
Page No. 2 of 2 pages.

**TOP SECRET**  
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**SECRET/RELEASE  
TO GERMANY ONLY**

**FILE**

13 March 1947.

**SUBJECT:** Counterintelligence Report No. 207, Operation FUSTY.

**TO :** AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Terror Organization of the KPD.

Date of observation: December 1946.

Source: No. 492

Evaluation: B-3

Supplement to CI Report No. 183.

1. On 5 December 1946, a meeting of members of the EPD occurred in a remote farm-house at PENZBERG (M 48/Y 71). The meeting lasted until after midnight. The following persons were present:

- (a) WERTMANN, Hermann, the leader of the terror group of the KPD PENZBERG.
- (b) EILFURNER, Franz, the chairman of the local KPD group PENZBERG.
- (c) KOEHL, Heinrich, the motorcycle courier of the terror group at PENZBERG.
- (d) 8 more KPD members, unknown by name.

The local group leader of the KPD made the persons present promise strict secrecy. He let it be known that he was ordered by WERTMANN to chose the best and most reliable members of the local group to operate on a special mission. Then, WERTMANN declared that he was immediately connected with the Soviets and charged to organize a terror group within the local group at PENZBERG. He announced the following orders for this terror group:

TS No. 98-1760 Copy No. 6 of 6 copies  
Page No. 1 of 2 pages

TOP SECRET. **SECRET/RELEASE  
TOP SECRET TO GERMANY ONLY**

39. (Continued)

TOP SECRET  
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SECRET/RELEASE  
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- (a) to influence the population by oral propaganda at labor-yards in order to incite dissatisfaction against the Western occupational powers. This dissatisfaction must be continuously stirred up, but in such a way that the KPD will not be recognized as the instigator of this propaganda;
- (b) to uncover and report all movements of troops of USF;
- (c) at a later period to organize measures by which the occupation by the Soviet Army will be eased (sabotage).

WEPTMANN said that he himself would keep in the back-ground and would give all orders by EDLFURTNER.

Concerning WEPTMANN, it is known that at the end of 1945, he was discharged as a PW by the Soviets. Then he became a worker's deputy at the pit of PENZBEPO and chairman of the local group of the trade-unions of the miners. WEPTMANN is assumed to be an agent trained in the USSR.

2. On 14 December 1946, at the same farm-house another meeting occurred at which

EDLFURTNER,  
LENZ, Karl, miner, member of the KPD,  
KOEGL, Heinrich

were present. On this occasion KOEGL was ordered to travel as a courier to LINDAU (L 48/C 48), French Zone, to meet another courier who was supposed to come from Switzerland via BREGENZ (L 48/C 58). The dock at LINDAU was indicated as the meeting point. The courier from Switzerland was said to forward orders to WEPTMANN.

In order to get an interzonal pass for this trip, WEPTMANN, EDLFURTNER, and KOEGL traveled to a certain Mr. BREIER, MUNICH-MOOSBACH (M 49/Y 86). Mr. BREIER is an old member of the KPD and has an interzonal pass. On this occasion, the 31 December 1946 was scheduled as the date for the trip to LINDAU.

Note: Observations are going on.

TS No. OR 1760 Copy No. 6 of 6 copies  
Page No. 2 of 2 pages

TOP SECRET  
TOP SECRET

SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

SECRET/RELEASE  
TO GERMANY ONLY

TOP SECRET

TOP SECRET

FILE

13 March 1947

SUBJECT: Counterintelligence Report No. 202, Operation MUSTY.  
TO : AC of G, G-2, Headquarters, United States Forces  
European Theater, APO 737, U. S. Army

Soviet Agent Sata RIESA.

Date of observation: Beginning of January 1947.

Source: No. 151.

Evaluation: B-3

Baron Sata RIESA, MUNICH (M 49/Y 85),  
Leopoldstrasse No. 85 is suspected of being a  
KGB agent.

He has connections with several Russians  
and is watching the MUNICH center of the ABN  
(Anti Bolshevist Block of the Races).

TS No. OR 176

Copy No. 6 of 6 copies  
Page No. 7 of 7 pages

TOP SECRET  
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SECRET/RELEASE  
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39. (Continued)

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**SECRET/RELEASE**  
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REF ID: Counterintelligence Report No. 818, Operation WYBY.

TO : AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 737, U.S. Army.

Prince Mikhael von ALSHIBAYA.

Date of observation: until the end of January 1947.

Source: No. 791 (usually reliable) and No. 792 (completely reliable).

This report is forwarded concerning the Georgian Prince Mikhael von ALSHIBAYA, his co-workers, and his connections. It is supposed that ALSHIBAYA co-operates with the British and with the French intelligence service.

1. Prince Mikhael von ALSHIBAYA.

He was born on 21 November 1908 in MUTAIS, Georgia. His father is a physician. Formerly, his father was the diplomatic representative of Georgia to the Vatican. His parents are now living in the villa Karlstein in BAD REICHENHALL (N 48/Z 81). In 1921, ALSHIBAYA emigrated with his parents to Poland. During the same year they moved to BERLIN (N 53/Z 73) where he attended the Realgymnasium (high school). In 1929, he passed the Reifeprüfung (high school graduation) in HEILDE (N 52/D 92). Then, he studied national economy in BRUNNEN (N 49/Y 85), and in 1932, he passed the Staatsexamen (final examination under the inspection of the state) at the same university. ALSHIBAYA then returned to Poland and for the purpose of obtaining practical experience he became a clerk without any salary at a Polish bank. In 1937, he became a financial adviser with an ammunition factory in WARSAW. In spring 1939, he founded a perfume factory in WARSAW which he maintained and even enlarged during the German occupation. In 1944, this factory was destroyed during the WARSAW insurrection.

In 1941, at the beginning of the campaign in Russia, he volunteered in the German Wehrmacht as an interpreter and was employed as a "Sonderführer II" (specialist with the nominal rank of a major) with an armored division of

TS No. OR 111.

Copy No. 6 of 6 copies.  
Page No. 1 of 2 pages.

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**SECRET/RELEASE**  
**TO GERMANY ONLY**

39. (Continued)

TOP SECRET

TOP SECRET

SECRET/RELEASE  
TO GERMANY ONLY

the Army group Mitte (Middle). The IK II, IK I (Iron Cross 2d and 1st class), the Panzerkampfabzeichen (Tank badge) and other decorations for bravery were awarded to him.

In 1943, he retired from the Wehrmacht by his own wish and operated only as a member of the Georgian liaison headquarters in BERLIN. There, he was one of the most influential persons but he cautiously maintained a reserved attitude with reference to political issues and worked mainly in taking care of Georgian volunteers and workers in Germany.

Even before the end of the war he went to Switzerland and returned only in August 1945. Afterwards he lived with his parents in BAD NUTTENHALL until November 1945. Then he moved to MUNICH, Montsalvatstrasse No. 7 (telephone No. 35 114).

In MUNICH he tried to build up a transportation service, and his plan was supported by the transportation officer for upper Bavaria, Capt. GALLOWAY. He obtained the support of this US officer by a letter which ALSHIBAYA had received from a US 2d Lt. CALBRAITH while being in the interrogation camp of OBERMERSLE (L 51/K 57). According to this letter he was characterized as a politically trustworthy, democratic personality whose statements had been of help to the US Army. Besides this letter ALSHIBAYA presented a certificate issued by "970 CIC, 1ST. TEAM 86, USFET, APO 757 and signed by 1st Lt. CIC, CMP Thomas B. BUCKLEY". So far, however, the transportation company possesses only 1 truck with a trailer which is not sufficient to support the living of ALSHIBAYA. He has had to invest 80,000 marks in his business up to now.

ALSHIBAYA is also working as a member of the board of directors of a MUNICH trade company. This job, however, pays very little. He continuously applied to be appointed a trustee by the economic ministry in MUNICH but so far has not succeeded. On the occasion of one of his applications the official in charge of trusteeship issues told him that his application for an appointment had good prospects as he, as a Georgian emigrant, is certainly anti-communistic. He said the present tendency was to replace the communists holding in trustee positions by personalities of another political attitude and professional experience.

ALSHIBAYA is living in the house of an American woman with the name Lillian SALBACH-JOACHIMCZYK in MUNICH whom he knows from his time in BERLIN. His style of living in MUNICH requires lots of money which is not obtained from black market activities from which ALSHIBAYA generally abstains. He usually goes to the "Deutsches Theaterkaffee" and the "Trappchen" known as the most expensive restaurants in MUNICH. He always invites friends or girl

TS No. OR 1701.

Copy No. 4 of 8 copies.  
Page No. 2 of 2 pages.

TOP SECRET  
TOP SECRET

SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

TOP SECRET  
TOP SECRET

SECRET/RELEASE  
TO GERMANY ONLY

friends and pays an average price of 50 marks a person for each meal. Once in a while, he gives a party in his apartment to which he invites personalities who are significant for him. Such a party costs him several thousand marks. He has a 3<sup>rd</sup> passenger car (3 liters, dark blue sedan, license number By 16159) in which he drives to the British and French zones. The maintenance of this car costs him more than 1,000 marks per month because he always keeps it in a running condition and procures spare parts, gas, etc. on the black market.

ALSHIBAYA is very ambitious and he is always anxious to make a good impression. He uses any means to contact persons whose acquaintance he considers important. His conduct toward his friends and good acquaintances is that of a gentleman who is completely reliable. However, he is inclined to play the part of a big shot.

ALSHIBAYA is approximately 168 cm tall, he has a round face, bald-headed, dark eyes, a greyish pointed beard (since the beginning of 1944). Occasionally he wears a monocle. He is always dressed very elegantly and sportsmanlike. On 19 November 1946, ALSHIBAYA left MUNICH in his passenger car (license No. By 16159) for a 10 day trip. Allegedly, he drove to HANNOVER (L 53/K 22), British zone. On 29 November 1946, he returned. He was accompanied by TSOMAYA and CONSBAYA (the latter left him in HETTINGBERG - L 50/K 79), by an unknown Turkoman, and a Mr. ROMANI of PLEIGEN (L 48/D 28), Altaesstrasse No. 30. (It seems to be possible that this Turkoman is identical to GATTI; see the following statements referring to Prof. von MENDE). During this trip they were provided with

1. 2 big menu packages,
2. 400 American cigarettes,
3. 3 bottles of Cognac
4. several packages with tobacco and chocolate,
5. 3 boxes of cigars.

Prior to this trip ALSHIBAYA and ROMANI had some correspondence which is reproduced in annex 1. ALSHIBAYA's wife and children lived in PARIS during the war and remained there after it was evacuated by the German Wehrmacht. On 19 December 1946, they came from PARIS to MUNICH. Then they moved to ALSHIBAYA's parents in REICHENHALL. On 9 January 1947, ALSHIBAYA suddenly left in his car for a 8 - 10 day trip to WITTLICH (L 52/B 77). He was accompanied by TSOMAYA. On 15 January 1947, Professor von MENDE, ALSHIBAYA and TSOMAYA had a conference with a British captain in the vicinity of HANNOVER. This British officer had come from LONDON. He stated that Great Britain certainly would acknowledge full independence of the Caucasus in the future. At the moment, however, the British officer was interested merely in military and political

TS No. OR 140.

Copy No. 6 of 5 copies.  
Page No. 3 of 2 pages.

TOP SECRET

SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

TOP SECRET  
TOP SECRET

SECRET/RELEASE  
TO GERMANY ONLY

issues. He said that he would like to organize a military espionage in the Caucasus with channels via Turkey and that he wished to have the Georgians handle this mission. He added that he would like to build up an organization similar to the former organization "Zepelin" of the Germans. In this respect it deserves attention that TSOMAYA operated in the German organization "Zepelin" during the war. The Georgians had connections in Turkey during the war too. The British officer insisted with special firmness that the Americans should, by all means, not obtain any knowledge of this matter.

On 30 January 1947, ALSHIBAYA was identified in his passenger car (license No. By 16159) when driving through Greater Hesse in a Western direction.

According to information obtained from an ex-lieutenant colonel who during the war served within the German volunteer units from the East, he was contacted by a baroness KUTUSOV-GROMONT who, by order of ALSHIBAYA, requested from him the delivery of records with Russian, Ukrainian, Caucasian and other folk songs. According to the report of this lieutenant colonel this was an attempt to blackmail him, however he did not yield. He supposes that a certain Dr. TILL, who is the only one who knew of the existence of these records and who is linked with ALSHIBAYA, informed the latter about them. So far, nothing has become known concerning the baroness KUTUSOV-GROMONT. The residence of Dr. TILL as well as his activities are unknown. The records in question were given to the Northwest German broadcast authorities by the lieutenant colonel in the meantime.

2. Friends and acquaintances of ALSHIBAYA.

(a) Alexander TSOMAYA, MUNICH, Montsalvatstrasse No.7.

TSOMAYA is a Georgian emigrant who lived in PARIS until 1941. He is the alleged manager of ALSHIBAYA's transportation company, however he works on other issues. He speaks German poorly, but French, Russian and Polish fluently. He always possesses large quantities of money and US goods of unknown origin. He seldom leaves the house, where he receives ALSHIBAYA's frequent visitors with whom he also negotiates when the latter is absent. With the German WEHRMACHT he was a sergeant at the Georgian liaison headquarters in BERLIN. Allegedly, for this reason he cannot return to France. He has a connection with a French lieutenant colonel of the French MG in BADEN-BADEN who allegedly is the chief demeritification officer for the French occupation zone of Germany. According to statements of TSOMAYA

TS No. OR 1101.

Copy No. 6 of 5 copies.  
Page No. 7 of 9 pages.

TOP SECRET  
TOP SECRET

SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

~~TOP SECRET~~ SECRET/RELEASE  
~~TOP SECRET~~ TO GERMANY ONLY

this French officer was a POW in a BERLIN camp and was then supported by TSCOMAYA. TSCOMAYA often travels to the French zone to see this French lieutenant colonel. It is absolutely certain that he travels through the French zone to Switzerland. There, he visits the Georgian KHUBIYA in GENEVA who moved to Switzerland after the end of the war. Concerning KHUBIYA, information was received that he receives financial support by the Soviets. The British officer, with whom ALSHIBAYA, TSCOMAYA and Professor von KLINE had a conference in HANNOVER on 15 January 1947, declared that KHUBIYA is linked with communist elements in GENEVA.

TSCOMAYA has been a professional journalist, and he is politically well informed. It is supposed that he operates for the French IS.

(b) Prince Dr. Georg von MAGALOV.

MAGALOV is a Georgian emigrant. He is a physician by profession. He is living in MUNICH-BOGENHAUSEN, Maria Theresiastrasse No. 32, telephone No. 480 185. He is the son-in-law of the textiles manufacturer WITT in WEILHEIM (M 50/P 12). He owns the farm MAUBERN near FUERSTENFELDBRUCK (M 49/Y 65). MAGALOV was a member of the NSDAP, and he is now striving for his denazification. He was a member of the Georgian liaison headquarters in BERLIN and the most influential person in this office besides KHUBIYA. As he knows that he was watched by the German IS while he was with this liaison headquarters, now he alleges to have been persecuted by the Gestapo (German secret police). He owns a motor vehicle too (small passenger car).

Apparently he abstains now from any political activities. MAGALOV speaks German fluently. The Georgians in MUNICH don't like him because he avoids their circle.

(c) Siko KOBYASHVILI.

His residence is MUNICH, Destouchesstrasse No. 18. He is an ex-officer of the Polish general staff. In the German Wehrmacht he was last a major and the C.O. of a Georgian volunteer battalion in Denmark. At present he has no job. However, he is very often seen together with ALSHIBAYA and visits him in his house. Until April 1946, the wife of KOBYASHVILI was a secretary to the French liaison officer to MG for upper Bavaria. Now she is a secretary to the Polish judicial officer in MUNICH-BOGENHAUSEN.

TS No. OR 11a

Copy No. 6 of 8 copies.  
Page No. 5 of 2 pages.

~~TOP SECRET~~  
~~TOP SECRET~~

SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

~~TOP SECRET~~  
~~TOP SECRET~~

SECRET/RELEASE  
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(d) Professor von MENDE.

His present residence is STERNENWEG (L 50/N 64), post office KRENNEN, British zone of Germany. MENDE is a professor for the history of Eastern Europe. Now he lectures at the university of HAMBURG (L 54/S 55). From 1941 to 1943, he maintained the rank of a Ministerialrat (high ministry official) and operated in the Eastministerium (ministry for the East), where he dealt mainly with political issues concerning the volunteer units of the East. Just before the end of the war he escaped with ALSHIRAYA to Switzerland and they also returned together. After a thorough interrogation by U.S. authorities he was released in OSWEGUNDEL.

He is now in possession of a passenger car. In September 1946, he visited ALSHIRAYA in HEINICH in this car. After this visit, ALSHIRAYA and Professor von MENDE went to KRENNEN (L 52/C 56), HANNOVER. In the British zone, they had a conference with a British officer to whom they forwarded a list of persons whom they proposed for cooperation with the British. The British officer requested that they complete this list by the next meeting. When Professor von MENDE visited HEINICH he, with ALSHIRAYA, TOOMAYA and Dr. MAGALOV, listed all the Georgians who operated on the German side during the war. KHEBYA was also mentioned in this report and characterized to be politically completely reliable. During his activities with the Georgian liaison headquarters in BERLIN KHEBYA allegedly was watched by the Gestapo. This document apparently had the tendency to characterize all the indicated persons as anti bolshevists and to whitewash them from any cooperation with the Third Reich.

Professor von MENDE took this report which had been written in ALSHIRAYA's house to the British zone. On this visit Professor von MENDE announced that the British want co-operation with reliable persons of the Georgian circle and of other Caucasian groups. However, this would be with the condition that these activities must be kept secret, even from the allied powers.

Before Professor von MENDE's visit, ALSHIRAYA once said that these next days would decide whether he would operate for the British IS. During his visit in the US zone Professor von MENDE had conferences with representatives of the North Caucasian nationals. He negotiated with the Turkoman GAITI, the Crimean Tartar KRIMARI, the North Caucasian MURAT KHAN. Professor von MENDE declared in these conferences that the British plan to co-operate with the Caucasus people, Turkomans and Tartars. These activities would be based on the common struggle against Bolshevism and aim at the welfare of these people who are suppressed by Bolshevism. Professor von MENDE said that the main

TS No. CR 1701.

Copy No. 6 of 8 copies.  
Page No. 6 of 2 pages.

~~TOP SECRET~~  
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SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

~~TOP SECRET~~ SECRET/RELEASE  
~~TOP SECRET~~ TO GERMANY ONLY

condition given by the British for this co-operation is the pledge to strictest secrecy, even toward the Allies. On 15 January 1947, Professor von LEINDE participated in a conference with a British captain, ALSHIBAYA and TEO AYA (see chapter I).

(e) Dr. SCHWARZ,

ex-captain of the cavalry, is a lawyer. He is one of the best friends of ALSHIBAYA with whom he became acquainted during the war. SCHWARZ is living in MUNICH-BOGENHAUSEN, Possartstrasse No. 35, with Professor FREY, telephone 480 746. Until fall 1946, he was the manager of the farm MAUERN and of other farms in the vicinity of MUNICH. He had a close connection with Dr. MAGALOV. It does not seem probable that SCHWARZ carries out intelligence activities.

(f) Annemarie HERGT,

the daughter of the late Kommerzienrat (old German honorary title for distinguished businessmen). HERGT, is living in MUNICH, UNGERERSTRASSE No. 12. She is about 30 years old. She is ALSHIBAYA's friend and confidant in all things. She often meets Dr. SCHWARZ and Dr. MAGALOV. Every morning and every afternoon she visits ALSHIBAYA for several hours. She is registered as a typist in ALSHIBAYA's transportation firm but does not work there. She often accompanies ALSHIBAYA when he is traveling.

(g) Colonel RENIER,

He is a US officer. In spring 1946, he was the commanding officer of an infantry regiment in SCHWABACH (M 50/T 38) near NUREMBERG. In March 1946, he participated in a party to which ALSHIBAYA had invited him. ALSHIBAYA visited RENIER, who is believed to be now stationed with a USFET office in BAD NAUHEIM (L 51/M 69), allegedly to ask for his assistance for the set-up of his transportation firm. Details are not known.

(h) Captain HAYES, MUNICH.

ALSHIBAYA often boasts about his acquaintance with Capt. HAYES, who probably is an officer of the MG MUNICH. The telephone number of Captain HAYES is 41 893/5.

(i) Alexander GORDSAYA,

MUNICH 15, Ainmillerstrasse No. 59, is an old emigrant of Georgia and married to a German woman. He is about 55 years old, 168 cm high and has grey hair. In Georgia, he was the first mayor of POTI at the Black sea. GORDSAYA is an old socialist and is now head of the newly founded Georgian committee. He is a fanatic

TS No. OR 1709.

Copy No. 6 of 6 copies.  
Page No. 7 of 2 pages.

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anti bolshevist.

(j) Dr. Givi GABLIANI.

he is the brother-in-law of ALSHIBAYA. He is about 30 years old, 170 cm tall, dark, greyish hair, sturdy. During the war he was a captain and the military representative of the Georgian committee. By profession he is a physician. GABLIANI is a fanatic enemy of the bolshevists.

Now, he again practises his profession as a physician. He is living in the vicinity of INGOLSTADT (W 49/T 62). His place of residence is kept secret, for fear he might be extradited to the Soviets. ALSHIBAYA supports him financially.

(k) Schalva OKROPERIDSE.

former aid to GABLIANI and his friend. During the war he was a 1st lieutenant. He is about 28 years old, 170 cm tall, and sturdy. He is now living in BAD PEICHERHALL where he is hiding himself because he is also afraid of being extradited to the Soviets. OKROPERIDSE operated as an anti bolshevist.

(l) Engineer HURR.

is living in MUNICH, Ferdinand Maria Strasse No. 24 or 32. He is a German citizen of Turkish or Egyptian descendency. He is about 35 - 40 years old, 168 cm tall, and has dark hair. Before the war he worked as an engineer in Georgia. He speaks several Eastern languages. HURR is often seen accompanied by ALSHIBAYA although they have no business connections with each other. It is uncertain which interests they have in common. Often they travel together.

(m) Herbert KURZ.

former major and commanding officer of a Georgian battalion. He is living in HOLZMINDEN (L 52/C 16), Neue Strasse No. 4. Pursuant to a previous meeting on 12 November 1946 in the house Montsalvatstrasse No. 7, he was engaged as a representative for ALSHIBAYA's firm in the whole British Zone (Belgian occupation territory excluded). This engagement was made on 20 November 1946 and fixed by a contract which contains the following

TS No. OR 1701 Copy No. 6 of 6 copies  
Page No. 2 of 2 pages

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arrangements: KURZ is an representative, he receives a fixed salary (the amount is not mentioned) and 12 % commission. Any future agreements require a written statement.

