

OFFICIAL DISPATCH

VIA: _____
SPECIFY AIR OR SEA POUCH

DISPATCH NO. MAS-A-022

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CLASSIFICATION

TO : Chief, Foreign Division M
Attention: C

FROM : Chief of Station, Vienna

DATE: 3 November 1960

SUBJECT: GENERAL - Operational
SPECIFIC - Greengrocer 1 - Hans STERNBACH Operation
Salzburg Base Comments

Reference: MAY-A-6882; MAY-A-4833

1. The following comments and bits of information, gleaned from our files and from talks with the local Usage representative, [] are submitted in the hope that they will help the case officers working on the very important Greengrocer 1 contact.
2. According to the basic Usage study MGL-A-1586, Annex C, Table 9, the Vorarlberg Security Directorate operations involving at least seventeen informants are run by Dr. Erich MÜLLER and Wilhelm DIETRICH, not STERNBACH. This was confirmed to [] by MÜLLER in February 1960 (see MAY-A-4833). MÜLLER turns over all his reports to Dr. Wolfram BITSCHEAU directly, who passes them to Usage. Usage was taken to task by his POB case officers because of Dr. MÜLLER's multiple intelligence connections and as a result, Dr. MÜLLER does not figure on recent Usage source lists. The name of Wilhelm DIETRICH of the Vorarlberg gendarmerie (Source TTS) has been substituted, but MÜLLER still runs the operations and passes the reports.
3. Usage files indicate at least Swiss and Offspring connections. The Offspring connection, according to MGL-A-1586, runs from STERNBACH through BRASS, Police Director of Lindau, Germany. A second line runs from Dr. MÜLLER to Offspring via Offspring agent Rupert MANDL. [] knows that MANDL passes money and reports to MÜLLER, but can not state definitely what volume of reports goes the other way. At least the BUZZI information showed up in the Offspring shop through this channel. One of MANDL's assignments from Offspring is to penetrate the Usage shop through MÜLLER. MANDL is also counting on MÜLLER to help whitewash him before the Austrian Government in connection with his bad Nazi record.
4. The informants of the MÜLLER-DIETRICH nets are paid from customer contributions and MÜLLER gets an additional 800 schillings out of STERNBACH's confidential budget. BITSCHEAU pays MÜLLER 400 schillings a month directly. Peter (Count) MONTELE (SN), who according to [] is a member of the French IS, also

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subdise MÜLLER. (In 1948 Pater MUMJOIE was in contact with G-2 USFA through Grove. At that time he was trying to promote Masterhood cases but without success. His activities became rather well known in Vienna and he was forced to move to Tirol.) We know from MAY-A-4833 that MÜLLER had contact with Mr. POPIER of MIS, Salzburg which also involved monetary payments. This contact is now apparently dead. MÜLLER and DIETRICH do not work out of STERNBACH's office and, if []'s recollection of MÜLLER's statements to him in February 1950 are correct, STERNBACH showed little or no interest in the operational aspects of intelligence collection. To complete the record, it should be recalled that [] through THOM-HOHNSTEIN, attempted to enlist STERNBACH's cooperation in intelligence matters. The fact that he refused indicates that STERNBACH is reasonably secure as far as his own person is concerned. He does not seem to mind if his unofficial intelligence gatherers peddle the material they collect for money.

5. The facts on the BUZZI operation contained in paragraph 4 of MAY-A-6882 should be brought to the attention of PCB which also has a case officer spending considerable time on a study of the BUZZI material obtained through both Usage and Offspring. A meeting between [] or [] and the PCB case officer, who has also had considerable GI experience, would seem advisable even if no exploitation through Greengrocer 1 is intended. It is not quite clear from the text whether [] has compared the Usage reports on the BUZZI affair with those received from Greengrocer 1. (It is also not clear whether [] has read MAY-A-4833.)
6. Greengrocer 1 has indicated that he knows that U.S. Intelligence is obtaining the STERNBACH material. It would be valuable if [] could discover which of the numerous connections with U.S. Intelligence Greengrocer 1 is aware of:
 - a. STERNBACH - BRASS - Offspring - USIS
 - b. STERNBACH - MÜLLER (DIETRICH) - HITSCHMAN - Usage - USIS
 - c. STERNBACH - MÜLLER - MANDL - M. ALBER - Offspring - USIS