(n) Bruno KAUSCHEN,

PLATTLING (N 49/U 73), Enochendorf 14 1/2. Following a conference on 3 January 1947, he was engaged as a representative of ALSHIBAYA's firm on the same conditions as Mr. KURZ. It may be suspected from these engagements in his firm, that by this way ALSHIBAYA obtains co-workers for other purposes. His transportation company with only one truck does not justify such an expansion. Additional economic projects of ALSHIBAYA or other reasons connected with his business, which might explain these engagements, are unknown so far.

ALSHIBAYA's father was visited in REICHENHALL by an agent named PANCHULYA (Georgian), who was ordered by General G.B. SILIGADSE, to contact the Georgian emigrants in order to win them for a co-operation in the Soviet interest or to find out their conditions for such a co-operation.

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Page No. 9 of 9 pages

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Annex 1 to VI Report No. 213

Sender: HOMANN, FUESSEN, Allgaeu, Alatsseestrasse No. 30  
To : Dr. Mikhael von ALSHIBAYA, MUNICH, Montsalvatstrasse No.7

FUESSEN, 10 November 1946.

Dear Mischa !

Yesterday, I received mail from HAMBURG (Professor von MENDE ?). From the information received, it is necessary to go to HAMBURG at the beginning of next week. I am not bound to a fixed date, but I don't want to postpone the trip too long, especially in regard to my urgent obligations in LINDAU. I would be delighted if I could combine this trip with yours to HANNOVER, but this depends of course on your decision. I only wanted to inform you in case you receive word meanwhile. In addition to this, I would like to discuss a great number of questions with you and GOGI (read Dr. MAGILOV), especially in connection with my present operations. I have such an uncertain feeling, as if we must not loose time in our business plans otherwise the development will pass us.

Many kind regards, also to SASCHA (read TSOMYA)

Yours  
Erich.

On 15 November 1946, Mr. Erich HOMANN was requested in a short impersonal letter from TSOMAYA, written by order of ALSHIBAYA, to be ready to start in MUNICH on 18 November 1946.

TS No. OR 1701 Copy No. 6 of 6 copies  
Page No. 1 of 1 pages

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FILE

25 February 1947.

SUBJECT: Counterintelligence Report No. 216, Operation RUSTY.

TO : AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Soviet Activities in the DP-Camps of the US Zone after  
1 November 1946.

Date of observation: until Beginning of February 1947.

Source: Summary.

I. The DP camps in the Western zones with their numerous and different types of inmates from all countries occupied by the Soviets are of special interest for the Soviet intelligence service in the following respects:

- (a) Possible strongholds of anti Bolshevik groups and movements of the new emigrants;
- (b) Favorable hiding-places for numerous Soviet IS agents who are carrying out intelligence missions in the Western zones;
- (c) Places where information is obtained from the groups of all the different nationalities and from their extensive connections;
- (d) Places where information is disseminated by an ingenious Soviet propaganda;
- (e) Inexhaustible man-power reservoirs for the recruiting of new agents;
- (f) Favorable bases for the instigation of discontent, unrest, opposition, and revolt.

FB No. SR 11635 Copy No. 6 of 6 copies  
Page No. 7 of 7 pages

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II. Maintenance of Soviet agent groups.

1. In all DP-camps the Soviet IS built up agent nets which continuously change their personnel.
2. When the Soviet IS established these agent nets it could rely on agents who were already sluiced to Germany among the slave workers from the East and the volunteers of the Russian Liberation Army (ROA). The number of these agents was increased by DPs who were originally anti Bolshevik but who by the impression of the victory of the Red Army in World War II considered it convenient to approach the USSR.
3. Because many DP agents of the Soviet IS are not well-trained and frequently operated without the necessary care for camouflage, they often had to be called back to the USSR by the way of repatriation. The gaps thus created required continuous replacements by new agents. This is done by the recruiting of new agents among the DPs and the sluicing of agents from the USSR or from the countries which are either occupied or controlled by the Soviets. It also could be observed repeatedly that agents who already had been thus repatriated appeared in other DP-camps.
4. It was observed that the agent nets in the DP-camps are organized and directed as follows:
  - (a) The Soviet missions in the Western Zones which contain a great number of MGB officers direct and lead these nets.

The Soviet missions maintain a number of main agents who usually live outside of the DP camps, and by these agents they direct the DP agents who live in the DP camps. These main agents, who live outside of the DP camps, arrange meetings between the Soviet officers and the DP agents during which briefs are issued and reports are received.

IS No. OR 1635 Copy No. 6 of 6 copies  
Page No. 2 of 2 pages

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According to observations made so far the Soviet missions maintain the following branches of intelligence service:

- aa) military and political intelligence,
- bb) counter intelligence,
- cc) propaganda,
- dd) recruiting of agents in DP camps.

- (b) Apparently small but well-organized agent nets are directed from the Soviet occupied or controlled areas (for example: USSR zone of Germany, Czechoslovakia etc.).

These agent groups are carrying out counter-intelligence missions in the DP Camps (there they are only concerned with especially significant persons), counterintelligence missions among the emigrants living outside of the camps, as well as very important missions of subversion (See CI Report No. 154).

- (c) Small German agent nets (KPD members) to watch the DPs. The ways of communication of these nets are not yet sufficiently recognized. Apparently, orders are issued by the BERLIN KPD center and the orders are concerned with a general supervision of DPs. (See also CI Report No. 21).

Apparently individual agents of these nets who prove fit are assigned to work directly under Soviet agents.

- 5. The following data is required in briefs concerning the supervision of inmates of DP camps and of other individuals:

Personal data,  
place of birth,  
information about relatives in the USSR,  
service in the Red Army,  
service in German volunteer units,  
rank and position in other German services,  
place from where the person in question was evacuated,  
any changes of name,  
procurement of photographs.

TS No. OR 1635 Copy No. 6 of 6 copies  
Page No. 9 of 2 pages

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6. The payment of agents established in the DP camps is from 500 to 1,000 marks per month in addition to PX goods and clothing.

The agents who live outside of the camps and who operate on significant missions (individual supervision of persons who are of special interest for the Soviets) receive 1 - 2,000 marks and additional ration cards. In case they complete important missions they get premiums of about 200 - 500 marks.

7. The recruiting of new agents in DP camps is often promoted by intimidations, threats of forthcoming compulsory repatriation, or by the promise of exemption from all compulsory measures in case of co-operation. A method frequently used is the threatening with reprisals against relatives living in the USSR.

Identified agents groups which are directed by the Soviet mission were described in CI Report No. 11, 12, 27, 47, 52, 86, 92, 193, 198. Further nets will be reported in new CI Reports after due investigation.

**III. Sluicing of Soviet IS agents into DP Camps.**

Because of the aforementioned reasons new agents are continuously sluiced from the USSR zone of Germany, from Czechoslovakia, via Austria and lately also frequently from the French zone.

For instance it was observed that among Jewish refugees camouflaged Soviet officers were sluiced into the Jewish committee in HOF who are apparently ordered to direct new agents arriving in the US zone via HOF.

Graduates of an espionage training held in the vicinity of PRAGUE were sent to the US zone and ordered to get into DP camps and to look for jobs with US units or Polish guard details.

See Annex 1 - 3.

TS No. OR 1635 Copy No. 6 of 6 copies  
Page No. 7 of 7 pages

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**IV. Intelligence Activities of Soviet Agents in DP Camps.**

In the following DP camps, agents were observed who are ordered to watch and list the DPs:

BAYREUTH  
CHAM  
HANAU  
MOENCHENGOF near KASSEL  
MUNICH  
REGENSBURG  
SCHWARZENBORN  
SCHWEINFURT  
SELIGENSTADT  
WEIDEN  
ZELL near WUERZBURG.

For more details see Annex. 4 - 15.

**V. Dissemination of Soviet propaganda in DP camps and inciting discontent with the US occupational power.**

In the DP camps propaganda material is continuously distributed and rumors are spread by agents of the Soviet missions.

A few propaganda leaflets are forwarded as annex which were illegally distributed by the REGENSBURG Soviet mission (REGENSBURG - M 50/U 15).

According to the directives described in CI Report No. 154 and to the observations made the oral propaganda has the purpose to blame the US occupational authorities for the naturally deteriorating conditions of the DPs and also for those deteriorations which in part were artificially caused. Hereby it is intended to overcome the aversion against repatriation or to increase the willingness to operate

TS No. OR 1635 Copy No. 6 of 6 copies  
Page No. 5 of 7 pages

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in the Soviet interest. For this purpose the conditions in the USSR are simultaneously described favorably.

Furthermore, agents continuously transport propaganda material (especially newspapers) to the US zone and distribute it in the DP camps.

Special agents are ordered to listen to Soviet broadcasts and to disseminate the news among the DPs in a propagandist way.

The transfer of propaganda material concerning the ecclesiastical sector by the Soviet woman agent FELDMANN was described in CI Report No. 178.

In the DP camp AUGSBURG-OBERHAUSEN a "committee for the liberation of Germany" was founded which contacts intellectuals of the local KPD and requests the latter to deliver lectures in the camp.

See Annex 16 & 19.

**VI. Attempts to urge prominent DPs to return to the USSR.**

Special agents of the Soviet IS are employed to urge prominent DPs to return to the USSR pursuant to the lists of DP camp inmates filed by DP agents.

Such a proceeding was described in CI Reports No. 92 and 193.

**VII. Provocations by Soviet agents in DP camps.**

A special significance within the Soviet IS activities in the DP camps are of provocative nature. It was constantly observed that persons who the Soviets want to eliminate were provoked in to criminal activities which caused the compulsory repatriation to the USSR according to existing regulations.

TS No. OR 1635 Copy No. 6 of 6 copies  
Page No. 6 of 7 pages

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A MVD office in WEIMAR (M 51/J 57) is operating on a large scale action urging persons to come to the USSR Zone.

It was observed several times that Soviet agents try directly or by the assistance of anti Bolshevik persons to provoke anti Bolshevik organizations to terrorist activities against the US occupational power or against official Soviet offices in the US zone.

See Annex 20 - 22.

See also CI Report No. 192.

TS No. 01 1615 Copy No. 6 of 6 copies  
Page No. 7 of 7 pages

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FILE

28 February 1947

Annex 1 to CI Report No. 218.

Soviet officers were sluiced as refugees into the Jewish committee in HOF. So far one of them could be identified to be the Soviet Lieutenant (Nav.) VANYUSHA alias MURIEL, alias VYSEA. He was born in Lwow (Lemberg - 5 50/n 44), USSR. He is about 35 years old, 175 cm high, he has wavy dark blonde hair and an oval shaped face. He has 3 gold teeth in his upper set of the right side and a light metal crown on the left side of his mouth.

He operated one year for the Soviet political IS. He maintains a connection with the repatriation officer who moved from HOF (M 51/O 99) to SCHWEINFURT (L 51/W 76). His woman co-worker is Patronella DUBOIS, born on 6 April 1926 in BOULOGNE, France. She now lived in HOF, Bismarckstrasse No. 42 b at SCHMIDT's. She speaks Russian fluently and pretends to be a Russian.

It is supposed that VANYUSHA directs the Soviet agents who enter the US zone via HOF.

CI No. OR 4625 Copy No. 6 of 6 copies  
Page No. 1 of 1 pages

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FILE

Annex 2 to OT Apt. No. 218.

Agents of a Soviet Espionage School in PRAGUE.

1. A Soviet espionage school in PRAGUE (PRAG - G 51/L 78, 88) sends agents to the FP zone who are ordered to go into FP camps and obtain employment with FP offices - or units. In this school members of the following nationalities are trained: Poles, Latvians, Ukrainians, Lithuanians, Czechs.

These agents are ordered

- (a) to list the FPs, to note their nationalities and political attitudes,
- (b) to identify US units and the names of their commanding officers.

Furthermore, they are advised to carry out sabotage, thefts, burglaries, and raids in the FP camps.

2. The espionage school is located in the wooden barracks of the former SS barracks near the football stadium in PRAGUE.

80 Poles, 15 Latvians, 9 Ukrainians, 6 Lithuanians, 17 Czechs participated in one course of instruction.

During the schooling each student used a cover name.

3. At the beginning of the training the students had to pledge themselves to secrecy. The course of instruction was scheduled for 3 weeks.

Time schedule:

0700 hours	:	reveille,
0800 "	:	breakfast, inspection,
0900 - 1200	hours	} : instruction and practice
1500 - 1600	hours	
2100 hours	:	inspection.

Sundays: no service, occasional visits to a cinema under the supervision of an MVD tutor.

4. Subjects of instruction:

- (a) Obtaining of information, - teacher: An MVD 1st Lt.

TS No. OR 16356

Copy No. 6 of 6 copies.  
Page No. 1 of 2 pages.

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- (b) Instruction on weapons, - teacher : same as (a).
- (b) Technique of weapons and blasting, practice of blasting with old German mines, preparation of explosives from simple means, teacher : an engineer of the SA possessing many decorations,
- (d) Map reading, teacher : Lt. (Ukrainian).
- (e) Defense against blood-hounds,
- (f) Training for sabotage (robberies, theft, burglaries, killing of an opponent with a dagger, a pistol, and other weapons), teacher : soldier of the SA (small, black hair, many freckles, also on his hands) named IVAR.

The Lithuanian communist J. JARIS was political tutor. Neither the names nor the cover names of the instructors became known to the students.

5. The Czech group was instructed separately.

6. After the training was completed the students were taken to the border by car in groups of 5 men. They were sliced into the UK zone by an NK officer. Each agent received a pass with a new name.

7. The equipment of an agent consisted of:

civilian clothes, German knapsack, 300 marks, rations for 5 days (white bread, sausage, chocolate, candies, 1 bottle of vodka, 2 packages of kachorka (Russian tobacco), German maps (scale 1 : 100,000), 1 German pistol with 10 magazines.

Each agent had to invent a story of his own. But they were forbidden to mention that they had been in Czechoslovakia.

8. Close-up photographs from the front and the side as well as finger prints of the students were taken by the school. 2 agents of this school were identified in a basket ball team which came from NUREMBERG (N 50/O 40) to BAYREUTH (N 50/O 75).

Their names are: Voldemars JARUSVICIUS and Stasys STEPONIEVAS.

Both are working with a NK detail in an American camp, 10 km from NUREMBERG. In the meantime STEPONIEVAS has been sentenced to prison because of black marketeering.

TS No. OR 425

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Page No. 2 of 2 pages.

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FILE

Annex 3 to CI Report No. 216.

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Sluicing of an agent of a Soviet espionage school into the  
DP camp BAYREUTH.

In November 1946, a Lithuanian physician reported to the chairman of the Lithuanian committee in the DP camp of BAYREUTH (M 50/O 75). At first he was refused but then he was admitted to the camp because he was recommended by the former Lithuanian major of the General Staff GINTAUTAS. GINTAUTAS is the liaison man of the Lithuanian committee to the UNRRA.

This Lithuanian physician called himself JANCAUSKAS and alleged that he is from KROTTINGEN. However it was learned from an inquiry in the camp that a physician with the aforesaid name never lived in KROTTINGEN.

JANCAUSKAS pretended to have no funds at all. At the beginning however he treated his patients without charging them any fee and he even issued medicaments without payment. When he was questioned concerning this matter he declared that he brought this medicaments "from the Soviet Zone".

JANCAUSKAS avoided any contact to Lithuanian intellectuals. But he often approached the camp shoemaker and induced him to long talks. JANCAUSKAS' questions aroused the camp shoemaker's suspicion that JANCAUSKAS might be a Soviet agent. Following suggestion made to him by the chairman of the Lithuanian committee the shoemaker, therefore, broke off his relations to JANCAUSKAS and told him that he should contact people of his own kind and that in the camp he was considered to be suspicious and that he was already suspected by the chairman of the committee as well.

After this incident JANCAUSKAS left the camp without giving notice to the camp authority. In January 1947, he was again identified in REGENSEBURG (M 50/O 15). He lives there in the Landschuterstrasse under the name JANCZEWSKI and is a member of the "Polish guard 4026".

One of our agents identified JANCAUSKAS as a member of the Soviet espionage school PRAGUE VII.

Note: According to unconfirmed reports, GINTAUTAS is operating for the Soviet IS.

IS No. OR 1675 Copy No. 6 of 6 copies  
Page No. 1 of 1 pages

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FILE

Annex 4 to CI Rpt. No. 216.

CP Camp BAYREUTH.

In the CP Camp BAYREUTH (M 50/O 75), the Lithuanian INOW-  
NIGIUS made himself suspicious of operating for the Soviet IM.  
He gets orders from the former Lithuanian reserve officer STACIUNAS,  
who is now a student. LEONAVICIUS frequently visits STACIUNAS and  
receives money from him.

TS No. OR 1635.

Copy No. 6 of 6 copies.  
Page No. 1 of 1 pages.

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FILE

26 February 1947

Annex 5 to CI Report No. 216.

DP Camp CHAM.

In the DP camp CHAM, the priest Sergei KARGAI operates as a Soviet agent. KARGAI was a building expert formerly and was appointed a priest in 1943. He is a refugee from Estonia. Already when he was in the PW camp of ROA, soldiers of LANDAU and PLATLING, he delivered lists of the camp inmates to a certain FEUDOROV. He took advantage of his activity as a priest to obtain data from the personal history statements of the camp inmates. At present he does the same in the DP camp CHAM.

TS No. OR 625 Copy No. 6 of 6 copies  
Page No. 1 of 1 pages

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Annex 6 To CI Lpt. No. 216.

IP Camp HANAU.

The Lithuanian brothers RUTKAUSKI are operating as Soviet agents in the IP camp HANAU. They have a connection with the Soviet agent GELMAN (Ukrainian). GELMAN is living outside of the IP camp in HANAU.

The brothers RUTKAUSKI frequently visit the Soviet repatriation committee.

The Lithuanian KAUSAS who is employed as a fireman with UBERA is highly suspected of being a Soviet agent in the service of the repatriation committee. He frequently visits the latter.

TS No. OR 1625.

Copy No. 6 of 6 copies.  
Page No. 1 of 1 pages.

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FILE

25 February 1947

Annex 7 to CI Report No. 213.

DP Camp MOENCHENHOF Near KASSEL.

In the beginning of December 1946, Alexei RUDSIT came into the DP camp MOENCHENHOF near KASSEL under the pretext of visiting friends. He contacted several persons there and made inquiries concerning various individuals who are politically active.

Personal data:

Height: 165 cm, 40 years old, brunette, large dark eyes, aquiline nose, dark spectacles, good appearance, he wears a beard time and again.

Concerning RUDSIT the following is known: Formerly he lived in RIGA, Latvia and was an artillery lieutenant of the old Latvian army. In 1939, he lived at BOLDEA (suburb of RIGA). After the arrival of the Soviet troops he contacted Soviet officers and became a co-worker of the NKVD.

In 1941, after the Soviet troops had left Latvia he remained there and afterwards joined a German service. In 1945, he served in the German army in Courland. He was then made prisoner by the Soviets and is said to have lived in MOSCOW.

In the beginning of November 1946, he returned to Latvia and went to the US zone of Germany. He claimed that he had been released by the Soviets as a German PW. This seems improbable, for RUDSIT has only a poor knowledge of the German language.

After a stay of some days in the MOENCHENHOF camp he allegedly traveled to his "wife" in MUNICH. It was observed that he met a Russian woman there whose former name was HARLOVA.

RUDSIT often travels about in the US zone and stayed in the British zone at the end of November 1946. He is highly suspected of activities for the Soviet IS.

Misha LINEVICH (Mikhail MIKHAILOVICH) lives with his father in the DP camp MOENCHENHOF and lists there the former members of the Russian Liberation Army. He is approximately 28 years old and works as an electrician in the camp. Practising his job he is permitted to enter all rooms as he often does in order to check the electric wires. He was seen at a meeting with members of the Soviet mission in FULDA.

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Page No. 1 of 2 pages

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On 5 December 1946, a conversation between Misha LINEVICH and his father was overheard in the passage of the hut, in which he told his father that he delivered his last list and that his work was very much appreciated.

The family of LINEVICH was admitted to the MERTENHOFF DP camp on the recommendation of a Latvian woman M. L. JEN (liaison person between UNRWA - HAGUEL and the US authorities).

In December 1946, Mikhail NOVOSELTSEV joined the MERTENHOFF DP camp. He disseminated the following legend concerning himself: in 1941, he was recruited for the SS and served as a soldier in a tank destruction battalion. He was captured by the Germans and was then employed as a "slave worker from the East". He was repatriated to the USSR, but returned from there to the US zone, because the Soviets treated the returning "slave workers from the East" too badly.

NOVOSELTSEV participated in many lectures and tried to get many acquaintances in the MERTENHOFF camp. In September 1946, he was detained because of a burglary. A sentence of some months in jail was passed on him. At the beginning of November 1946, a Pole with the name of GERBEN appeared in the camp. The latter was together with NOVOSELTSEV in the prison. He reported that NOVOSELTSEV was repeatedly visited by a Soviet officer in the prison. NOVOSELTSEV delivered lists of DP camp inmates to him. In jail, NOVOSELTSEV at once consented to his repatriation to the USSR, and on 10 November 1946, he was released from jail for repatriation.

On 23 November 1946, NOVOSELTSEV appeared again in the DP camp and produced a pass issued by the MP in which his release from detention on 22 October 1946 was certified. He claims to have worked for one month with a farmer, because he was ashamed of his action. It is assumed, however, that during this time NOVOSELTSEV was trained as an agent and is now operating on new briefs in the DP camp.

Doc. No. 1635 Copy No. 6 of 6 copies  
Page No. 2 of 2 pages

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**FILE**

Annex 8 To CI Rpt. No. 218.

DP Camp MUNICH-PASING.

Ivan Ivanovich ANILIN is operating as a Soviet agent in the DP camp PASING.

He is about 30 years old, of medium height, sturdy, bald-headed, blue eyes, he speaks German well.

He is living in the camp, room No. 27, he has an additional apartment in MUNICH. He is working as a carpenter with UNERA. ARICHOV agitates for the return to the USSR, and he intimidates the other camp inmates by the allegation that in the future the Soviets will occupy all Europe.

He is very much interested in the other DPs and is collecting their personal data.

He distributes Soviet newspapers. He has a connection with the Soviet repatriation group in MUNICH-LAIZ through Alexander FEDOROVSKI. FEDOROVSKI is 25 years old and a member of the football team of the DP club 553.

On Nov. 13, from 1730 to 1845 hours and on Nov. 18, from 1020 to 1045 hours FEDOROVSKI visited the Soviet repatriation group. Later, he was also observed several times when he visited that Soviet group.

In addition, FEDOROVSKI has a connection with Alexei KHANGAYEV, OROVOI and with Anatoli Feodorovich LENKOI, the member of a terrorism group in the DP camp BRICENHOFFEN (now arrested). Alexei KHANGAYEV is living in the DP camp MUNICH-PASING, room No. 29. He is a Mongol, of medium height, approximately 23 - 25 years old, single. He distributes Soviet newspapers and other propaganda material which he receives from a Soviet officer.

Personal data of the Soviet officer:

Captain, name unknown, of medium height, sturdy figure, round face, grey eyes, dark blonde, he looks intelligent, he speaks Russian with a MOSCOW accent. He wears a uniform made of US cloth, Russian high boots and a usual uniform cap. As a civilian he wears a dark suit, brown shoes, no hat.

TS No. OR 1635.

Copy No. 6 of 6 copies.  
Page No. 1 of 2 pages.

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This Soviet officer was observed several times when he met a Jew with an unknown name who is living in UNRRA, Parisillestr. No. 18, 2d floor.

Personal data of this unknown person:

small, smooth face, red cheeks, fat. On his left hand he wears a ring with a diamond, on his right hand he wears a golden wedding ring. He wears a grey suit, he speaks Russian, German and Polish. He often visits the UNRRA building (Deutsches Museum, German museum).

Georgi SAMHARCHUK, 24 years old, UNRRA employee in the IP camp PASING, he disseminates Soviet propaganda among the IPs. Since winter of 1946, he was very reserved and made no remark from which a Bolshevik attitude may be concluded.

He lists the new emigrants and forwards these lists to the Soviet mission. He has a connection with SAGROVOY and KHANGAYEV.

Mitri ANDRONAKI, about 28 years old, from Bessarabia, he speaks Rumanian. From 1942 until 1944 he worked with the administration of the governor of Transnistria. Later, he fled via BELORAIL to Germany. Originally, he was not a Bolshevik but then he was recruited for the Soviet IC by the Soviet agent ANOKHIN (ANOKHIN). He went apparently by order of ANOKHIN to REISELBERG. There, he was employed with the UNRRA headquarters. He was also paid off by ANOKHIN with valuables from the stolen treasure of the Russian emigration in Serbia. ANDRONAKI visits the camp MUNICH-PASING at certain intervals and meets Vladimir GOLOBENKO there.

GOLOBENKO was trained in a course of instruction at the Soviet espionage school in ODESSA. During the war he was employed in Rumania. GOLOBENKO is about 24 - 25 years old, 165 cm high, slender, he combs his hair straight back.

Juri SNACHEKOVSKI is suspected of operating for the Soviet IC. He allows IPs with a Bolshevik attitude to join the camp police: among others Pavel SAGRAVOI, Alexei ROTOV and BELOGO.

At the beginning of November SNACHEKOVSKI had conferences with a relative of his wife. This relative arrived from PRAGUE and returned then to PRAGUE.

TO No. OR 1435

Copy No. 4 of 6 copies.

Page No. 2 of 2 pages.

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**FILE**  
26 February 1947

Annex 9 to CI Report No. 216.

DP Camp REGENSBURG - Ganghofer-Siedlung.

A certain MAXIMOV is operating as a Soviet agent in the DP camp REGENSBURG/Ganghofer-Siedlung.

He is connected with Captain G.B. PAVLOV of the Soviet mission through the woman agent Hella SHURA alias TETYA, living in REGENSBURG, Badstr. No. 5, second floor at SCHAEFER'S. He is collection information concerning the DPs.

Hella SHURA has the papers of a German, she is living together with her husband. She is a Russian emigrant.

Capt. G.B. PAVLOV of the Soviet mission directs the main agent Nikolai KUSNETSOV.

Personal data of KUSNETSOV:

About 24 years old, tall, sturdy figure, blonde hair. From the winter of 1945 until 1946, he was detained as a gangster in the NUREMBERG jail, then he was released with the assistance of the Soviet mission. The Soviet mission issued to him the personal papers of Nikolai KUSNETSOV who was compulsorily repatriated to the USSR. In spring 1946, he was observed in the uniform of a Soviet lieutenant, and he stated that he was an aide to the Soviet officer PAVLOV. Later, he was seen in a US uniform, and he claimed to operate by order of CIA.

Since November, KUSNETSOV could no longer be watched. He allegedly moved to the British zone.

KUSNETSOV directs the following agents:

- (a) Nikolai SUREVTSOV, living in the DP camp, Polensiedlung, Anderstr. No. 52 or 41. SUREVTSOV maintains a courier connection to Capt. G.B. PAVLOV and to a Soviet major in TUBSEN (M 44/B 25) through a boy, 15 years old.

SUREVTSOV maintains the following agents:

- 1. Alessi NOVIKOV, living in the DP camp "Russische Siedlung", (Russian settlement), Block No. 5, NOVIKOV now separate watches.

TS No. 62 4425 Copy No. 4 of 4 copies  
Page No. 11 of 11 pages

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39. (Continued)

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2. Vladimir ROSEKOV, living in the DP camp "Russische Siedlung", Block 3.
3. FELEXEN (mother) and Yuri FELEXEN (son), both in CIC detention, were in contact with SURVETSEV until they were detained.
- (b) VAVILOVA, a good looking woman, she has a direct connection with Capt. G.B. PAVLOV. She is ordered to attract certain DPs and to smuggle them into the hands of agents.
- (c) KOMAROVSKI, he was dismissed from his employment in the UNRRA personnel office. He married a Polish woman, and pretends now to be a Pole himself. He maintains a direct connection with Capt. G.B. PAVLOV. He participates in the "Morocco-recruiting-action" in the REGENSBURG DP camp. DPs are listed by his action.

Note: Details concerning the Morocco-recruiting-action are not yet available. It seems possible that the lists are forwarded to the Soviet Mission by KOMAROVSKI.

TS No. 02 1625 Copy No. 4 of 6 copies  
Page No. 2 of 2 pages

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39. (Continued)

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Annex 10 to CI Rpt. No. 218.

LP camp SCHWARZENBORN.

A certain Yakov HRETSKI stays in the LP camp SCHWARZENBORN. He was contacted by a Yohan HNATYUK. HNATYUK was born on 15 March 1913 in PLATKY near KOLOMEJA, USSR. He is a former inmate of a concentration camp. He is provided with the KPE membership-card No. 2218 and other papers of the office in HOFWEISMAN (L 52/C 12), which takes care of former concentration camp inmates. HNATYUK frequently meets Soviet officers in KAESEL. He himself was several times identified wearing a Soviet uniform.

TS No. OR 4625a

Copy No. 6 of 8 copies.  
Page No. 7 of 1 pages.

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Annex 11 to CI Rpt. No. 216.

DP Camp SCHWEINFURT.

In the DP camp SCHWEINFURT, the Lithuanians TALALA and STAPONAITIS are highly suspected to operate for the Soviet IS. Both have a constant connection with the Soviet mission in SCHWEINFURT. In summer 1946, both provoked a fight between DPs and Germans.

TS No. OR 635

Copy No. 4 of 6 copies.  
Page No. 1 of 1 pages.

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SECRET/RELEASE  
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39. (Continued)

SECRET/RELEASE  
TO GERMANY ONLY

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Annex 12 to CI Rpt. No. 216.

IP camp SELIGENSTADT.

Aleksas GAILIUS from BIRZAI, Lithuania, registered for repatriation to Lithuania and was thereupon transferred from camp SELIGENSTADT to camp KARSTADT for his repatriation. After a short time GAILIUS returned. Soon after his arrival in the IP camp SELIGENSTADT he contacted communist circles. Since then he frequently meets persons of these circles.

TS No. OR 4675

Copy No. 4 of 6 copies.  
Page No. 4 of 4 pages.

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TO GERMANY ONLY

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Annex 13 to CI Report No. 216.

DP camp WEIDEN.

The Lithuanian woman VASKELIENE repeatedly visited the DP camp WEIDEN. She is living in FRANTISEKOVY LAZNE (FRANZENSBAD - N 51/P 27), Czechoslovakia, America No. 235. Now she uses the name ROZNO.

In December 1946, she came to the DP camp WEIDEN and asked the Lithuanian SPALIS to make up a list of all DPs living in this camp. For reason she explained that she wanted to have the names of the Lithuanians broadcasted by the Czech radio to enable the separated families to join again easily.

When SPALIS refused to deliver such a list ROZNO departed. Then she contacted some old Lithuanian Women in this DP camp and since that time ROZNO often visits these Lithuanians who are very religious. She also travels to BAYREUTH frequently. Her activities in BAYREUTH are unknown.

In April 1946, the Lithuanian woman SIMAITYTE from PRAGUE [PRAG - O 51/L 78,88), Czechoslovakia, came to the DP camp WEIDEN. According to her own statements she had a good time in PRAGUE. SIMAITYTE got a job with the UNRRA. She often sees suspicious persons. She is anxious to come into contact with Americans. She is not married and is about 25 years old.

SIMAITYTE has a close connection with the Lithuanian woman Nina KLAVICKAITE. In April 1946, the latter also came from PRAGUE to the DP camp WEIDEN. She told that in Czechoslovakia she was ordered to return to Lithuania. When she did not obey this order she was detained and transferred to PRAGUE. There, she succeeded to escape to the US zone. She is 24 years old and not married.

KLAVICKAITE is now working with the UNRRA registry. Lately she has gone twice to Czechoslovakia.

It is assumed that these two Lithuanians were sent to the DP camp WEIDEN to carry out intelligence missions.

TS No. OR 1625 Copy No. 6 of 6 copies  
Page No. of pages

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**SECRET/RELEASE**  
**TO GERMANY ONLY**

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TO GERMANY ONLY TOP SECRET

FILE

Annex 14 to CI Rpt. No. 216.

DP Camp ZELL Near WUERZBURG.

On 9 November 1946, the Lithuanian STOFFELIS came to the DP camp ZELL to visit his sister. The latter is working as a nurse in the local DP hospital. STOFFELIS wore a khaki uniform with a red arm-band carrying the inscription "Nederland". He told his acquaintances that he had returned to Lithuania after his release from Russian captivity. (STOFFELIS was drafted for the German Armed Forces, in 1941 he was re-settled from Lithuania to Germany, as a soldier of the German Wehrmacht he was taken prisoner by the Soviets).

According to his statements he went from Lithuania to MOSCOW in order to apply for a visa at the MOSCOW Dutch embassy because his mother is Dutch. He said he was employed by the Dutch embassy in MOSCOW and stayed there for 4 months. Then, he allegedly traveled to BERLIN by plane and from there to WUERZBURG to visit his sister.

STOFFELIS did not meet his sister in the DP camp as she was on a trip. She returned only after his departure. She told that her 2d brother who is employed for a long time with the Dutch embassy in MOSCOW was of great help to her aforementioned brother when he had been released from captivity. (This allegation does not correspond to the story of STOFFELIS and also not to the fact that Miss STOFFELIS has only one brother.) The mother STOFFELIS is said to be employed with the MG in WUERZBURG. The father STOFFELIS lives in KAUNAS, Lithuania, where he owns a gardening business.

The Lithuanian Jurgis BOBKERTAG, 53 years of age, came from the USSR zone to the DP camp ZELL via HAMBURG. There he was employed as an interpreter with the screening of DPs. In his position he forged the statements of the DPs on purpose, therefore, he was dismissed. Then he applied for a job with a DP unit in WUERZBURG and was employed.

The Lithuanian woman Anita ALPKANERAVICIUTE, married, keeps in constant connection with the Soviet mission in SCHWEINFURT.

In August 1946, the Lithuanian woman Irene SAVICKAITE, who is now Irene Marta TETPERAITE came from the USSR zone to the DP camp ZELL near WUERZBURG with the Lithuanian Jonas RAUJOKAS. There, she passed the screening and returned to the USSR zone. From there, she repeatedly wrote letters to RAUJOKAS. After some weeks, she returned to the US zone, and now she lives in KASSEL. All persons mentioned above are highly suspected of Soviet IS activities.

TS No. OR 4435

Copy No. 6 of 8 copies.  
Page No. 1 of 1 pages.

TOP SECRET  
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SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

**SECRET/RELEASE  
TO GERMANY ONLY**

**FILE**

Annex 15 to CI Rpt. No. 216.

at Camp MUNITCH, G. Barracks.

The Ukrainian MIKHA is operating as a Soviet agent of the Soviet mission in the G camp at the G-barracks. He rudely terrorizes his neighbors and threatens them with compulsory repatriations. Therefore, they are intimidated to such extent that they cannot stand MIKHA.

The Latvian BURKOWSKI, about 35 - 40 years old, lives in the G barracks, and is listing the Latvian CPs who operated as anti Bolsheviks during the German occupation of Latvia. During the Soviet occupation of Latvia, BURKOWSKI applied for admission to the Communist party. At that time he was very active in propagating Bolshevik ideas at the Latvian university. He is in connection with the Latvian Albert BURKIS.

RULKIS, who is about 48 years old, lives in MUNITCH-SOLLN. Formerly, he was the mayor of RIGA-TOWN (RIGAS-JURMALA). He was dismissed from this position for disorderly administration of funds. His wife and his daughter lived with him in MUNITCH-SOLLN. There, RULKIS maintained connections with the Soviet mission. His wife, although a protestant, suddenly revealed a great interest in the Greek Orthodox parish in MUNITCH-SOLLN. She often attended services of this church. Her interest was caused by the fact that she listed all Russian emigrants living in MUNITCH-SOLLN.

In November 1946, Mrs. RULKIS and her daughter left for Latvia. Her husband remained in MUNITCH-SOLLN. He propagates the repatriation to Latvia. He tells about the well-being of his wife and daughter in Latvia and tries to refute the news concerning the deportation of repatriated people to Siberia. He still maintains constant connection with the Soviet mission and apparently receives large amounts of money from there. RULKIS disseminates the rumor among the Latvians that the well-known Latvian nationalist and anti Bolshevik VELERE has spoken in a radio broadcast from MOSCOW and has reported his hearty reception in the USSR.

VELERE was a 1st lieutenant of the Latvian army and approximately from 1938 until 1939 was a major of the fire-brigade in LIBAU. At the beginning of 1947, unexpected by all his acquaintances, he was suddenly repatriated to Latvia.

TO No. OR 1635.

Copy No. 6 of 6 copies.  
Page No. 1 of 1 pages.

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**SECRET/RELEASE  
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39. (Continued)

**SECRET/RELEASE  
TO GERMANY ONLY**

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**FILE**

Annex 18 to CI Rpt. No. 218.

Propaganda Material.

Four pamphlets are enclosed. They were slipped through agents into the DP camps by the Soviet mission in Frankfurt and were distributed there.

TS No. OR 1636

Copy No. 6 of 6 copies.  
Page No. 1 of 1 pages.

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39. (Continued)

SECRET/RELEASE  
TO GERMANY ONLY ~~TOP SECRET~~

FILE

26 February 1947

Annex 17 to CI Report No. 216.

DP Camp No. 7 SALZBURG-PARACH, Austria.

The Russian Misha MARTENS was one of the most active Soviet agents in the DP camp PARACH. In September 1946, he was still in the DP camp PARACH. At the end of 1946, he is believed to have moved to MUNICH. His MUNICH residence could not yet be identified. It seems possible that MARTENS lives in a DP camp.

In SALZBURG, MARTENS was directed by the Soviet repatriation committee. There, he had connections with the Soviet Major RUMENITSOV and the Soviet Lieutenant KRETOV, and also with an agent named MITTA, with several Russians in camp PARACH and with emigrants as well as Austrians outside of camp.

MARTENS was trained at MVD schools in the USSR. During the war he is said to have operated temporarily for the German IS. In SALZBURG, MARTENS apparently carried out missions of propaganda, provocation, and recruiting of agents.

TS No. OR 1635 Copy No. 6 of 6 copies  
Page No. 1 of 1 pages

~~TOP SECRET~~  
~~TOP SECRET~~  
SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

**SECRET/RELEASE  
TO GERMANY ONLY** ~~TOP SECRET~~

**FILE**

Index 12 to NY Hist. No. 218.

Jaak KUNNAPAS

The Estonian Jaan KUNNAPAS lives in the Estonian DP camp WISLINGEN. KUNNAPAS has a connection with communist circles in BERGHE. Allegedly, he is a member of the Communist Party. From the party he receives propaganda material which he distributes among the DPs. He is connected with several suspected persons and often has secret meetings at night. Furthermore, the following is known about him:

He is a relative of the well-known Estonian communist Olga LAURISTE, and from 1940 to 1941 he operated actively in the communist movement of Estonia. He organized communist youth societies and was a member of the organization "ORAVIAHETK" (organization for a pre-military training and schooling of the civilian population of the USSR with the name "Society for the promoting of the national defense, aviation and gas defense").

During the German occupation he was arrested by the police for black market activities. Thereupon, he voluntarily enlisted for employment at the front. When he tried to desert to the Soviets he got on a mine field and lost one foot.

**Personal data:**

173 cm tall, vigorous, blond hair, grey-blue eyes, one leg amputated, born on 25 March 1918 in Estonia. His profession; chauffeur.

TS No. OR 1635

Copy No. 6 of 6 copies.  
Page No. 1 of 1 pages.

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**SECRET/RELEASE  
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39. (Continued)

SECRET/RELEASE ~~TOP SECRET~~  
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FILE

26 February 1947

Annex 19 to CI Report No. 216.

DP Camp CORNBERG.

On 8 November 1946, the Ukrainian Tomophi KOSIAK came to the DP Camp CORNBERG. He told that some days before he had crossed the zonal border between the USSR and the British zone. Allegedly, he had worked in Germany and had now spent a furlough at home in the Ukraine. He displayed the attitude of a convinced Bolshevik and tried to influence the DPs to operations in the Soviet interest. He supported his recruiting by lively propaganda speeches for the USSR.

He declared that the war between the Eastern and Western powers could not be avoided and emphasized the great strength of the SA. He spoke of large masses of troops which the Soviets were bringing from the East. He said that there can be no doubt that the SA would drive the troops of the Western powers into the ocean.

Personal data:

175 cm tall, sturdy, slender, grey-blue eyes, short blond hair, a woman's head tattooed on the left forearm, a "T" tattooed on the left palm. He was born on 12 November 1921 in CRIGORI-JEWKA, and he speaks Russian and Ukrainian fluently and German and Czech poorly. He is provided with a German refugee pass, issued by the refugee camp SOLTAU (L 55/X 49).

KOSIAK intended to travel from the DP camp CORNBERG to Mrs. Lisilotte TOSCHIRAT in JUNKERHOFEN, post station GEROLSBACH (M 49/Y69).

TS No. OR 4625 Copy No. 4 of 6 copies  
Page No. 1 of 1 pages

TOP SECRET  
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SECRET/RELEASE  
TO GERMANY ONLY

39. (Continued)

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SECRET/RELEASE  
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FILE

13 February 1947

Annex 20 to CI Report No. 816.

Provocation by Soviet Agents.

The Russian Nikolaus AMSEHARIN is the commander of the labor camp ORNSLACHING near the railway station WEISSELHOFEN (M 49/T 00). He is a convinced anti Bolshevist and escaped to the US zone of Germany. When the Soviets came to Germany, he was a officer of the Russian Liberation Army (ROA), and he is well reputed with the Russians in the camp.

In order to eliminate him by compulsory repatriation, Soviet agents provoked the following incident:

The agents attacked a Jew living in the vicinity of the camp. They robbed him and arranged a drinking-bout afterwards. They invited the camp commander AMSEHARIN to this party and got him drunk. When this raid was examined by the police the agents confessed their offence and mentioned the camp commander AMSEHARIN as their accomplice.

In case AMSEHARIN is to be sentenced, he has to be repatriated. This case will be handled by a WESTERN court.

TS No. OR 435 Copy No. 6 of 6 copies  
Page No. 1 of 1 pages

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TO GERMANY ONLY

39. (Continued)

**SECRET/RELEASE**  
**TO GERMANY ONLY** **TOP SECRET**

**FILE**

Annex 21 to CI Rpt. No. 216.

DP Camp MOENCHINGHOFF near KASSEL.

Viktor GERGENVICH PARENOV in the DP Camp MOENCHINGHOFF near KASSEL operates as an agent of the Soviet Intelligence Service. His mission is to compromise anti Bolshevik DPs. PARENOV travels around much and endeavors to build up a "Secret Police" in the camp.

TS No. GR 14215

Copy No. 1 of 6 copies.  
Page No. 1 of 1 pages.

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**SECRET/RELEASE**  
**TO GERMANY ONLY**

39. (Continued)

**SECRET/RELEASE**  
**TO GERMANY ONLY**

TOP SECRET  
TOP SECRET

**FILE**

Annex 22 to CI Rpt. No. 216.

Alleged Ukrainian Resistance Movement.

An agent ring directed by the NK is located in WITMAR (M 51/ J 54), DP zone of Germany, which represents itself as a group of an anti Soviet, mixed German - Ukrainian resistance movement. The following agents belong to it:

Karl MO. WBAUS alias WIM, Ukrainian, about 28 years old, he speaks German well,

Karl WIM, German, about 32 years old, tall and slender, black hair, he speaks a BAVARIAN dialect,

and other unidentified persons.

At railway stations and in trains that group contacts anti Bolshevik Germans of the USSR zone in order to recruit them for a co-operation.

Persons who are recruited in this way are summoned to a meeting with the "ring-leader" in the hotel "Bayerischer Hof". There, they are saluted with "88" by Karl WIM, acting as the "ring leader".

Note: The salutation "88" is supposed to be a camouflage for the salutation "Heil Hitler". It is composed of the initials "H H" (h the 8th letter of the alphabet).

The newly recruited persons are well received by the "ring-leader", and he has now full power over them. Then, they are recruited for the Soviet IS. If they refuse they are transferred to the MVD.

This agent ring has a connection with the Soviet agent GRISHKA (Ukrainian) in the DP camp AUGSBURG, Sonne barracks. Directed by the latter the agents of the WITMAR group contact Ukrainians and urge them to enter the USSR zone. GRISHKA alias GORA is about 23 years old, he speaks broken German.

Recruited Ukrainians are ordered to cross the border to the USSR zone in the area of PULDA and to report to the Catholic priest HANHAPEL in DERRBACH (L 51/H 63) and tell him that they want to go to the priest NILOLAI. Their alleged area of employment is the area of West Poland.

Note: An MVD office is located in DERRBACH (see CI Rpt. No. 164).

TS No. OR 4625

Copy No. 6 of 6 copies.  
Page No. 1 of 1 pages.

TOP SECRET  
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**SECRET/RELEASE**  
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39. (Continued)

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**FILE**

21 February 1947.

SUBJECT: Counterintelligence Report No. 220, Operation FUSTY.

TO : AC of S, G-2, Headquarters, United States Forces  
European Theater, APO 757, U.S. Army.

Soviet Activities in the DP Camps of the US Zone since  
1 November 1946.

Reference: Intelligence Brief No. 90 of 13 February 1947.

An outline is given below of the report on the above intelligence brief which is to be delivered by the 26 February 1947:

I. Sluicing of agents of the Soviet Intelligence Service into DP Camps.

- (1) Sluicing of Soviet officers camouflaged as refugees into the Jewish ROFFER COMMITTEE.
- (2) Agents of a Soviet espionage school are channeled into the US Zone via CZECHOSLOVAKIA and are ordered to go into the DP Camps.

II. Activities of Soviet agents investigating DPs.

- (1) Activities of agents within the DP Camps of WEIDEN, MUNICH-PASING, MOENCHHEF near KASSEL, WEMMINGEN, and FORCHHEIM.
- (2) Activities of Dr. LUBIMOV's theater group.

TS No. CR 1513 Copy No. 6 of 6 copies  
Page No. 1 of 2 pages

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39. (Continued)

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III. Spreading of Soviet propaganda in the DP Camps and inciting dissatisfaction against the US occupational power.

- (1) Distribution of propaganda pamphlets by the Soviet Mission.
- (2) Soviet agents bring propaganda material from the Soviet Zone to the US Zone for distribution among the DPs.
- (3) Spreading of Soviet propaganda in the DP Camps of ZELL, MUNICH-FREIMANN, MUNICH-PASING, SCHLEISHEIM, CORNBERG.

IV. Attempts to influence prominent DPs to return to the USSR.

V. Provocation activity of Soviet agents in the DP Camps.

Anti-Soviet DPs are asked by Soviet agents of the Ukrainian DP Camp in the "SOMME" barracks of AUGSBURG to go to the Soviet Zone in order to operate there against the Soviets with the movement of resistance.

VI. Maintenance of Soviet agents groups in DP Camps.

TS No. OR 1597 Copy No. 6 of 6 copies  
Page No. 2 of 2 pages

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40. Cable, Heidelberg to SO, 8 April 1947

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INCOMING CLASSIFIED MESSAGE  
CENTRAL INTELLIGENCE GROUP

PAGE NO. \_\_\_\_\_

FROM: HEIDELBERG PRIORITY  
TO: SPECIAL OPERATIONS 8 APR 47  
ACTION: ADSO (1) [REDACTED] IN 12065  
INFORMATION:

PARAPHRASE NOT REQUIRED. HANDLE AS ~~TOP SECRET~~ CONTROL  
CORRESPONDENCE PER PARAS 51 (1) 60A AR-380-9.

~~TOP SECRET CONTROL~~

COPY # 1

[REDACTED]  
TO: WASHA CITE: HEID FOR [REDACTED] ONLY FROM BOSSARD

RE [REDACTED] WASH 0744 - attached

1. HIGH POLICY APPLIES MORE TO OPERATIONAL RISKS THAN TO ANY HEAVY COMMITMENTS TO INDIVIDUALS.
2. ABOUT 3,000 EMPLOYEES OF VARYING NATIONALITIES NOW EMPLOYED OVER AREA ROUGHLY EMBRACING STOCKHOLM, PRAGUE, SOFIA, ROME, PARIS.
3. LIQUIDATION OF OPERATION MAY REVEAL COMPROMISES NOT YET FORESEEN WHICH MAY REQUIRE HIGH LEVEL CONSIDERATION.
4. LONG RANGE EXPLOITATION UNDOUBTEDLY WOULD REQUIRE CERTAIN COMMITMENTS TO INDIVIDUALS.
5. DETAILS STATEMENTS WILL FOLLOW BY POUCH BUT FEEL MAGNITUDE OF RESPONSIBILITY EITHER TO CONTINUE OR LIQUIDATE NOT EXAGGERATED.

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TOR0903 8 APR 47

REVIEWED: 05 May 47  
DECLASSIFIED TO: S  
REVIEWER: [ ]  
CL REASON: 1.5c  
DECL ON: 05 May 19  
DRV FROM: CoV.4-22 (1346)

FORM NO. 35-5  
OCT 1946



41. [Bossard] to [Galloway], 5 May 1947

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~~TOP SECRET~~ D-208

May 5, 1947

Mr. [redacted]  
Washington

Dear Mr. [redacted]

I would appreciate if you would deliver the attached  
envelope to [redacted]

Sincerely,

[redacted signature]

(In two envelopes).

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22 July 50  
Ker*

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41. (Continued)

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May 5, 1947

Lt. General Hoyt S. Vandenberg  
Washington

Dear General Vandenberg:

WASH-6112

In compliance with orders issued to me in [redacted] I am submitting a report in triplicate of my study of Operation Rusty, with recommendations for its future exploitation by G.I.G. In addition, I am submitting charts III and IV which are described in Section II of the report. Finally, I am submitting the following intelligence reports which will serve as a sample of the current product of the operation:

- OR-1784 - 1790 incl.
- OR-1792 - 1870 incl.
- OR-1872 - 1938 incl.
- OR-1940 - 1954 incl.
- OR-1956
- OR-1958 - 2045 incl.
- OR-2047 - 2081 incl.
- OR-2083 - 2099 incl.
- OR-3000 - 3067 incl.
- OR-3069 - 3076 incl.
- OR-3078 - 3103 incl.
- OR-3105 - 3154 incl.
- OR-3155 - 3160 incl.

These reports are to be returned to the officers responsible for Operation Rusty. A further distribution of such reports to G.I.G. depends on an order from Washington.

The recommendations which I submit show clearly that I was not able to conform fully to your basic instruction to recommend those parts of Operation Rusty which are to be picked up by G.I.G. I have recommended

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rather that a representative of C.I.G. be empowered to pick up those parts over a period of time when that representative will preside over liquidation operations. I was not able to conform fully to the basic instruction for the following reasons, many of which are emphasized in the course of the report:

1. Operation Rusty has developed into a complex and highly integrated organism of great magnitude which has as its chief mission the provision of positive military intelligence about Russia.
2. To disentangle the various lines of connection will require partial liquidation of the organization and a study of the remaining parts in the field over a period of time before all the facts can be collected about those remaining parts which would make sound recommendations possible.
3. Without a full knowledge of present C.I.G. potentialities and operating policy, it is almost impossible to select from the manifold opportunities for operation which present themselves those which could prove feasible.
4. Every aspect of the operation is tied up with present and future Allied policy in Germany. Without a full knowledge of that policy, it is almost impossible to select those elements which would serve the policy.
5. The Records of Operation Rusty are scattered over a wide area in Germany. To accumulate all necessary details for any separate recommendation would require long periods of study at widely separated field stations.

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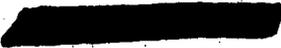
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Section II of the report suggests those parts of Operation Eusty which I consider to be of future value to C.I.G. or should be disposed of by C.I.G. Full details on these parts can be collected and presented by the present officers in charge if my recommendation for an immediate appointment of a C.I.G. representative in a position of full authority is not acceptable.

I wish to express my appreciation of all the courtesies shown to me by officers of G-2, Incom, MISG, and particularly to Lt. Colonel Dean and Captain Waldman who are in charge of the operation. Any failure to produce the desired results or any instances of poor judgment are entirely my own, for those officers gave me their full cooperation in preparing the study. I should like to point out that I have acquainted Lt. Col. Dean with the contents of this report, and he has expressed his agreement to my conclusions.

Sincerely,

  
Samuel B. Rossard

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PREFACE

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It is assumed in preparing this report that the history of the development of Operation Rusty is already known and appreciated in Washington. During the course of my investigations in Oberursel I have, however, asked Lt. Col. Deane and his assistants, as well as the German chiefs, to supply me with full background material whenever it seemed that the policy, procedures, or contacts of this organization were open to question. It will not be necessary to recapitulate these details if I succeed in conveying my major conclusion that the project as it now exists must be analyzed as a military attempt to design and set in motion a machine to satisfy specific military intelligence requirements which have been described as urgent. The whole pattern of operation is accordingly positive and bold; the factors of control and risk have become secondary considerations and thus yield to the necessity of obtaining information with speed and in quantity.

In order, therefore, to arrive at a fair estimate of the intrinsic worth of the operation I have had to remove from my mind temporarily all prejudices which are derived from a policy which concentrates on providing with a minimum of risk and over a long period of time those means which will be effective in circumstances and against targets which cannot be immediately defined. It has been necessary also to work from the premises on which the operation was established and consequently to readjust my view from peace time practices backward to war time precedents in order to find the proper criteria for any present judgment. In purpose, in scope, and in effect, perhaps the operation as it now exists can be best be appreciated if it is compared with enterprises directed by OSS in collaboration with European resistance groups during the course of the war. Those enterprises were massive in shape, loosely controlled, and were supplied rather than directed by American authorities, because the ultimate objective, clearly defined and mutually agreed upon, was to be accomplished with all possible speed in a state of extreme military urgency.

It is obviously not my responsibility to do more than present for the sake of analysis of potentialities the premises on which the operation was established and on which it continues to function. The policy of the operation may be altered. The potentialities will remain stable. I have viewed the potentialities of the operation in the light of the current policy of operation, but I have confined myself to a consideration of potentialities apart from any questions of the validity of present or past policy. The current requirements of U. S. military intelligence and the degree of urgency attached to the satisfaction of those requirements must of course be stated by Washington military authorities. The extent to which this operation satisfies its purpose, in other words, the actual value of the current product, must also be judged by the same competent authorities. The risks involved in the operation which are demonstrated almost daily by encounters between

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- 2 -

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agents of the organization and our own security agencies and ~~MG~~ authorities are, under the circumstances, inherent and almost inevitable. They follow a pattern which is consistent with the whole style of the operation and can in general be listed as risks justifiable in the light of military necessity or urgency.

On these grounds it would seem gratuitous to analyze the mass of evidence which could only prove the forgone conclusion that the operation carries with it many and varied elements of insecurity. There is no evidence to show that any section of the operation has suffered penetration, defection, or compromise from a hostile agency, though it can be shown that friendly agencies, our own as well as foreign, have become acquainted with it. I have been unable thus far to discover anything in the records of any of the German operating personnel or in any German section of the operation which for security reasons would eliminate them from consideration for future employment. The long bill of complaints prepared by our own counter-intelligence agencies against the lack of security in this organization in the end serves more as a testimony to the alertness of our counter-intelligence agencies and a criticism of our own higher authorities for not effecting a coordination of interests than a criticism of the present organization and its operating personnel. Therefore, I consider myself justified in recommending to the attention of C.I.G. the full potentialities of this German intelligence machine. *no*

Section I of the report will attempt to define the scope and powers of the German administration and evaluation section as I have viewed them from the Oberursel or headquarters level. A second section surveys the operative elements and existing networks of the organization and is written as the result of an extensive tour of field establishments. The final section suggests a plan by which the present organization or certain parts of it may be exploited in harmony with what I understand to be the chartered aims and policy of C.I.G., assuming that C.I.G. has uses for the potentialities of this organization as I have discovered them.

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SECTION I

Headquarters

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Operation Rusty is a service of G-2, War Department, supported by G-2 and administered by G-2, EUCOM. Its aim is to make the fullest possible use of German personnel who were trained by the German army and the German I.S. in the procurement of that intelligence about Russia which was considered essential to a successful campaign of the Fremde Heere Ost. Generalmajor Reinhart GEBLEN, formerly Chef der Fremde Heere Ost, and his long time associate, Oberstleutnant Hermann BAUN, formerly Chef der Leitstelle, Fremde Heere Ost, have made available to American authorities not only a great store of documentary information but the skills of their former close collaborators. General GEBLEN offered his services to the Americans as soon as he was able to establish contact with them and his colleagues in the operation have followed his example. GEBLEN now heads the German organization with the assistance of BAUN, who is his chief of operations.

G is responsible to Lt. Col. Deane, who as a representative of G-2, EUCOM, commands an operation enlisting the various skills of some 2500-3000 bodies. Col. Deane is responsible not only for acquainting the German organization leaders with the needs of American intelligence in the Russian field but for the physical maintenance of the operation. He is assisted by Capt. Eric Waldman, who was trained at Camp Ritchie as an intelligence officer and became associated with the operation when some of the leading German figures were evaluating documents of Fremde Heere Ost in Washington under the aegis of the War Department. Three non-commissioned officers and a civilian secretary type, file and dispatch to G-2, EUCOM approximately 200 reports each month. No other American personnel are attached to the operation.

Since the German organization was established primarily to perform the function of front reconnaissance against the Russians, it followed the familiar German pattern of delegating authority and responsibility through the Leitstelle für Frontaufklärung directly responsible to the General staff down to the Meldekopf at the division level. The Frontaufklärungstrupp at army level and the Frontaufklärungskommando at Army group level were the intermediate links in this chain of intelligence command. Under the present framework G considers himself to be fulfilling the duties of a commanding officer of a Frontaufklärungskommando within an Army group. The command is completed above that level by G-2, EUCOM and G-2 of the War Department.

G takes the responsibility as an intelligence officer of transferring to B, his operations officer, the instructions and needs of the American authorities. B in consultation with G presents a plan for obtaining the desired information, and after approval, sends instructions to the appropriate regional chiefs or organization leaders. Regional chiefs at present command the two geographical areas of Middle And Southern Europe

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or more precisely defined, the territories of pre-war Germany and Austria and their former spheres of influence. Each regional chief, consistent with the military pattern described in the previous paragraph, has subordinated to him a system of so-called Main residenturas, residenturas, and field agencies through which his orders are executed and up through which information is returned from the agent to the next higher point of command. Organization leaders are directors of operations or controllers of networks and apply to their regional chiefs for supplies and administrative assistance, but are directed in their intelligence activities more or less by B.

This system which also follows in some ways the field positions and administration of C.I.C. is of course flexible enough to allow for constant changes. However the network now contains a Middle and a Southern European Center and eight organization leaders who control 37 Main residenturas and 86 residenturas. These are at fixed points extending over an area bounded roughly by Kiel, Berlin, Vienna, Loerrach and Freiburg in the French Zone and up through Heidelberg, etc. The intricate courier network depends on a set of reporting stations or rendezvous separate from the fixed points of operation, so that each level and each station is elaborately cut off from the next.

The system is successfully designed to gather intelligence from a wide field of operation with speed. The clearly marked channels of command and communication make it possible to answer a brief from Oberursel within a period of two weeks. The non-productive administrative staff is reduced to a minimum. Although the individual agent must face constant and high risks of exposure, there is reason to believe that the operation remains internally secure and satisfactorily protected from serious intrusion and penetration. On the other hand, the operation offers in the nature of its personnel an unusual problem in security for the leading personalities have been, since the beginning of World War II, important counter-intelligence targets for the Allies. Their past careers and methods are common-place knowledge to allied specialists in the German Intelligence service. Against the possibility that their current activities might be deduced from past records, there is little protection.

Shortly after the network began to produce, it became evident that the evaluation of the product and the direction of operations would to a large extent also become a function of the German group. While the American authorities dictated the general policy, it was agreed that the Germans might undertake the responsibility of assessing the performance of their agents and initiating further instructions and briefs for agents in line with the general intelligence direction from G-2, Frankfurt. Partially because of a lack of sufficiently trained American personnel to assume these responsibilities, partially from a desire to protect the operation by admitting no more American staff than was absolutely necessary, and partially out of recognition for the high qualifications of the German technicians, the German evaluation and operation sections developed a type of autonomy singular for networks under foreign control. There is, however,

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- 3 -  
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no proof at this date that this unusual show of confidence was misplaced, and at present the purposes and needs of G-2 intelligence are so well comprehended, that the operation can be said to "conduct itself" to the satisfaction of G-2, Frankfurt with a minimum of direct operational guidance from that headquarters.

B, as operational chief, maintains a staff of 18-20 technicians who receive raw reports, evaluate the sources, describe targets, and develop long range operational plans. Additional to this staff is a small personnel and finance section, a supply section, and a group of W/T experts who are now experimenting with monitoring and agents sets. The so-called "Sichtungsgruppe" reads the raw material, compares the newly received material with previous information on the subject and any previous submissions from the same source mainly with the purpose of directing the information on through the proper channels for complete evaluation and assessing the agents' performance. This group divides the labor under categories of Military, Political, Economic intelligence, and Counter-Intelligence. Beside the "Sichtungsgruppe, there is placed an operational section which on the basis of information received or new requests for information assists B in analyzing intelligence reports, and in the planning, direction, and mounting of operations. B's staff which is located apart from G's staff is the real heart and nerve center of the operation.

B's staff is coordinated with G's staff not only through conferences between the two chiefs, but by a liaison officer who is especially assigned to keep G informed of every phase of activity within B's sphere of responsibility. G, as head of the entire German organization, has under his immediate supervision the work of fifteen technicians who receive the reports from B's group for purposes of higher level study and evaluation and presentation to the American authorities. At this level, the work is again divided into the four categories of Military, Political, Economic, and Counter-Intelligence. Here reports are edited, collated, elaborated, cross referred and background information and comment may be added before they are passed to the German translators who turn them into English for presentation to the American authorities. It is the aim of this section to transform raw information into intelligence reports. Therefore, in order to keep this staff oriented in world affairs and to make the fullest use of overt sources of information, an additional section is in the process of development which will specialize in newspaper evaluation. It is at this point that the broader intelligence trends are observed and reported and the higher policy and strategy of the German organization is shaped to conform with American thought.

The following figures collected at the Oberursel level will indicate both the extent of U. S. and German responsibility for this intelligence operation and the scope of the operation itself.

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Expenditures over a Nine Month Period in 1946:

<u>Agents</u>	-	1,438,416	German Marks
		140,000	Austrian Shillings
		\$44,150	
<u>Organization</u>	-	719,208	German Marks
		60,000	Austrian Shillings
		\$22,075	
<u>Staff</u>	-	773,091	German Marks
		\$180	
<u>Couriers</u>	-	17,441	German Marks
		200	Austrian Shillings
		\$76	
TOTALS		2,948,156	German Marks
		200,200	Austrian Shillings
		\$66,481	

Sum of above totals converted at the rate of 10 shillings or marks to the \$:

\$381,305.60

Average monthly expenditure in dollars over a nine month period in 1946:

\$42,367.29

Expenditure in commodities is additional. The cost of commodities in the form of army rations for the Oberursel headquarters, gasoline for the 80 automobiles employed by the organization, food stuffs, cigarettes, matches, coffee, fats, etc. used operationally can only be estimated since many of these items are provided through Quartermaster services. It is estimated that in this form the U. S. government contributes an additional \$5,000. a month to the expenses of the operation. Consequently, one can arrive at the figure of \$47,367.29 as the average monthly cost of maintaining the operation. Since as an average some 3,000 people compose the network, the per capita monthly expenditure is in the neighborhood of \$15.

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SECTION II

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My purpose in visiting the field establishments of Operation Rusty was to gain first hand knowledge of the operating personnel, the chief lines of operation, and the effectiveness of the system. The Southern European Center and the Middle European Center were focal points because they represent headquarters establishments immediately subordinated to Oberursel. From these centers I proceeded to visit organization leaders at their field establishments or Residentura when it was impracticable for them to meet me at the central points. I have, therefore, had conversations not only with the heads of the Middle and Southern European Centers but with two organization leaders either at the Central establishments or at Oberursel. Before my arrival in the field, it was known that I was surveying the operation in order to report to higher American authorities. The various leaders had been told that I was to have access to all facts connected with their present or prospective operations and that they might speak frankly to me about themselves, their motives, and intentions.

Charts III and IV which are attached to this report were drawn at my request by B's section at Oberursel. I wanted a diagram of the actual as well as potential sources of information available to the organization. The charts were delivered to me with all positive assurances that they presented a strictly factual picture. Nothing of a hypothetical nature is indicated although some sources marked by starred circles still remain dormant. From these charts is omitted the entire pattern of front reconnaissance operations. The lines on Chart III show the potentialities of the organization in what is termed "Reconnaissance in Depth", long range possibilities which show promise of successful exploitation over a long period of time. While Chart III shows these connections grouped around the leaders in Germany, Chart IV is a picture of the situation as it would exist if the organization were allowed to go completely under cover and take strategic positions for long term action. "Z" on Chart IV places P in Lisbon as chief of operational forces whose major strength would be planted in Soviet territories or territories under strong Soviet influence.

The colors on the chart separate the various networks from each other. Red lines on Chart IV generally signify the "Sonderverbindungen" of B, projects which are under his own personal direction and control. Within the circles which indicate centers of operations, the colors, red, yellow, and green show possibilities in the field of military, political, and economic intelligence respectively. Numbers of course conceal the identities of operators and networks.

In this case where qualitative and intangible values are of first importance, the schematic and abstract quality of these as well as any other charts can of course be misleading. The concentration of lines suggests bewildering confusion rather than the true picture of a meticulously planned and integrated operation. Furthermore, the charts give an impression of static rather than fluent conditions, fixed points or quantities, rather

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- 2 - SECRET/RELEASE  
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than mobility and flexibility. The manifold details which exist in files and indices distributed through various Residentura can only be suggested in graphic form. Therefore the picture appears nebulous rather than exact. Unless the reader has become intimately acquainted with the operation, he should not try to derive more from these charts than material impressions of the potential strength of the organization and the geographic extent of its operations.

In order to avoid repetition, certain facts about the operational purpose, planning, means and use of personnel can at this point be listed and generalized as applicable to all Residentura:

The whole purpose of Operation Rusty is to deliver to American authorities information on Russian military, political, and economic strength in that order of priority.

To accomplish that purpose the organization leader has in general resurrected those connections with Germans and non-Germans which he developed during his previous experience with the Abwehr, and those connections exist and are exploited on a highly personal basis.

Organization leaders themselves are almost without exception former German Army officers, and former co-workers or subordinates of B who received their practical training with the Abwehr under Fremde Heere Ost.

B has selected them individually as leaders in Operation Rusty, and they accept him as their master and chief.

These leaders state that they have joined forces once again with B from the conviction that they will contribute something toward checking the further Communist domination of German territory by informing American authorities, whom they consider to be their most reliable protectors.

The problem is attacked geographically only from the standpoint of over all strategy or for reasons of administration in the field, but the chief operators are allowed a freedom of movement in the conduct of their operations consistent with a successful exploitation of their personnel. If operations are confined to a certain area it is largely because the network under the organization leader's command functions most effectively in that area.

The prevailing policy is to establish agents in Soviet or Soviet controlled territory who, dependent only on courier service, can maintain their fixed positions over a long period of time. In other words, there is a growing tendency toward "Reconnaissance in Depth" and with it an increasing emphasis on the procurement of political and economic information.

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- 3 -

Front reconnaissance has in most instances become an almost automatic function. Accordingly, organization leaders are gradually shifting that responsibility to subordinates in order to free themselves for the more specialized and delicate long range operations.

The operational records of the organization are kept by chiefs of operation at the Residentura level. Agent records are filed by number and give personal statistical information about previous employment and special qualifications which can be used in the intelligence field. Agents are indexed generally by number and the identity of the agent is recorded in files kept in separate buildings. In most instances there is a strict accounting of agent payments in goods or in money and the schedule of payment is measured by the agents productivity.

In the paragraphs that follow, therefore, I have restricted myself to the most significant or distinguishing features of individual field establishments, my impressions of organization leaders, and those outstanding projects in their separate areas which, considering their possible value to C.I.G. in the future, seem worthy of attention and further study.

I have purposely referred to individuals and institutions in a way that is meant to conceal their identity. Full details of each can be made immediately available from field records.

The Southern European Center confines its interest roughly to the area of the Danubian Basin, the sphere of interest of the Austro-Hungarian Empire. The center exploits directly or indirectly pro-German reactionary connections which reach into the official circles of the states in this area.

The chief of the center directs operations from two establishments in Western Austria. He is at present chiefly concerned with creating a plausible cover which will serve to protect and supply his network as U. S. military strength in Austria is withdrawn. An Austrian businessman, formerly successful in shipping and in the export-import trade has promised the network suitable economic camouflage if he can be permitted to revive his pre-war enterprises in Trieste. It is understood that our assistance in the matter would only speed his plans which will come into effect sooner or latter. The business firm would give the network freedom of movement and economic camouflage in the northern Adriatic area and along the course of the Danube, and would allow the organization leader to direct operations from some point in Italy.

If this project is approved, a channel of information will also be opened through monasteries and other church institutions in the Aegean area. The focal point will be the monastery at Mt. Athos.

Little or no counter-intelligence investigation is at present conducted from this station.

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TOP SECRET CONTROL  
- 4 - SECRET/RELEASE  
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This organization leader served as a field operator and handled Russian agents for Fremde Heere Ost under B's direction during the war. When he was recruited for Operation Rusty he was already enjoying a responsible position as an electrical engineer and in fact is still carried on the payroll of his firm. He has won the respect of officers of G-2, MG and CIC with whom his routine duties have required him to make contact.

Of the two centers, the Middle European Center forms the larger and more complex group. From Munich the pre-war territory of Germany is covered and eastern lines of operation extend not only into Russian-occupied territories, but into Russia itself. The depth of the deployment of agents has been possible for this group because of their large use of non-Germans.

There are extensive links with the Ukrainians, chiefly those groups which can be classified as the more conservative in their political ambitions. Members of the Bandera group are not employed as agents although information is extracted from Bandera sympathizers by means of informers. Reports are being submitted through these channels via the Ukraine which allegedly have their ultimate source in the Politbureau. These links are dominated, directed, and exploited by a former German officer who under Fremde Heere Ost worked exclusively with Ukrainians and White Russian partisans behind the Russian lines. The connections exist primarily on a personal foundation and the collaborating groups realize that they can expect no political concessions for their efforts, but must be content to find their reward in the opportunity to fight Communism.

A former Sudeten German trained by Fremde Heere Ost, has extended special lines of operation into Czechoslovakia and north eastern German territories. He is in a position to cultivate the services of a highly-placed informer in Czechoslovakian government and military circles, and through connections at the University of Prague is able to keep in touch with Czechoslovakian scientific developments and cultural trends. The network also extends into the Soviet-controlled sections of Berlin and former Prussia. From Berlin a German writer who moves freely as a Communist propagandist hopes soon to report on party strategy in that area. A group of Balkan students at the University of Berlin now actively preparing Russian OB reports, will in the near future complete their courses of study and return to the Balkans, after which they promise to continue their intelligence work from their home territories.

A special project within this network is being created to maintain active watch over developments in mathematics and physics and to report on the activities and location of European scholars in this field. The project will be headed by a physicist who is now employed as a scientific journalist. At the invitation of colleagues of long standing in Eastern Germany, France, and Switzerland, he is prepared to attend meetings of learned societies and report his observations.

This network is also in a position to establish indirect contact with such former pro-German factions as the Rumanian Iron Guard and the followers of Horthy in Hungary.

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- 5 -  
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Plans for establishing agent networks in the Baltic states from which there has been scanty information are now in the hands of a former Abwehr officer of Baltic descent, and the network is already productive. The scene of operations will gradually extend over Finland and toward Sweden.

A network of approximately 200 Germans is being directed by a former Abwehr officer who at the same time holds an important position in the plastics industry. The activities of this group are directed against Communist interference in German government and industry, but operations are conducted at a slow pace since most of the connections exist in the ~~Zone~~ *British* Zone. This group can, if allowed, gain access to the intelligence reports of the Bavarian catholic clergy. The chief of the operation can be characterized by the fact that he has already contributed 200,000 marks from his own purse for operational expenses.

Formerly subordinate to the Middle European Center but recently given independent status is a network of approximately 700 agents culled from Georgian, Ukrainian, Polish, and White Russian groups. This network produces the major part of all OB information reported by the operation. At present, it has succeeded in planting approximately a third of its forces in Soviet territories. For the most part these agents were briefed in the American Zone and have now been returned to their original places of residence. A mass of military, economic, and political information is being collected by agents of this network who have the special mission of debriefing German prisoners of war as they are returned from Russia. Since a German University is seeking funds to establish an Ost Europa Institut to conduct a series of ethnological, geographical, and philological studies covering territories of Eastern Europe, openly exploiting prisoners of war from the East for their purpose, an arrangement has already been made by which the operation can, if allowed, use the Institut to its advantage. The chief of this network is an Austrian, born in Trieste, who during the course of the war was employed as a Liaison officer with the Wlassow forces.

Directly responsible to B but operating under the administrative jurisdiction of the Middle European Center is a network of 800 White Russians, the largest and least productive group of agents in the operation. Their performance is at present under close scrutiny and orders for gradual liquidation have been issued. Liquidation will proceed to that point where the operation runs the risk of a loss of valuable sources. B also directs in the same way the development of a personal contact with the chief of anti-Soviet Armenian resistance forces in Germany who has the support of similarly minded Armenian groups in America. Similarly he has by personal contact produced a direct lead to the Swedish Ministry of War and the Rumanian Oil Ministry.

Also associated with the Middle European Center, but directly under B, is a group of German scholars, scientists, and technicians who are acknowledged specialists in Eastern European matters, economics, history, politics, agriculture, etc. At present they prepare technical reports and evaluations which are meant only to assist and guide the staff at Oberursel.

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- 6 -  
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*Switzerland*

The Middle European headquarters employs two chiefs for counter-intelligence operations. These operations, under the leadership of a former Abwehr officer on the Western front, have lines extending into the *French* and *British* Zones and into *French Intelligence Service*. The activities of the *French* and the tactics of Communism in the *French* Zone of occupation are the primary targets. One of the chief informers is a former Abwehr officer now employed by the *French*. The brother of *French Intelligence Service* this counter-intelligence chief, also a former Abwehr officer, happens to be *French* similarly employed by the *French*. This network is gradually tracing down Communist lines of connection which exist between the American and *French* Zones of occupation and the central control of these lines of connection in *Switzerland*.

A former member of the German Criminal Police who was trained in counter-intelligence work by Fremde Heere Ost is developing a series of operations which will investigate the possibility of Communist control or penetration of German government offices and agencies. For his purpose he relies chiefly on old connections with the German police and hopes with our assistance to be able to place more former colleagues in those services. He also will seek to clarify the extent to which charitable enterprises are suffering Communist exploitation.

*Austria*

The head of the Middle European Central Establishment is a young German, a former Abwehr officer, trained by B as an operator under Fremde Heere Ost. His civilian profession was architecture. He now specializes in document procurement and fabrication. His personal intelligence connections extend through Southern German aristocratic circles into *Spain*, although these connections are not being exploited at the moment. In spite of his youth, this man has shown himself to be an energetic and highly responsible chief. Like his colleague in *Spain*, he has so far enjoyed the best reputation with G-2, WJ and CIG authorities with whom he frequently comes into contact.

It was abundantly evident before my visit to field stations was arranged that Operation Rusty was producing information which according to the competent authorities at Frankfurt was of great value to American Military intelligence. There was no evidence to prove that the unusual confidence that had been placed by American authorities in the German operators had been abused. I still wanted to find answers to the following questions:

1. For what reasons can the German operators be trusted?
2. To what extent are they to be trusted, and under what circumstances?
3. Apart from their ability to fulfil the military mission of front reconnaissance, what qualifications do they possess which will assist CIG in the fulfillment of its specific tasks and ambitions?
4. What conditions of employment would CIG for its own protection have to impose on the group if the operation were to be continued?
5. What would be the effect of a change in American policy upon the group if that policy took the form of liquidation?

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It seemed advantageous, therefore, to conduct conversations on the broader lines of plans and purposes as they were now being formulated and to neglect, when necessary, inquiries into the mechanics of current operations. I wanted to hear personal reactions to a variety of problems related to intelligence work conducted by Germans against Russians for Americans.

No matter how such problems were introduced during conversations, whether they developed out of the discussions of intelligence projects, operational techniques, or difficulties, or whether it was the overall question of Germany's problems as related to America and Russia or a specific discussion of the individual's problems, I was confronted with a type of enthusiasm or idealism rooted in an absolute fear of Communist domination of Germany. With few exceptions, the Germans feel that they may be contributing something toward the salvation of Germany from Russian domination by their collaboration with the American Intelligence Services.

It should be taken into consideration that the Germans as a whole, whether it is still a heritage of Nazi anti-Communist indoctrination or otherwise, fear and hate the Soviet State while they have little more to offer against the Western Powers than criticism of their present policies. It stands to reason then that the strongest advocates of close collaboration with the Western Powers can be found among the most reactionary and nationalistic Germans who find their only hope for a future Germany in at least a temporary merger of German interests with Western Allied interests. Of the Western Allies, America is of course favored because of her strength.

An important factor in determining the psychology of this particular German group must not be overlooked. Their motivation and intentions should be weighed against the background of their experience in Hitler's army on the Eastern front. They have first hand experience of both modern Germany and Russia. They are quick to point out the horrors and abuses of Hitler's authoritarian rule and to base their opposition to Russia on the observation that the Soviet government has already achieved in the way of Russian dictatorship those things which remained ambitions of Hitler. Proof of their intentions is offered by the example of G, who claims some complicity in the July 20th attempt on Hitler's life and later refused to obey orders to destroy all military files in his custody as the German armies withdrew. These files, by careful calculation, were safeguarded and then transported into American custody. The present group, drawn together with the approval of G and B, is presented as a group of G's earliest sympathizers and collaborators in the scheme. Although it would be naive to neglect the fact that by this action, these staff officers guaranteed themselves favorable treatment by the Americans, Americans did in return receive valuable information about Russia.

The attitude of the lower ranks toward the leadership of G and B should focus to some extent the problems which American authorities face in placing just the right degree of confidence in the operation for the most effective results and the least possibility of embarrassment. Clearly G and B

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41. (Continued)

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- 8 -  
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have the respect and devotion of their subordinates and together they exert a military discipline which permeates all phases and sections of the operation. B has presumably made a special effort to control the younger minds, for the unattached men in their twenties and thirties with some prospect of professional careers as well as training in intelligence work offer the most promising talents for the future. Such young men, as heads of the Middle and Southern European Centers, are infatuated with the fanatical anti-Soviet hatred of B and what they consider to be his genius as an intelligence operator. He has among them the reputation of being an indisputable authority in designing intelligence operations against Russia because of his successes during the war and what he claims to be his two decades of experience in this field with the German Foreign Office. Undoubtedly B has an impressive knowledge of Russia and a brilliantly cunning intelligence mind. He also possesses that emotional and physical energy and complete devotion to the principles and ideals of his work that catches the fancy of young Germans seeking leadership. It is noticeable that the older group of operators, men in their forties and early fifties, show a greater independence and individuality in their thinking and in their operations. Without being fired by B's fanaticism or subscribing to the theory of his genius, they accept him as a highly qualified chief.

While G is the titular head of the operation, it is not certain that he controls it as strongly or deeply as B. Operators in the field are not aware of his personality, though the evaluation group at Oberursel, composed mostly of his former junior staff officers, give him undivided allegiance. G lost his control while he was in America when B was given full charge, and only now is taking positive steps to assure his complete authority over B as well as the entire operation. G is in every way the Prussian Staff officer. He claims to distrust B's anti-Soviet fanaticism as the basic motivation for the operation, and promises to convert it into a strict alliance of German with American interests. It is his suggestion for the future that enough American personnel be assigned to the operation to supervise and guide it at every point. He states that he sees in the operation one opportunity to restore American faith in Germans and Germany, and offers his word of honor that any responsibility placed in him will not be betrayed.

There were already symptoms of unrest within the organization as a result of the possible conflict between G and B. It is most likely, however, that G's theories and principles will prevail and B's authority in operational direction and policy will be severely curbed without splitting the organization into factions.

At least American authorities can be assured of effective German discipline within the organization. It will be directed entirely according to the dictates of the dominant power. The problem resolves itself fundamentally then into placing full confidence in the organization only by way of that leader whom Americans can most successfully manipulate. Allowing for obvious possibilities of deception no matter how the key figures express their views, since G shows himself in closer accord with American thought and temperament, he would be the more convenient and amenable medium of American control.

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- 9 -  
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At the field level, the operation can be viewed not only as an intelligence machine but as a German post-war underground movement. Since organization leaders have it within their power to resurrect former pro-German collaborators throughout Central Europe and long term agents have already been planted in Soviet occupied territory, the organization could turn into a partisan band. If any such thought is now in the minds of the Germans, they have already been rewarded for their services to the Americans by the privilege of reestablishing their old connections and organizing themselves.

Americans could at this point withdraw their authority and supplies, but they could not so easily break up the organization. That is the strongest and potentially the most menacing German asset. Chart IV shows the amount of thought that B has put upon the future activities of his operators. Furthermore, his lieutenants in the field know what will be expected of them individually if B with American assistance is able to make his plans for each of them materialize. B has calculated that approximately \$150,000. would disperse the concentration of forces in Germany as shown in Chart III to the strategic positions for long term operations in Chart IV. However, it is evident that our assistance would only expedite the development of cover schemes, economic camouflage, and open up more rapidly wider territories of operation, but in the course of time the Germans will be able to do essentially the same thing independently unless we directly interfere.

The driving force in this operation is the determination to protect Germany from Russia. A withdrawal of American support, even if we would not recognize previous commitments to protect the leading figures and their dependents, would produce severe disillusionment, but it is not likely that we would be embarrassed politically by important defections or revelations as long as it was still recognized that in our foreign policy we were opposed to further Russian encroachment. Nor is it likely that we would break the determination of the organization to fulfil its mission. Our money and supplies so far have been appreciated as a means in this organization and not a reward for services. If the group should be forced to find its own means, and become independent of American financial aid as B intends, we would have set in motion a powerful machine over whose course and driver we relinquish control.

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The recommendations which follow come as the result of the five major conclusions of my investigation:

1. Operation Busty has shown itself to be thus far a reliable and productive intelligence machine.
2. The German organization is bound together over a large area by a single determined purpose.
3. To operate it or to liquidate it will require a further American investment of time, money and personnel.
4. Given close American supervision and control, the organization can be operated in accordance with American purposes without risk of serious compromise.
5. It can offer to C.I.G. over a period of time:
  - a. Valuable channels of information about Russian strength and intentions.
  - b. An intelligence service for all of Germany.
  - c. A strong core of resistance to Russian aggression.

RECOMMENDATIONS

(Whenever it has seemed necessary, I have for the sake of clarity enlarged on the reasons and purposes for my recommendations.)

1. That C.I.G. assume future responsibility for Operation Busty according to the policy and needs of the American Intelligence Services.

In an attempt to fulfil the basic mission of G-2, War Department, to collect Russian OB information, the operation has extended its field of activity, enlarged its purpose, and increased its personnel to such an extent that it is in a position either to compete, interfere with or to supplement the operations of C.I.G. C.I.G. is of all existing intelligence agencies at this stage best equipped to exploit or over a period of time, to liquidate the organization.

2. That C.I.G. assign immediately a representative to Oberursel headquarters who will be in full authority to convert the organization into an instrument of C.I.G.

If it is demonstrated that the OB information which is now

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being supplied to the War Department is essential to War Department needs for such information, the military style of the operation with emphasis on positive military intelligence can only be slightly modified until American military authorities agree that the source is no longer necessary. As a corollary to the above recommendation, I recommend further that during the period of conversion the present officers employed by G-2, War Department, assist the C.I.G. representative by assuming responsibility for front reconnaissance until that phase of the operation, in accordance with the stated needs of G-2, War Department, can be terminated. By a coordination of interests, the C.I.G. representative should by that time have segregated to his own separate control those elements of the operation which are to be retained for long term exploitation.

3. That C.I.G. through its representative, take immediate steps, consistent with the best interests of the operation, to eliminate from the organization all Germans or non-Germans who because of past records, previous connections, or actions constitute potential sources of political embarrassment or are actual threats to our security.

It would obviously be a matter of serious concern if groups of non-Germans or groups of German outlaws should by the weight of their numbers or influence find themselves in a position to dominate the operation. On the other hand, each case will have to be weighed separately with full consideration of existing MG laws and procedures, the particular merits of the individual, and operational needs and purposes. For example, there would be no apparent loss to American Intelligence in the liquidation of present White Russian contacts to the point where it can be shown that White Russians are indispensable or irreplaceable factors in an operation. Furthermore, every instance of employment of a former member of the Nazi party or the SS should be made a separate case for consideration and the employment of individuals in this category should be restricted to the agent level as far as possible. Not only is such a policy a necessary safeguard of the best American interests but it will preserve the unity and idealism of those individuals who have clean political records, high professional qualifications, and the same motives.

4. That C.I.G. through its representatives take immediate steps, with full respect for previous commitments and the welfare of productive personnel, to withdraw support and protection from non-productive or extraneous elements of the organization.

Although it is understood that principal personnel have been promised protection for themselves and dependents, no such general commitments have been made. It is obvious,

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in spite of the hardships of present-day life in Germany and the distraction caused by concern about dependents, that protection and support can only be given when the exigencies of the operation demand it. Otherwise the operation will be perverted from its intelligence mission to German welfare.

In every way, young unattached individuals with some independent means of livelihood should be encouraged to continue as operators, while the older individuals with dependents should be employed only when special operational circumstances demand it.

Advisory staffs, such as the group of Eastern European scholars, can be considered extraneous. However valuable their knowledge may be, unless they are in a position to conduct operations or to operate, their researches have no place in a field mission. Similarly the staff of radio technicians, cryptographers or cryptoanalysts, who are now attempting to monitor and decode Russian traffic should be eliminated from the organization or absorbed by an agency fully qualified to supervise their activities.

5. That the C.I.G. representative submit directly for the approval of the appropriate authorities in Washington both projects for liquidation and for operation, as they present themselves, regardless of whether they are of immediate or future concern.

The period of conversion should be used as a period of deliberation and study both by Washington authorities and the field representative. This will entail systematic analysis of each aspect of the operation which can or does conform to existing C.I.G. patterns of operation in scope, depth, and extent. This should result in a gradual disentangling of the complex lines of the whole network, in order that they may be eliminated as redundant, or otherwise undesirable or that, whenever practicable, they may be reweven into the fabric of C.I.G.

6. That the C.I.G. representative be empowered directly from Washington to enlist the existing field services of C.I.G. stations in order to imolement Washington instructions for liquidation, mounting, or integration of operation.

In liquidation proceedings it will be essential to inform C.I.G. stations of possible repercussions in their areas or within their own or tangent operations. Stations in the area affected should be given full access to the pretinent facts and be alerted to report on possible compromises, disaffections, and defections.

In the mounting and maintenance of operations, the greatest use, should be made of C.I.G. facilities in order to avoid unnecessary duplication of communication, transportation, and supply services. In the event that direct contact is undesirable, a system of cut-outs to our services should be established.

In order to complete the process of integration, single

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operations should be excised from the Rusty complex and placed under the complete jurisdiction of the appropriate C.I.G. station or stations whenever such action is proved feasible.

7. That C.I.G. take as its fundamental policy the effective use of German operatives to fulfill the mission of American intelligence and effective elimination from the organization any feature which could in any way exert a German influence on American policy.

Such a measure will in the long run most severely affect the headquarters staff at Oberursel which not only evaluates information but issues briefs for its collection. The need for these services should diminish with the G-2, War Department, need for GB information, but if the services of this group cannot be dispensed with immediately or American personnel cannot be supplied to sit with them, it would be advisable to exert the strongest possible American control over their leaders. In line with this plan, every effort should be made on the part of the American authorities to allow G to dominate the organization at the expense of B. G is more the statesman, and can become a spokesman for American interests while B, the professional intelligence man, should be reduced to the status of a high level operator with little, if any, executive power. This maneuver will require both diplomacy and strong authority on the part of the C.I.G. representative. It may even require the removal of B to America temporarily.

8. That C.I.G. make known the basic facts of the operation to any agency of the U. S. Government which might be concerned and to the Chief of the [redacted] at a time in the future which is considered appropriate.

*British Intelligence Services*

Since it is impossible to foresee the consequences of liquidation or future operation, it may be necessary to enlist the assistance of agencies of the government affiliated with C.I.G. in facing them. Therefore, they should at this time be given a picture of the situation in order that C.I.G. will not suffer the effects of past policy, and C.I.G. can be assured of full government support in its actions. It is possible that certain bodies now connected with the operation will have to be removed from Germany or be allowed to travel.

*British Intelligence Services*

Since the [redacted] are fully aware of the existence of the operation, although American authorities have never admitted it officially, I can see that no useful purpose is being served by a pretence of secrecy toward the [redacted]. This will lead only to a continuation of [redacted] prying with possible embarrassing results unless an official statement is made. Furthermore, Rusty operators are at

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*British* present seriously curtailed in their activities because of additional hazards from the *British* services in operating through ar in the *British* Zone. A clear policy on this matter should be developed by a discussion with *British* authorities on the highest level.

Since the army officers have made themselves personally responsible to the army for equipment and property issued for use in the operation, a serious problem arises immediately for it would be impracticable at this point to call in from the field all the property issued. A method should be approved by which the operation will not be halted and yet the responsibility for property transferred to other authorities.

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42. Bossard to DCI, "Operation Rusty," 29 May 1947

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29 May 1947

MEMORANDUM FOR THE DIRECTOR, CENTRAL INTELLIGENCE GROUP

SUBJECT: Operation Rusty

I. BACKGROUND AND HISTORY

Operation Rusty has existed as a military intelligence service of G-2, War Department, since January 1946. The operation developed as the result of a decision taken late in 1944 by Major General Reinhart von Gehlen and his close associates "to take all steps to hand over the entire personnel and material of the division Foreign Armies East to the United States Army" in case of the surrender of the German Army. As Commanding Officer of this German intelligence unit, Gehlen contrived to move his forces and material into Southern Swabia and Bavaria, and effected his plan for surrender toward the end of May 1945. Lieutenant Colonel Hermann Baun, Gehlen's Chief of Operations, having been separated from the remainder of Gehlen's forces, made separate contact with American authorities in July 1945.

Since Gehlen had succeeded in preserving the secret files of Foreign Armies East for the information of American authorities, and had surrounded himself with a group of senior staff officers highly trained in the procurement and evaluation of military intelligence in the Russian sphere, the entire group was transferred to the vicinity of Washington, where as prisoners of war they exploited their files and made their knowledge directly available to G-2, War Department. During the same period, Baun and his group were similarly exploited in Germany by G-2, USFET, until it was decided that Baun should be given permission to collect his former operating staff in an effort to mount with American support a military intelligence operation against Russia.

After the return of Gehlen and his staff from the United States in the summer of 1946, he assumed his present position as head of an evaluation group in order to direct Baun serving as head of an information group in the fulfilment of the missions assigned by G-2, USFET. Baun has remained the center

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of Operations but the product is evaluated, collated, and translated by Gehlen's group who deliver it in finished form to representatives of G-2, EUCOM. At this stage, this organization is considered by G-2 EUCOM, to be its most dependable and prolific source of information on Russian military intentions and strength.

It should be pointed out that it was suggested to OSS, before its liquidation, that it was the organization best equipped to direct the proposed Operation. OSS at that stage was unwilling to undertake the responsibility, not only because of the uncertainty of its own future, but because of the obvious risk of political compromise involved in operating a declared enemy intelligence unit against a declared allied nation. On October 1, 1946, General Burress presented from G-2, USFET, a staff study of Operation Rusty to General Vandenberg with the recommendation that CIG take over the Operation and conduct it from the United States. The study did not convince CIG that the Operation, as it was then presented, was valuable enough to justify the political risk and the expenditure of personnel and money, but it was later agreed that CIG would conduct its own investigation with the purpose of outlining the advantages and disadvantages of participation in the Operation.

#### II. CONCLUSIONS OF CIG INVESTIGATION

The CIG investigation has produced the following conclusions:

1. The chief personnel of Operation Rusty offer as their motivation the desire to protect Germany from further Russian encroachment or Communist penetration.
2. They believe that they can best fulfill their purpose by making their talents as intelligence officers and their experience on Russia available to the United States, whom they consider their most effective champion.
3. The chief personnel of Operation RUSTY have, during the period of their organization, recruited some 3000 bodies from anti-Soviet factions in Central Europe who during the course of the war gave their support to Germany.
4. Operation RUSTY has become less a clandestine intelligence operation directed by American authorities than a potential resistance group supported and fed by the U. S. Government.

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5. It can be stated with certainty that the lines of connection extend presently over an area lying between Stockholm and Rome, Prague and Paris, with the possibility that they can be further extended through the Middle East to the Far East and into the United States and South America.

6. There now exist plans for camouflage which can provide the personnel with an opportunity to continue their operations independently of American support.

7. The operation has become known to the [redacted] and possibly to the Russian and [redacted]

*British Intelligence Services*  
*French*

8. The operation has been productive not only because of the strength and nature of the German personnel employed, but chiefly because American authorities have granted them wide scope for their operations and relative freedom in their planning and actions.

9. Upon withdrawal of American support, this group could constitute a source of political embarrassment to the U.S. Government and a security menace to American overt as well as covert activities in Germany.

III. ADVANTAGES

The advantage of this operation is that it has furnished Army Forces in Europe with certain high grade tactical intelligence.

IV. DISADVANTAGES

1. The present complement of Operation RUSTY includes a cryptoanalytic section, with equipment, presently engaged in breaking Russian and possibly other European codes.

2. It is both a potential resistance group and as an organization could become the intelligence nucleus of a future German government.

V. RECOMMENDATION

In view of the conclusions in II above and the disadvantages listed in IV it is recommended that prior to any participation by CIG in Operation RUSTY, with the concurrence of the War Department, the National Intelligence Authority be requested to decide as to the extent of such participation.

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TO GERMANY ONLY [redacted] AMUEL BOSSARD  
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43. Galloway to DCI, "Operation RUSTY," 3 June 1947, enclosing Bossard to DCI, "Operation Rusty," with annexes, 29 May 1947

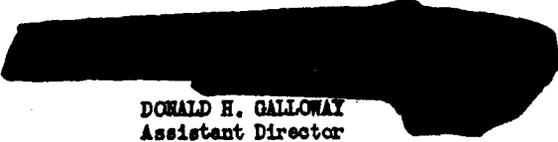
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3 June 1947

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MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

Subject: Operations RUSTY

1. There is transmitted herewith the report of Mr. Samuel Bossard, the CIG representative who recently completed a survey of Operation RUSTY in the European Theatre. I concur in this report and proposals.
2. In connection with this report, I recommend the following:
  - a. Dispatch of a cable to the Assistant Chief of Staff, G-2, EUCOM, substantially along the lines of the attached draft.
  - b. That, provided there is no objection on the part of G-2, EUCOM, the National Intelligence Authority be advised of this operation, calling particular attention to the fact:
    - (1) The German Intelligence organization is a potential resistance group in Germany, the continued support of which may conflict with State Department policy.
    - (2) The crypto-analytic activities of Operation RUSTY may lead to a possible conflict with the activities of the Army Security Agency and the Navy Annex.
3. If the National Intelligence Authority approves Central Intelligence taking over Operation RUSTY, it is recommended that action be taken along the lines proposed in Section IV of the attached report of Mr. Bossard.

  
DONALD H. GALLOWAY  
Assistant Director  
Special Operations

Enclosures

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DRAFT OF SUGGESTED TELEGRAM from Admiral Hillenkoetter to General Walsh,  
AC of S, G-2, EUCOM:

After studying results of CIM representative's report on Operation  
MUSTY and with full appreciation of the values and implications of  
Operation, regard it as essential that certain considerations affecting  
the Operation be submitted to National Intelligence Authority consisting  
of Secretaries of State, War, Navy, and Admiral Leahy, for policy decisions.  
Since discussions with regard to the Operation have to date been carried  
on directly between Director, CIM, and AC of S, G-2, EUCOM, desire your  
consent to submit this matter to the National Intelligence Authority.

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29 May 1947  
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MEMORANDUM FOR THE DIRECTOR, CENTRAL INTELLIGENCE GROUP

SUBJECT: Operation Rusty

I. BACKGROUND AND HISTORY

Operation Rusty has existed as a military intelligence service of G-2, War Department, since January 1946. The Operation developed as the result of a decision taken late in 1944 by Major General Reinhart von Gehlen and his close associates "to take all steps to hand over the entire personnel and material of the division Foreign Armies East to the United States Army" in case of the surrender of the German Army. As Commanding Officer of this German intelligence unit, Gehlen contrived to move his forces and material into Southern Swabia and Bavaria, and effected his plan for surrender toward the end of May 1945. Lieutenant Colonel Hermann Baum, Gehlen's Chief of Operations, having been separated from the remainder of Gehlen's forces, made separate contact with American authorities in July 1945.

Since Gehlen had succeeded in preserving the secret files of Foreign Armies East for the information of American authorities, and had surrounded himself with a group of senior staff officers highly trained in the procurement and evaluation of military intelligence in the Russian sphere, the entire group was transferred to the vicinity of Washington, where as prisoners of war they exploited their files and made their knowledge directly available to G-2, War Department. During the same period, Baum and his group were similarly exploited in Germany by G-2, USFET, until it was decided that Baum should be given permission to collect his former operating staff in an effort to mount with American support a military intelligence operation against Russia.

After the return of Gehlen and his staff from the United States in the summer of 1946, he assumed his present position as head of an evaluation group in order to direct Baum serving as head of an information group in the fulfillment of the missions assigned by G-2, USFET. Baum has remained the Chief of Operations but the product is evaluated, collated, and translated by Gehlen's group who deliver it in finished form to representatives of G-2, EUCOM. At this stage, this organization is considered by G-2, EUCOM, to be its most dependable and prolific source of information on Russian military intentions and strength.

It should be pointed out that it was suggested to OSS, before its liquidation, that it was the organization best equipped to

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direct the proposed Operation. OSS at that stage was unwilling to undertake the responsibility, not only because of the uncertainty of its own future, but because of the obvious risk of political compromise involved in operating a declared enemy intelligence unit against a declared allied nation. On October 1, 1946, General Burress presented from G-2, USFET, a staff study of Operation Rusty to General Vandenberg with the recommendation that CIG take over the Operation and conduct it from the United States. The study did not convince CIG that the Operation, as it was then presented, was valuable enough to justify the political risk and the expenditure of personnel and money, but it was later agreed that CIG would conduct its own investigation with the purpose of outlining the advantages and disadvantages of participation in the Operation. (See Annex 1.)

## II. CONCLUSIONS OF CIG INVESTIGATION

The CIG investigation has produced the following conclusions:

1. The chief personnel of Operation Rusty offer as their motivation the desire to protect Germany from further Russian encroachment or Communist penetration. (See Annex 2, Statement of Personnel, OPERATION RUSTY, Tab A, para A.)
2. They believe that they can best fulfill their purpose by making their talents as intelligence officers and their experience on Russia available to the United States, whom they consider their most effective champion.
3. The chief personnel of Operation Rusty have capitalized on the opportunity to organize by recruiting some 3,000 bodies from anti-Soviet factions in Central Europe, who, during the course of the war, gave their full support to Germany.
4. Operation Rusty has become less a clandestine intelligence operation directed by American authorities than a potential resistance group supported and fed by the United States Government.
5. Operation Rusty is the most powerful German intelligence machine which has been allowed to operate since the defeat of Germany.
6. All the lines of connection are not yet fully visible but it can be stated as a fact that they extend over an area lying between Stockholm and Rome, Prague and Paris, with a good possibility that they can be extended through the Middle East to the Far East, and into the United States and South America.

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7. There are on paper extensive plans for camouflage of various sorts which will provide the personnel with an opportunity to continue their operations independent of American support. In fact, some German capital has already gone into the organization and more will undoubtedly follow once German business is allowed to develop and expand.

8. The Operation has become known to the *British Intelligence Services* and possibly to the *French* and has been a source of irritation and confusion to the operations of other American intelligence agencies in Germany.

9. The Operation has been productive chiefly because of the strength and the nature of the German personnel employed, its scope, and the looseness of American control, and these same factors have contributed heavily to the inherent risks in the project.

### III. THE PRESENT SITUATION

CIG, according to the above conclusions, is now confronted with a situation in which it is compelled to take an interest. Since it is understood that G-2, War Department, can after July 1, 1947 no longer support the Operation on its own funds, the organization may under the impact of a certain withdrawal of American support constitute a source of political embarrassment to the United States Government and a security menace to American overt as well as covert activities in Germany.

### IV. PROPOSAL

It is proposed, therefore, that CIG make available to the War Department funds necessary for a liquidation of Operation Rusty. As far as CIG is concerned, the liquidation proceedings are to take the form first of all of a counter-intelligence operation until it can be stated with some degree of certainty that the full ramifications of the Operation are understood and the valuable operative elements have been segregated and brought into control for long-term production. Every effort will be made to adjust the liquidation proceedings to suit the requirements of G-2, War Department, for Russian order of battle information from this source, but the liquidation should be completed not later than July 1, 1948.

If the above proposal is accepted, apart from financial commitments, it should be understood that CIG will be taking only an

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investigative interest until such time as it is prepared to make positive commitments to specific personnel of the organization. It will be understood that the responsibility for and the military personnel essential to the liquidation will be assumed by the War Department. It is further understood that the CIG representative will exercise a constant reviewing authority over the liquidation proceedings carried out by the current G-2, EUCOM, complement.

As regards the CIG representative who must be assigned to this undertaking, he will have to be a highly qualified person provided with whatever support the situation demands as the liquidation progresses. This individual will have to be chosen from among the key members of the CIG German Mission.

Appended to this memorandum is a financial statement based on actual costs of operating Operation Rusty under current conditions. (See Annex 3.) Based on these figures, it is estimated that it will cost CIG \$500,000.00 to carry forward this liquidation process for the period of one fiscal year. This estimate is considered to be all-inclusive.

V. ADVANTAGES OF PROPOSAL

In connection with the above proposal, the following advantages can be listed:

1. CIG can expect to receive directly from the German operators the detailed facts on the personnel, contacts, and plans of the organization, and thus attempt and hope to prevent a movement underground which at some later date would have to be investigated from the outside.
2. CIG will have the opportunity to study and pick up over a period of time possible long-term intelligence projects in the spheres of German economic, cultural, and political life, as well as to open up new channels of information from Eastern Europe.
3. CIG will have at its disposal the talents and skills of the present German personnel either in the field of intelligence or evaluation of procurement.
4. CIG will have at its disposal the nucleus of a future German Intelligence Service.

VI. DISADVANTAGES

In connection with the above proposal, because of the very

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serious and delicate aspects involved in this Operation, it is urged that the advice of the National Intelligence Authority be obtained before undertaking the above proposal because:

1. The present German complement of Operation Rusty includes an entire crypto-analytic section with equipment, presently engaged in breaking Russian and possibly other European codes.

2. During the process of liquidation, there may occur defections or disaffections of a highly embarrassing or compromising nature.

3. CIG may receive the blame from other United States Government agencies or allied agencies for compromising situations for which it is not initially responsible.

4. It will be necessary to coordinate certain actions with existing CIG Stations and to burden these Stations, as well as the Washington desks, already understaffed, with new and particularly complex duties.

5. It may be necessary for CIG to provide for the removal of certain bodies from the American Zone of Germany to other countries of Europe or to the United States, inasmuch as there is evidence to show that certain German personnel connected with the direction of Operation Rusty having full knowledge of the Operation and all its implications might be considered unreliable.

  
SAMUEL BOSSARD

Attachments: Annex 1 - Memo to Director, CIG, 17 October 1946,  
Subject: Operation Rusty.  
Annex 2 - Statement of Personnel, OPERATION RUSTY,  
TAB A, Para A.  
Annex 3 - Financial Statement.  
Annex 4 - TAB B  
Annex 5 - TAB F  
Annex 6 - TAB G

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ANNEX 1

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17 October 1946

MEMORANDUM FOR THE DIRECTOR, CENTRAL INTELLIGENCE GROUP

SUBJECT: Operation Rusty

The following analysis of "Operation Rusty" is an attempt to evaluate its present usefulness and to assess its potential for longer-range strategic intelligence operations. The advantages, disadvantages and recommendations incident to the maintenance of the project are outlined.

I. DISCUSSION:

A) Present Usefulness

1. Following a somewhat protracted period of preparation, Operation Rusty commenced its actual intelligence gathering activities in April 1946 and to date has confined these almost entirely to the Russian-occupied Zone of Germany. During this period its production, from between 500 to 600 "sources", has consisted of 400-odd comparatively low-level and entire tactical reports, plus seven others which, by subject matter, can be classified as strategic. Other than in the field of unit identification, little new or particularly valuable information which cannot be produced through relatively easy and routine intelligence operations has thus far been obtained. The few strategic reports are, for the most part, broad interpretations of material which is generally available to the foreign press. There is no evidence whatsoever which indicates high-level penetration into any political or economic body in the Russian-occupied Zone.

During the same period, from the operations of the SSU Mission to Germany, a total of 647 reports on the Russian-occupied Zone were disseminated. Of this total, 268 were military, 178 economic, 152 political, 23 technical, and the remaining 26 were on miscellaneous subjects. Of this production a relatively high percentage was strategic.

An additional 220 reports were obtained through these operations on contiguous areas. More important, still, is the fact that this intelligence was procured through the use of 1111 sources, and 44 known sub-sources who were directly controlled and operated by U. S. personnel.

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2. In light of the above the statements made in Operation Rusty regarding costs in the "world intelligence market" and specifically with respect to the Soviet-occupied Zone of Germany, both present and future, are disturbing and throughout. The estimated annual budget for Operation Rusty in the Russian Zone is set at \$2,500,000 per annum. This compares to a total yearly expenditure at the present rate by the SSU Mission to Germany of between approximately \$350,000 and \$400,000.

3. The importance of the counter-intelligence material produced on the U. S. Zone of Germany cannot adequately be judged here but from the available data on Operation Rusty's part in Operation Bingo, it would appear that very little legal evidence of espionage activity by the individuals concerned was furnished. Moreover, the soundness of a native German intelligence unit operating more or less independently and reporting upon the identities and activities of individuals of German and other Central European nationalities, must be considered essentially suspect.

B) Potential Future Value

1. It is considered highly undesirable that any large scale U.S.-sponsored intelligence unit be permitted to operate under even semi-autonomous conditions. Unless responsible U. S. personnel are fully acquainted not only with the details of each operation carried out but also with the identities and background of all individuals concerned, no high degree of reliability can be placed from an American point of view upon the intelligence produced.

2. One of the greatest assets available to U. S. intelligence has always been the extent to which the United States as a nation is trusted and looked up to by democratic-minded people through the world. Experience has proven that the best motivation for intelligence work is ideology followed by common interest and favors. The Germans, the Russians, and their satellites, have employed fear, direct pressure of other types, and lastly, money. With most of these factors lacking to it, Operation Rusty would appear to be dependent largely upon the last and least desirable.

3. It is an accepted fact that strategic intelligence cannot be gathered effectively unless the personnel responsible for the operations receive careful intelligence direction and briefing. Since such material is often highly classified, much of it cannot be given to non-Americans. This would apply to Operation Rusty as presently constituted and would be a limiting factor in the effectiveness of its intelligence production.

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4. Since the present production of Operation Rusty can be duplicated if not improved upon by existing U. S. operations, its unique potential value, if any, must lie in its ability to collect strategic intelligence on Eastern Europe and the USSR proper. Available evidence of the actuality of this potential is far too inadequate for evaluation but the following points are worthy of consideration:

a) GIS interrogations available here indicate that the personnel of Operation Rusty are almost exclusively concerned with tactical operations on the Eastern Front and that deep penetrations were very limited in number. Their success, however, in this respect was considered by competent GIS personnel to have been superior to that of any other German intelligence unit.

b) GIS operational units contacted by SSU since the war have almost uniformly claimed the existence of high-level chains into the USSR but so far these have never been confirmed. Without implying any dishonesty on the part of Operation Rusty's personnel, it would be quite natural for them to exaggerate somewhat the level and extent of their capabilities.

II. ADVANTAGES:

1. The German Intelligence Service, of which group was a part, is considered to be tactically effective.

2. Individuals concerned have had long experience in German Intelligence Service and particularly against the Russians.

3. Such archives, records, and intelligence materials in their possession are considered to be of great value.

4. The project, operating on current framework, has possibilities for further eastward penetration.

5. It entails an element of comparison and confirmation of other intelligence gathered by Special Operations.

III. DISADVANTAGES:

1. The taking over of this project by CIG would, in effect, be reconstituting an important function of the German Wehrmacht, and could conceivably lead to repercussions from the political aspect, if compromised. Further, it might prove embarrassing in the defense of budget, where it may be charged that

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we are subsidizing a portion of the German Intelligence Service.

2. It places dependence on our organization of a former enemy over which personnel of CIC will have only nominal control.

3. It is believed that portions of this basic organization are currently under the control of at least two other nations; i.e., ~~██████████~~ and Russian.  
*BRITISH*

4. The operation entails duplication to a great extent of current SO operations in that area, as we also are in a Russian-occupied Zone of Germany.

5. In general, the intelligence to be procured is too low level for the estimated cost of two and a half million dollars per annum.

6. Security Aspects

a) We have information, as a result of our own counter-espionage activities, to indicate that the operation is not very secure and is generally well-known.

b) For instance, a man named ~~██████████~~ *Bahlk*, who worked for Baum during the war, informed the ~~██████████~~ *British* in Berlin that the Americans were using many of his former colleagues in intelligence work.

*British* c) We have been informed on three occasions by the ~~██████████~~ that their controlled officers of the Fremde Herre Ost know of Baum's activities in the American Zone.

d) The most outstanding breach of security which has come to our attention came from the Bamberg area where the CIC has stated they have arrested over 25 individuals who claim to be working for Baum for the American espionage service, and many carried in their pockets revealing documents. Attached is a translation from German of the TOP SECRET USFET EEI (Enclosure I).

e) Besides the above security aspects, there exists no interrogation report for members of this Group. To our knowledge there has been no extensive check on members of the Group, nor have we any idea of the degree of Russian penetration by MVD.

f) Of a longer-range nature, at some time in the future these men must submit themselves to denazification boards at which time it is conceivable that the entire operation may be compromised.

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IV. RECOMMENDATIONS:

A) That this operation as currently conceived and executed be not taken over by the Central Intelligence Group.

B) That in the event G-2, USFET, cannot continue to maintain the project, Special Operations effect liaison with this Group in an attempt to determine and procure archives, documents, personnel files, and other intelligence materials from this Group, as well as names, locations, etc., of current agents with a view to implementing an operation after careful study of capabilities of personnel, etc.

C) In any event, it is recommended that we do not obligate CIG to the funds and agreements with the German chief of this service.

/s/ Donald H. Galloway

/t/ DONALD H. GALLOWAY  
Assistant Director  
Special Operations

ENCLOSURE I (not attached to copy)

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ANNEX 3

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43. (Continued)

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ANNEX 3

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Expenditures over a Nine-month Period in 1946:

Agents	-	1,438,416 German Marks 110,000 Austrian Shillings \$44,150
Organization	-	719,208 German Marks 60,000 Austrian Shillings \$22,075
Staff	-	773,091 German Marks \$180
Couriers	-	17,441 German Marks 200 Austrian Shillings \$76
TOTALS		<hr/> 2,948,156 German Marks 200,200 Austrian Shillings \$66,481

Sum of above totals converted at the rate of 10 shillings or marks to the \$:

\$381,305.60

Average monthly expenditure in dollars over a nine-month period in 1946:

\$ 42,367.29

Expenditure in commodities is additional. The cost of commodities in the form of army rations for the organizational headquarters, gasoline for the 80 automobiles employed by the organization, food stuffs, cigarettes, matches, coffee, fats, etc., used operationally can only be estimated since many of these items are provided through Quartermaster services. It is estimated that in this form the U. S. Government contributes an additional \$5,000 each month to the expenses of the operation. Consequently, one can arrive at the figure of \$47,367.29 as the average monthly cost of maintaining the operation. Since as an average some 3,000 people compose the network, the per capita monthly expenditure is in the neighborhood of \$15.

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29 May 1947

TO: Chief, Operations  
FROM: Chief, FBI  
SUBJECT: Operation Rusty

In view of the fact that Annexes 4, 5, and 6  
are mainly concerned with samples of intelligence  
material from Operation Rusty, it is recommended that  
they be not submitted to the Director, CIU.

Richard Helms

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44. Memorandum for [unspecified], "Operation RUSTY," with attachment, [undated]

**SECRET/RELEASE** *Proposed MEMO FOR*  
**TO GERMANY ONLY** *NIA*

**MEMORANDUM FOR**

**SUBJECT: Operation RUSTY**

1. The attached memorandum is furnished to the members of the NIA in connection with the proposal of G-2 EUCOM that Central Intelligence take over Operation RUSTY.
2. It is recommended that a meeting of the NIA be called at an early date to decide on this matter.
3. Certain specialists of Central Intelligence will be available to furnish detailed information if it should be required.

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MEMORANDUM FOR

SUBJECT: Operation EUSYI

1. Background and History

Operation EUSYI has existed as a military intelligence service of G-2 War Department since January 1946. The operation is headed by Major General Reinhardt von Gehlen, former chief of the division Foreign Armies East of the German Army. Second in command is Lt. Colonel Hermann Baum who serves now, as he did during the war, as Gehlen's Chief of Operations. After his surrender to American forces in the early summer of 1945, Gehlen was brought to Washington with several of his close associates as prisoners of war where they made their knowledge directly available to G-2 War Department. During this same period, Baum and his staff were similarly exploited in Germany by G-2 USFET.

After the return of Gehlen and his staff from the United States in the summer of 1946, he assumed his present position ahead of an evaluation group in order to direct Baum serving as head of an information group in the fulfillment of the missions assigned by G-2 USFET. Baum has remained the Chief of Operations but the product is evaluated, collated, and translated by Gehlen's group who delivers it in finished form to representatives of G-2 HQCOM. At this stage, this organization is considered by G-2 HQCOM to be its most dependable and prolific source of information on Russian military intentions and strength.

On October 1 1946, G-2 USFET presented a staff study of Operation EUSYI to the Director CIG, with the recommendation that CIG take over the operation and conduct it from the United States. CIG agreed to conduct its own investigation of the operation with the purpose of outlining the advantages and disadvantages of participation.

2. Conclusions of CIG Investigation

1. The chief personnel of Operation EUSYI have, during the period of their organization, recruited some 3000 bodies from anti-Soviet facilities in Central Europe who during the course of the war gave their support to Germany.

2. Operation EUSYI has become less a clandestine intelligence operation directed by American authorities than a potential resistance group supported and fed by the U. S. Government.

3. It can be stated with certainty that the lines of connection extend presently over an area lying between Stockholm and Rome, Prague and Paris, with the possibility that they can be further extended through the Middle East to the Far East and into the United States and South America.

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4. There now exists plans for camouflage which can provide the personnel with an opportunity to continue their operations independently of American support.

5. The operation has become known to the [redacted] and possibly to the Russian and [redacted].

*British Intelligence Services*

*French*

6. The operation has been productive not only because of the strength and nature of the German personnel employed, but chiefly because American authorities have granted them wide scope for their operations and relative freedom in their planning and actions.

7. Upon withdrawal of American support, this group could constitute a source of political embarrassment to the U. S. Government and a security menace to American overt as well as covert activities in Germany.

C. Advantages

The advantage of this operation is that it has furnished Army Forces in Europe with certain high grade tactical intelligence.

D. Disadvantages

1. The present complement of Operation MUSTY includes a cryptographic section, with equipment, presently engaged in breaking Russian and possibly other European codes.

2. It is both a potential resistance group and as an organization could become the intelligence nucleus of a future German government.

E. Possible Lines of Action

1. G-2 HECOM to liquidate Operation MUSTY.

2. The NIA, in view of the disadvantages listed, to determine if any part is to be retained.

F. Recommendation

It is recommended that the action listed as E.1 above be taken.

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382

45. DCI to Secretary of State, et al, "Operation Rusty," [undated], enclosing "Memorandum on Operation RUSTY," 6 June 1947

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**TO GERMANY ONLY**  
CENTRAL INTELLIGENCE GROUP  
NEW WAR DEPARTMENT BUILDING  
21st and VIRGINIA AVENUE, N. W.  
WASHINGTON, D. C.

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**CONTROL**

OFFICE OF THE DIRECTOR

MEMORANDUM FOR THE SECRETARY OF STATE  
SECRETARY OF WAR  
SECRETARY OF THE NAVY  
PERSONAL REPRESENTATIVE OF THE PRESIDENT  
ON N.I.A.

Subject: OPERATION "RUSTY"

1. The attached memorandum is furnished to the members of the N.I.A. as an initial brief on Operation RUSTY. It has been proposed by G-2 EUCOM that Central Intelligence assume control of this Operation.
2. In view of the political and military implications involved it is recommended that the N.I.A., at an early date, decide on the line of action to be taken. It is increasingly apparent that decision in this regard must be made on the highest level.
3. Representatives of Central Intelligence are available to furnish detailed information on Operation RUSTY at your convenience.
4. The line of action indicated in paragraph E.3., of attached memorandum, is strongly recommended — That Operation RUSTY be liquidated and that CIG assume no responsibility for its continuation or liquidation.

*20 June 1947*  
*Miss for Record*  
*This (and other copies of same paper) was not dispatched to NIA members at request of Gen Chamberlin. G-2 WD. agreement made that CIG would have nothing to do with matter further except with regard to advice when requested by G-2.*  
*Wright*

B. H. HILLENKOTTER  
Vice Admiral, USN  
Director of Central Intelligence

*cc destroyed by burning 7/30/49.*

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TO GERMANY ONLY**

6 June 1947

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**MEMORANDUM ON OPERATION "RUSTY"**

**A. Background and History**

Operation RUSTY has existed as a military intelligence service of G-2 War Department since January 1946. The operation is headed by Major General Reinhart von Gehlen, former Chief of the division Foreign Intelligence East of the German Army. Second in command is Lt. Colonel Hermann Baum who served now, as he did during the war, as Gehlen's Chief of Operations. After his surrender to American forces in the early summer of 1945, Gehlen was brought to Washington with several of his close associates as prisoners of war where they made their knowledge directly available to G-2 War Department. During this same period, Baum and his associates were similarly exploited in Germany by G-2 USFET.

After the return of Gehlen and his staff from the United States in the summer of 1946, he assumed his present position as head of an intelligence evaluation group in order to direct Baum serving as head of an intelligence group in the fulfillment of the missions assigned by G-2 USFET. Baum has remained the Chief of Operations but the product is evaluated, edited, and translated by Gehlen's group who delivers it in finished form to representatives of G-2 EUCOM. At this stage, this organization is considered by G-2 EUCOM to be its most dependable and prolific source of information on Russian military intentions and strength.

On October 1, 1946, G-2 USFET presented a staff study of Operation RUSTY to the Director GIB, with the recommendation that GIB take over the operation and conduct it from the United States. GIB agreed to conduct its own investigation of the operation with the purpose of outlining the advantages and disadvantages of participation.

**B. Conclusions of GIB Investigation**

1. In addition to former German Intelligence personnel, the Chief of Operation RUSTY has during the period of organization recruited some 3000 bodies from anti-Soviet factions in Central Europe who during the course of the war gave their support to Germany.
2. Operation RUSTY has become less a clandestine intelligence operation directed by American authorities than a potential resistance group supported and fed by the U. S. Government.
3. It can be stated with certainty that the lines of connection extend presently over an area lying between Stockholm and Rome, Prague and Paris, with the possibility that they can be further extended through the Middle East to the Far East and into the United States and South America.

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4. There now exist plans for camouflage which can provide the personnel with an opportunity to continue their operations independently of American support.

5. Upon withdrawal of American occupation forces and loss of all control, this group could constitute a source of political embarrassment to the U. S. Government and a security menace to American covert as well as covert activities in Germany.

6. The operation has become known to the ~~British Intelligence Services~~ and possibly to the Russian, ~~French~~ and Yugoslavs.

7. The operation has been productive not only because of the strength and nature of the German personnel employed, but chiefly because American authorities have granted them wide scope for their operations and relative freedom in their planning and actions.

C. Advantages

The advantage of this operation is that it has furnished Army forces in Europe with high grade tactical intelligence.

D. Disadvantages

1. The present complement of Operation RUSTY includes a crypter-analytic section, with equipment, presently engaged in breaking Russian and possibly other European codes. This activity might well conflict with the comparable American activities.

2. It is both a potential resistance group and as an organization could become the intelligence nucleus of a future German government against the United States.

E. Possible Lines of Action

1. That Central Intelligence take over Operation RUSTY as presently constituted.

2. That Central Intelligence take over certain segments of Operation RUSTY to be determined as a result of the briefing of the members of the National Intelligence Authority.

3. That Operation RUSTY be liquidated and that CIG assume no responsibility for its continuation or liquidation.

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MEMORANDUM FOR THE RECORD

Key personnel from Abteilung Fremde Heere Ost des Generalstabes  
des Heeres:

Evaluation Group:

Reinhard Gehlen (Brig. Gen.)

Information Group:

Herman Baum

Members — former members of the G-2 Division, Division of the  
Foreign Armies East of the General Staff of the Army:

Col. Heinz-Danko Heere, GSC  
Lt. Col. Gerhard Wessel, GSC  
Lt. Col. Fritz Scheibe, GSC  
Maj. Albert Schaeffer, GSC  
Maj. Horst Hiemenz, GSC  
Maj. Hans Hinrichs, GSC  
Capt. Waldemar Hinderstein.

Members of the Secret Intelligence Service:

Lt. Col. Hermann Baum  
Capt. Hans Ludwig Von Losson  
1st Lt. Adolph Tietze  
Capt. Ferdinand Boedigheimer  
Capt. Siegfried Graber  
Col. Erich Notsny  
Maj. Carl Kunrow

*Check  
our file  
W-100*

**SECRET/RELEASE  
TO GERMANY ONLY**

~~TOP SECRET~~  
CONTROL

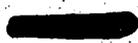
46. Cable, Central Intelligence Group to ACS, G-2, European Command, 5 June 1947

FORM NO. 35-6  
OCT 1946

OUTGOING CLASSIFIED MESSAGE

PAGE NO. (1342)

**CENTRAL INTELLIGENCE GROUP**

TO:	AC OF S, G-2, EUCOM	OPERATIONAL PRIORITY
FROM:	CENTRAL INTELLIGENCE GROUP	5 JUNE 47
CONFIRMATION:	DIR (1)	 <i>Out 2890</i>
INFORMATION:	OSO (2-3)	

PARAPHRASE NOT REQUIRED. HANDLE AS TOP SECRET CONTROL  
CORRESPONDENCE PER PARA 51 (1) 60A AR-380-5.

**SECRET/RELEASE TO GERMANY ONLY** ~~TOP SECRET CONTROL~~ COPY # 1

 *WAR 99500*

TO: AC OF S, G-2, EUCOM (GENERAL WALSH)  
FROM: DIRECTOR OF CENTRAL INTELLIGENCE (ADMIRAL HILLENKOETTER)

AFTER STUDYING RESULTS OF CIG REPRESENTATIVE'S REPORT ON "OPERATION RUSTY" AND WITH FULL APPRECIATION OF THE VALUES AND IMPLICATIONS OF OPERATION, REGARD IT AS ESSENTIAL THAT CERTAIN CONSIDERATIONS AFFECTING THE OPERATION BE SUBMITTED TO NATIONAL INTELLIGENCE AUTHORITY CONSISTING OF SECRETARIES OF STATE, WAR, NAVY, AND ADMIRAL LEAHY, FOR POLICY DECISIONS. SINCE DISCUSSIONS WITH REGARD TO THE OPERATION HAVE TO DATE BEEN CARRIED ON DIRECTLY BETWEEN DIRECTOR, CIG, AND AC OF S, G-2, EUCOM, DESIRE YOUR EARLIEST CONSENT TO SUBMIT THIS MATTER TO THE NATIONAL INTELLIGENCE AUTHORITY.

*Richard Helms*



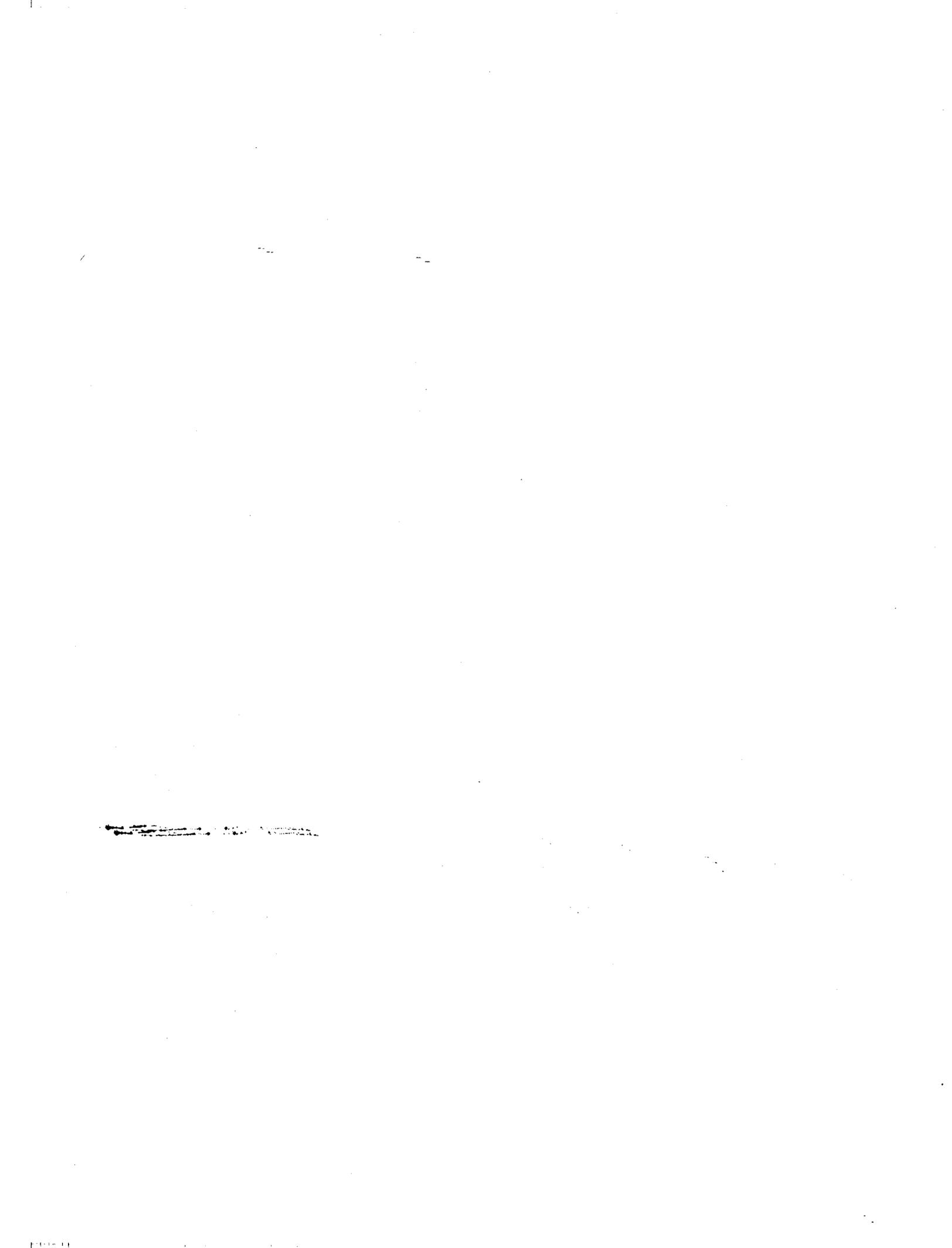
RICHARD HELMS  
RELEASING OFFICER  
ADMIN.

~~TOP SECRET CONTROL~~

COORDINATING OFFICERS

**SECRET/RELEASE TO GERMANY ONLY**

AUTHENTICATING OFFICERS



47. Cable, EUCOM to CIG, 6 June 1947

~~TOP SECRET~~

INCOMING CLASSIFIED MESSAGE

PAGE NO. \_\_\_\_\_

**CENTRAL INTELLIGENCE GROUP**

FROM:	HQ EUCOM FRANKFURT, GERMANY	ROUTINE
TO:	CENTRAL INTELLIGENCE GROUP	6 JUNE 47
ACTION:	DIR (1)	 IN 16115
INFORMATION:	OSO (2-3)	

**SECRET/RELEASE TO GERMANY ONLY**      PHRASE NOT REQUIRED. HANDLE AS ~~TOP SECRET~~  
CORRESPONDENCE PER PARAS 51 (1) 60A AR-380-5.      COPY # 1

 NR: 55419

FROM: HQ EUCOM FRANKFURT GERMANY SIGNED HUEBNER CITE EGGIE

TO: AGWAR FOR INTELLIGENCE DIVISION

W 99500 (OUT 2890)

REFER:  (  ) DATED 5TH JUNE SUBJECT TO  
MAJOR GENERAL CHAMBERLIN'S PERSONAL APPROVAL EUCOM HAS NO  
OBJECTION TO SUBMISSION OF INFORMATION ON OPERATION RUSTY TO  
NATIONAL INTELLIGENCE AUTHORITY.

ACTION: GEN CHAMBERLIN

CM  (6 JUNE 47) DTG 061430Z  
IN 899

*Davy*  
*7/11/47*



**SECRET/RELEASE TO GERMANY ONLY**

~~TOP SECRET~~ SECRET

FORM NO. 35-5  
OCT 1946

TOR: 1001 11 JUNE 47

(1340)



48. Galloway, Bossard, Memorandum for the Record, 11 June 1947

~~SECRET~~  
SECRET/RELEASE  
TO GERMANY ONLY <sup>2/4</sup> 11 June 1947

~~SECRET~~  
CONTROL

MEMORANDUM FOR THE RECORD

1. In accordance with the request of the Director of Intelligence, War Department General Staff, Colonel Donald H. Galloway and Mr. Samuel Bossard of CIG reported to General Chamberlin's office at 1300 this date in order to discuss certain details concerning operations abroad. In addition to General Chamberlin, Colonel L. L. Williams, WDGS, was present during this discussion.
2. Colonel Galloway traced the interest of Central Intelligence in operation RUSTY from October 1946, when the suggestion was made by G-2, USFET, that the Director of Central Intelligence consider taking over the project on July 1, 1947. General Chamberlin was informed that, with the consent of G-2 USFET, Mr. Samuel Bossard had spent several months in Germany investigating all phases of the operation and that he had first hand knowledge of same in its entirety.
3. Mr. Bossard then outlined for General Chamberlin the advantages and disadvantages of the operation from the viewpoint of Central Intelligence.
4. In answer to General Chamberlin's question as to what his recommendation would be, Mr. Bossard stated that he would recommend to the Director of Central Intelligence that he refrain from any participation in RUSTY until the members of the National Intelligence Authority had been consulted.
5. General Chamberlin stated that he disapproved of any such action, and suggested three ways in which the operation could be handled in the future:
  - a. CIG taking it over in its entirety, and be furnished certain assistance by the Occupational Authorities;
  - b. The War Department retain control of operation RUSTY and if War Department funds were not available, then CIG to furnish certain funds and personnel to assist in the running of the operation;
  - c. G-2, EUCOM, retain control of the operation. Funds to be furnished by the War Department and Occupational authorities, and CIG furnish assistance and guidance.

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TO GERMANY ONLY

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CONTROL

Policy 76-247

48. (Continued)

SECRET/RELEASE  
TO GERMANY ONLY

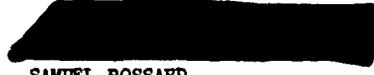
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CONTROL

6. Colonel Galloway stated that, although he was not authorized to speak for the Director of Central Intelligence, from conversations on this subject, he believed that Admiral Hillenkoetter will not authorize any CIG participation until authority and clearance are given by the NIA.

7. General Chamberlin repeated he did not desire this matter to be submitted to the NIA and stated that if necessary he thought G-2, EUCOM, could run the operation. Colonel Williams agreed that the people who started the operation should control and finish it. General Chamberlin requested that Mr. Bossard give him at some future date a guide, based on his recent investigation, as to how the security and the extent of the operation could be ~~tid~~ up.

8. General Chamberlin then asked that Admiral Hillenkoetter <sup>signified</sup> phone him this date in order to arrange for an appointment for some day subsequent to the 16 June.

  
DONALD H. GALLOWAY

  
SAMUEL BOSSARD

SECRET/RELEASE  
TO GERMANY ONLY

SECRET  
CONTROL

49. Brig. Gen. E.K. Wright, Memorandum for the Record, 20 June 1947

~~TOP SECRET~~ Copy 2 2 copies.  
~~SECRET/RELEASE~~ CONFIDENTIAL  
 20 June 1947  
 TO GERMANY ONLY  
 MEMORANDUM FOR RECORD:

DOCUMENT NO. \_\_\_\_\_  
 NO CHANGE IN CLASS.   
 DECLASSIFIED  
 CLASS. CHANGED TO: TS S ©  
 NEXT REVIEW DATE: \_\_\_\_\_  
 AUTH: HR 70-2  
 DATE: 10/4/91 REVIEWER: \_\_\_\_\_

As agreed at an earlier date, a Conference was held in Admiral Hillenkoetter's office at 2:00 PM, 19 June 1947, between Admiral Hillenkoetter, General Chamberlin, General Wright and Colonel Laurin Williams. This Conference had to do with the decision regarding the continuation of Operation RUSTY. General Chamberlin had previously been briefed in a general way on this Operation by Colonel Galloway and Mr. Brossard. Colonel Williams had previous knowledge of the Operation as a result of his attendance at a Conference held in New York 19 December 1946 as a preliminary conference to discuss what connection CIG should have with the Operation. Present at that conference in New York were: Mr. Allen Dulles, Mr. William Jackson, General Sibert, General Wright, Colonel Galloway, Col. Laurin Williams, Mr. Samuel B. Brossard, Mr. Richard Helms, and Lt. Col. Jack Dean. The latter officer is the officer most directly concerned in the technical operation of Operation RUSTY.

At this Conference held on the 19th of June, Admiral Hillenkoetter indicated that CIG would have no connection whatsoever with Operation RUSTY unless such connection had been agreed to by the NIA. General Chamberlin indicated that he would prefer the matter not be presented to the NIA and further observed that he did not intend to inform the Secretary of War regarding the Operation.

General Chamberlin then stated that he would like to study further the reports of the Operation as he felt it might be desirable to allow it to continue for some period of time. He indicated that General Walsh, the G-2 of EUCOM, would be present in this country in a few days and he would discuss the matter further with him at that time. General Chamberlin stated that he was prepared to use the funds still available for the continuation of the Grombach operation for an additional year (\$538,000.) which, of course, would be available now since it had been determined definitely not to continue the Grombach operation; that these funds plus any German marks available to General Clay should be sufficient to continue Operation RUSTY for a considerable period of time. He stated that under no circumstances would he indicate an interest by or any connection with the War Department and Operation RUSTY; further, that he would only permit the continuation of the Operation if it were rigidly controlled by American Authorities and utilized only in the occupation zone and outlet directly to the East; that the use of the net in

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 TO GERMANY ONLY - 1 -

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49. (Continued)

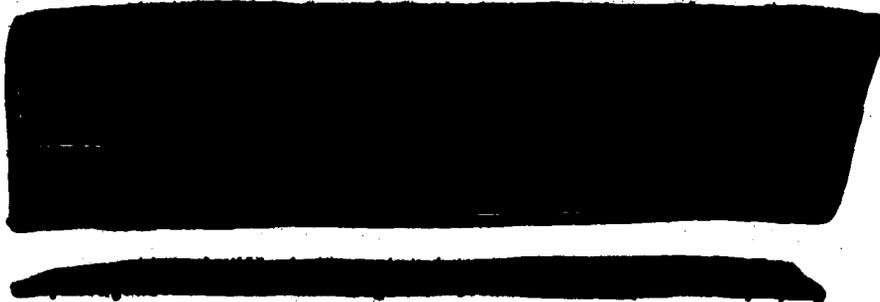
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CONFIDENTIAL SECRET/RELEASE  
TO GERMANY ONLY

connection with any activities in the Scandinavian countries, in the Middle East, or in any other area other than that noted above, would not be tolerated. General Chamberlin said that he would greatly appreciate submission by us of a list of controls that we thought he should use in connection with the continuation of Operation RUSTY. We agreed to provide him with such a list. We further agreed to turn over to General Chamberlin, only, a copy of the original report on RUSTY prepared by G-2 USFET and a copy of the report prepared by Mr. Brossard of this organization. At this point, Admiral Hillenkoetter said that the continuation of Operation RUSTY was, of course, a matter to be decided by General Chamberlin. However, he felt that he should tell General Chamberlin that OIG believed the continuation of the Operation was extremely dangerous from both the political and the future strategic viewpoint; that the personnel engaged in Operation RUSTY were, in addition to being a strongly knit and efficient intelligence agency, a potential resistance group of real power; that continuation of the Operation in effect might well be the re-establishment of the German General Staff and a German Intelligence System.

General Chamberlin agreed that this might be so and would be considered in connection with his further study of the reports we were to turn over to him.

-----  
Additional item discussed following  
the Conference above:



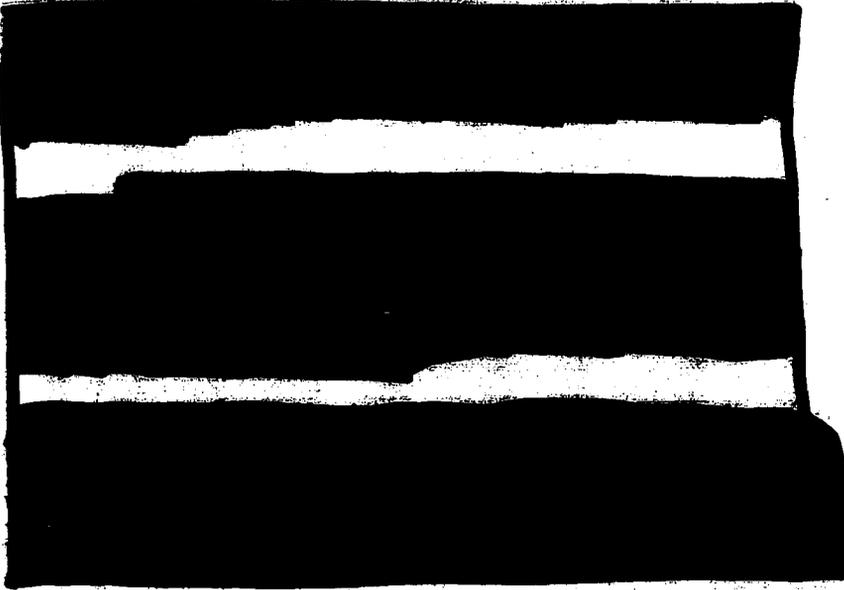
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TO GERMANY ONLY

-2-

49. (Continued)

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CONFIDENTIAL TO GERMANY ONLY



I. N. WRIGHT  
Brigadier General, USA  
Deputy Director

CONFIDENTIAL

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SECRET/RELEASE  
TO GERMANY ONLY

- 3 -

396

50. Galloway, Bossard, Helms, "Report of Meeting at War Department 26 June 1947," 26 June 1947

**SECRET** SECRET/RELEASE  
TO GERMANY ONLY  
REPORT OF MEETING AT WAR DEPARTMENT  
ON  
26 JUNE 1947

At 2:30 P.M., 26 June 1947, a meeting was held in the Office of the Director of Intelligence, WDGS, for the purpose of discussing Operation Rusty.

Present at the meeting were:

General Chamberlin, Director of Intelligence, WDGS.

General Walsh, Director of Intelligence, EUCOM.

General Todd, Deputy Director of Intelligence, WDGS.

Colonel Williams, G-2 Section, WDGS.

Colonel Galloway, CIG.

Mr. Bossard, CIG.

Mr. Helms, CIG.

After a preliminary survey of Operation Rusty, its implications, and its contribution to the intelligence effort of EUCOM, General Chamberlin threw the meeting open to a general discussion of ways and means of continuing this Operation under the direction of G-2, EUCOM. Colonel Galloway made it clear from the outset that the Director of Central Intelligence did not want CIG to have anything to do with the running of the Operation unless authorized by NIA. General Walsh explained his feelings about the manner in which the Operation should be handled in the future. He voiced the opinion that it should be reduced in size, that it should be subjected to a greater degree of control by American personnel, that it should be split up into a series of units rather than be permitted to function as a homogeneous group. While Mr. Bossard mentioned specific portions of the Operation which he felt were useful, he emphasized the necessity for eliminating certain large non-German networks and a general implementation of American control at every point. General Walsh asked if it would be possible for CIG to lend him one or two experienced operators, who would advise and assist him in implementing the line which he wished to take on Rusty. Colonel Galloway told him that CIG would be pleased to help out in any way it could with the proviso that CIG personnel were in no way connected with the actual running of the Operation. General Walsh expressed the hope that at some future time CIG would be interested in taking over certain individuals of recognized value now working within the Rusty

*Copies w/d & destroyed  
22 Aug 50  
[initials]*

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TO GERMANY ONLY

**SECRET**

- 2 - **SECRET/RELEASE  
TO GERMANY ONLY**

complex. Mr. Helms made the point that CIG would have to examine each individual case from two points of view.

(1) That the individual or individuals concerned were in a position to produce information on specific CIG targets.

(2) That CIG was satisfied that the individual or individuals could be controlled by CIG and would not be pipelines back into the German officers who now run Rusty.

The meeting was adjourned with the following understanding:

1. That Mr. Bossard, in the capacity of an outside advisor, would prepare an unsigned statement recommending specific steps which G-2, EUCOM, might wish to take with regard to insuring Army control of Operation Rusty.

ESD #11  
2. That General Walsh intended to personally look into the Operation and the method of running it, after which he would request Mr. Stewart (Chief of [redacted] CIG) for help in the loan of one or two men to act as advisors in curtailing undesirable features of Operation Rusty.

3. That CIG could not, at any time, take over any portions or groups of Operation Rusty until the matter was referred to the Director of CIG who would in turn clear it with the National Intelligence Authority.

4. That G-2, War Department, would provide G-2, EUCOM, with funds necessary to conduct Rusty for one year, after which time further decision would be made by the War Department as to its continuance.

5. That CIG would provide NO funds or financial assistance to conduct this operation.

[redacted]  
Donald H. Calloway

[redacted]  
Samuel Bossard

[redacted]  
Richard Helms

**SECRET SECRET/RELEASE  
TO GERMANY ONLY**

51. Bossard, "Recommendations drawn up at request of Gen. Chamberlin for the attention of Gen. Walsh," 27 June 1947

*Recommendations drawn up at  
request of Gen. Chamberlin for the  
attention of Gen. Walsh (June 27, 1947)*

The German organization at [redacted] is the center of the operation and is to be treated separately from the non-German networks which it directs. This German organization has been entrusted with the recruiting of agents, the briefing and direction of operations, and the receipt and evaluation of the product. American authorities have exercised what can be considered a minimum of control over the German organization, and the German operators have placed a similar degree of confidence in their non-German agents. In other words the entire organization is supposedly united and disciplined by mutual trust and the common interest in resisting Soviet or Communist aggression.

The basic facts stated above should be fully appreciated in acting on any of the following suggestions to control or to liquidate the operation. It would undoubtedly cause a serious loss of prestige for American clandestine operators in Germany if it could be demonstrated that we had abused loyal German agents by breaking faith with them. The American reputation for "fair play" in intelligence operations is obviously a valuable asset which deserves the utmost protection.

#### I Reduction of Personnel

1. I suggest that the German group be told frankly to proceed to liquidate their non-German networks which have proved undesirable or have outlived their usefulness. The White Russian network should be examined first of all with this purpose in mind and following that, the Ukrainian and Armenian networks should be subjected to the same treatment.

2. The organization has at its disposal advisers such as the [redacted] "professors" at Starnberg and at [redacted] who serve as a brains trust to Baum in advising operations and preparing evaluations of political and economic intelligence. This group should be brought to an irreducible minimum to prevent our intelligence from acquiring a strong German point of view.

3. Unless it can be demonstrated that individuals with political [redacted] (former Nazis, SS men, etc.) are vital to the conduct of operations, they should be eliminated from the organization.

4. Unless a man has proved himself to be an indispensable agent, and security demands such action, no commitments should be made to shelter and feed dependents of the agent.

5. The actions described above should reduce the number of bodies associated with the organization and thus ease the problem of control.

#### II Controls

1. Encouragement of C.I. devices and operations within the organization by the Germans for their own protection against penetration, etc.

SECRET/RELEASE  
TO GERMANY ONLY

51. (Continued)

-2-

SECRET/RELEASE  
TO GERMANY ONLY

2. A highly qualified American intelligence officer should pass in review all intelligence projects developed by Baum and should be present at all discussions between Baum and his chief agents.

3. At least one American officer should be assigned to the field to prevent contact between German agents and CIC or MG when local problems arise.

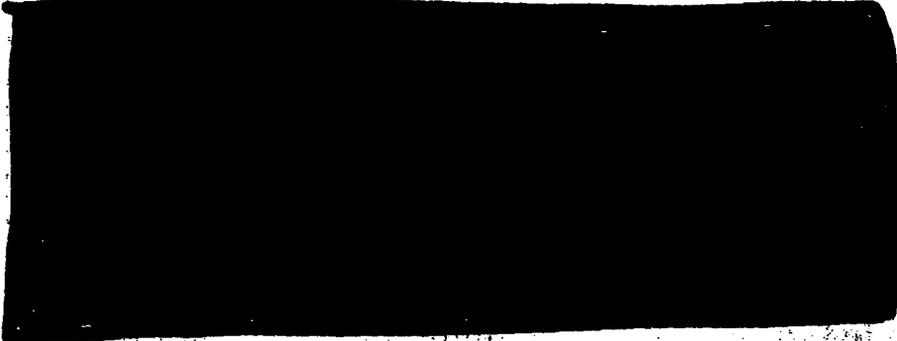
4. It would be desirable to have a highly qualified intelligence officer associated with the evaluation group. If it were not to be considered a permanent assignment, he should inspect procedures in the evaluation group periodically.

5. Any plans for cover, economic camouflage, etc. should be stated, reported on, and reviewed in the utmost detail.

6. There should be the strictest accounting for the expenditures of funds and supplies.

7. Agent records must be kept in detail and be made available to American authorities at any time they are requested.

8. Agents will under no circumstances be granted credentials to prove an assignment with American intelligence authorities, nor will they ever carry briefs for missions.



IV I have not attempted to review or recapitulate the points that were developed and recorded in the meeting of June 26. In those points affecting a clear definition of the intelligence mission of the operation, its limitation within certain boundaries, the need for decentralization, partial liquidation, and an entirely new cover, I concur.

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TO GERMANY ONLY

52. Cable, SO to Heidelberg, 27 June 1947

FORM NO. 35-6  
OCT 1946

OUTGOING CLASSIFIED MESSAGE

(1342)  
PAGE NO. \_\_\_\_\_

**CENTRAL INTELLIGENCE GROUP**

TO:	HEIDELBERG	ROUTINE
FROM:	SPECIAL OPERATIONS	27 JUNE 47
CONFIRMATION:	COPS (2)	<b>[REDACTED] Out 3718</b>
INFORMATION:	ADSO (2)	

TOP SECRET CONTROL

**SECRET/RELEASE  
TO GERMANY ONLY**

PARAPHRASE NOT REQUIRED. HANDLE AS  
CORRESPONDENCE PER PARA 51 (1) GOA AR-380-5.  
TOP SECRET CONTROL COPY # 2

**[REDACTED] WASH 3718**

TO: HEID **[REDACTED]** FROM: WASHF  
**EYES ONLY [ ]**

1. MEETING HELD 26 JUNE WITH GENERALS CHAMBERLIN AND WALSH ON RUSTY. FINAL DECISION WAS THAT G-2 EUCOM WILL CONTINUE TO OPERATE AND FINANCE RUSTY FOR AT LEAST ONE YEAR. UPON HIS RETURN TO GERMANY, GENERAL WALSH INTENDS TO EXAMINE OPERATION PERSONALLY WITH VIEW TO REDUCING ITS SIZE, SPLITTING UP ITS OPERATIONS, AND GENERALLY ATTEMPTING TO EXERT GREATER CONTROL OVER IT.

2. GENERAL WALSH ASKED **[REDACTED]** IF WE COULD LEND HIM ONE OR TWO EXPERIENCED INTELLIGENCE OFFICERS TO ADVISE AND ASSIST HIM. ANSWER WAS THAT HE SHOULD APPROACH YOU FOR USE OF SUCH PERSONNEL. THIS HE WILL PROBABLY DO AND YOU AUTHORIZED TO COMPLY. ONE PROVISIO HOWEVER WAS MADE: ON SPECIFIC ORDERS OF DIRECTOR C.I.G. NO REPEAT NO PERSONNEL OF THIS ORGANIZATION MAY HAVE ANYTHING TO DO WITH ACTUALLY RUNNING ANY PART OR PARTS OF RUSTY OPERATIONS. WE ASSUME NO REPEAT NO RESPONSIBILITY FOR IT OR ITS COMPONENTS. OUR ROLE STOPS AT ADVICE AND SUGGEST **[REDACTED]** **ANY PERSONNEL** **05 May 49**

**DOWNGRADED TO: S**

TOP SECRET CONTROL REVIEWER: **[REDACTED]**

GL REASON: **[REDACTED]**

**SECRET/RELEASE  
TO GERMANY ONLY**

COORDINATING OFFICERS

AUTHENTICATING OFFICERS

52. (Continued)

~~TOP SECRET CONTROL~~

**SECRET/RELEASE  
TO GERMANY ONLY**

2

TO: HEID

[REDACTED] WASH 3718

LOANED FOR ABOVE PURPOSE SHOULD HAVE AS PRIMARY FUNCTION JOB OF KEEPING YOU AND US INFORMED OF RUSTY'S ASSETS, LIABILITIES, ACHIEVEMENTS, AND DEGREE TO WHICH LIQUIDATED.

3. GENERAL WALSH MAY FROM TIME TO TIME ASK YOU IF YOU WANT TO TAKE OVER AND OPERATE ON YOUR OWN CERTAIN INDIVIDUALS PRESENTLY IN RUSTY COMPLEX. EXAMINE EACH CASE IN LIGHT OF ITS MERITS RE OUR TARGETS AND OF OUR ABILITY INDEPENDENTLY CONTROL INDIVIDUAL. THEN REFER CASE TO WASHINGTON WITH YOUR RECOMMENDATIONS. MAKE IT CONSTANTLY CLEAR THAT WASHINGTON MUST MAKE FINAL DECISION ON ALL CASES.

4. WE REALIZE YOU CAN ILL AFFORD TO SPARE MEN FOR ABOVE ASSIGNMENT, BUT WE CAN LESS WELL AFFORD TO HAVE RUSTY CONTINUE TO OPERATE WITHOUT KNOWING IN DETAIL WHAT ITS PERSONNEL ARE DOING. OPERATION WILL BE CE TARGET OF INCREASING IMPORT AS TIME GOES ON. [REDACTED] WILL PASS ON TO YOU HIS KNOWLEDGE OF WORKING OF OPERATION WHEN HE RETURNS TO EUROPE IN SEPTEMBER. [ ] [ ]

5. KEEP US ADVISED.

[REDACTED]  
RELEASING OFFICER

DHG

**SECRET/RELEASE  
TO GERMANY ONLY**

RICHARD HELMS

~~TOP SECRET CONTROL~~

TOD: 2135 27 JUNE 47

53. Cable, SO to Heidelberg, 27 June 1947

FORM NO. 35-6  
OCT 1946

OUTGOING CLASSIFIED MESSAGE

(1342) PAGE NO. \_\_\_\_\_

**CENTRAL INTELLIGENCE GROUP**

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TO: HEIDELBERG ROUTINE

FROM: SPECIAL OPERATIONS 27 JUNE 1947

CONFIRMATION: ADSO (1) [REDACTED] *out 3771*

INFORMATION: COPS (2)

**SECRET/RELEASE TO GERMANY ONLY**

PARAPHRASE NOT REQUIRED. HANDLE AS CORRESPONDENCE PER PARA 81 (1) 60A AR-380-5.

~~TOP SECRET~~ COPY # 1

*WASH 3771 EYES ONLY [ ]*

TO: HEID- [REDACTED] CITE: WASHA FROM [REDACTED] [ ]

RE [REDACTED] AS RESULT OF REFERENCE MEETING AT WAR DEPARTMENT, DIRECTOR CIG WAS PLEASED TO NOTE CORDIAL REGARD IN WHICH YOU AND [REDACTED] HELD BY GENERAL WALSH, WITHIN LIMITS OF YOUR INSTRUCTIONS AS SET FORTH IN [REDACTED] COOPERATE TO FULLEST WITH GENERAL WALSH ON RUSTY AND MAINTAIN HELPFUL, NON-CRITICAL ATTITUDE IN HELPING HIM WORK OUT WHAT IS DIFFICULT AND COMPLEX PROBLEM.

*WASH 3718*

REVIEWED: *05 Jun 47*  
 REASON: *[ ]*  
 DECL ON: *05 Jun 47*  
 DRV FROM: *04 Jun 47*

**SECRET/RELEASE TO GERMANY ONLY**

~~TOP SECRET~~ DONALD H. GALLOWAY

COORDINATING OFFICERS TO: 1119 30 JUNE 1947 AUTHENTICATING OFFICERS

404

54. Cable, Heidelberg to SO, 24 July 1947

INCOMING CLASSIFIED MESSAGE

PAGE NO. \_\_\_\_\_

CENTRAL INTELLIGENCE GROUP

FROM:	HEIDELBERG	ROUTINE
TO:	SPECIAL OPERATIONS	24 JULY 1947
ACTION:	COPS (1)	<b>[REDACTED]</b> IN 18778
INFORMATION:	ADSO (2)	

**SECRET/RELEASE TO GERMANY ONLY** PHRASE NOT REQUIRED. HANDLE AS TOP SECRET  
CORRESPONDENCE PER PARAS 51 (1) 60A AR-380-5.

**TOP SECRET** COPY # 2

**[REDACTED]** Heid 1273

TO WASHF CITE: HEID

GEN WALSH INDICATES WE WILL NOT BE DRAWN INTO RUSTY  
UNTIL DECENTRALIZATION, REORGANIZATION, AND PARTIAL LIQUIDATION  
COMPLETED. THIS WILL TAKE TIME. THEREFORE NO NEED BRIEF

**[REDACTED]** [ ] [ ]

REVIEWED: 05 Aug 47  
 DOWNGRADED TO: S  
 REVIEWER: [ ] [ ]  
 CL REASON: (1.56)  
 DECL ON: 05 Aug 47  
 DRV FROM: Gov 442

**SECRET/RELEASE TO GERMANY ONLY**

**TOP SECRET**

FORM NO. 35-5  
OCT 1946

TOR: 1138 24 JULY 1947

(1340)

406

55. Chief of Station, Heidelberg to FBM, "RUSTY," 1 October 1947

OFFICIAL DISPATCH

*Policy*

VIA: ATR  
SPECIFY AIR OR SEA POUCH

DISPATCH NO. [REDACTED]

*KAPOK H-25*

**SECRET/RELEASE** **SECRET CONTROL**  
TO GERMANY ONLY CLASSIFICATION

DATE: 1 October 1947

TO : FBM  
FROM : Chief of Station, Heidelberg  
SUBJECT: Operations  
REF : RUSTY

1. At the last meeting of representatives of the operating intelligence agencies held in Frankfurt, the question of recording dead agents in the Central Registry of ODDI was raised again. Lt. Col. Deane stated that it would be impossible for him to do this since they have never passed the names of RUSTY operatives from lower echelons to higher echelons within the RUSTY structure. This principle is regarded by the RUSTY people as a security measure, since they cannot be sure of the loyalty of intermediate echelons.

2. Deane and his successor (whose name escapes me) are not happy about this. They feel, however, that this situation can only be corrected by placing American personnel in key positions. This, they claim, is impossible because of their restricted T/O.

3. A clash between CIC and RUSTY occurred during the meeting. All it proved was that CIC is not too happy about servicing RUSTY at the expense of their own operations.



**SECRET/RELEASE**  
**TO GERMANY ONLY**

**SECRET CONTROL**  
CLASSIFICATION

✓ Engr. Repr. Plant - 6 - August 47 - 221

408

56. Headquarters, First Military District, US Army, General Orders Number 54, "Organization of 7821st Composite Group," 1 December 1947

R E S T R I C T E D

SECRET/RELEASE  
TO GERMANY ONLY

HEADQUARTERS  
FIRST MILITARY DISTRICT  
APO 1 US ARMY

1 December 1947

GENERAL ORDERS  
NUMBER 54

ORGANIZATION OF 7821ST COMPOSITE GROUP

1. Pursuant to authority contained in Paragraph 5, AR 220-5, 16 December 1944, as amended, and Cable, Headquarters European Command, S-4089, 28 November 1947, the following unit is organized at Munich, Germany, assigned Munich Military Post and further attached to the Deputy Director of Intelligence, European Command, effective 0001 hours, 2 December 1947:

7821st Composite Group

2. Personnel required will be authorized by Table of Distribution to be published at a later date and will cancel 303-1298.

3. Personnel for above organization will be assigned only by the Director of Personnel and Administration, Headquarters European Command.

4. Equipment authorized will be obtained from sources within this command. Additional equipment required will be requisitioned in the normal manner and issue made subject to availability and existing command policies.

5. Initial rosters will be prepared in accordance with Paragraph 4 a and 5 b, AR 345-900, 22 October 1947, and Section 16, Weekly Directive Number 16, Headquarters European Command, 21 November 1947.

BY COMMAND OF MAJOR GENERAL MILBURN:

OFFICIAL:

S. T. WILLIAMS  
Col GSC  
Acting Chief of Staff

/s/ T. H. Plummer  
/t/ T. H. PLUMMER  
Lt. Col AGD  
Adjutant General

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R E S T R I C T E D

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*Thomas H. Smith*  
THOMAS H. SMITH  
Capt., USAF  
adjutant

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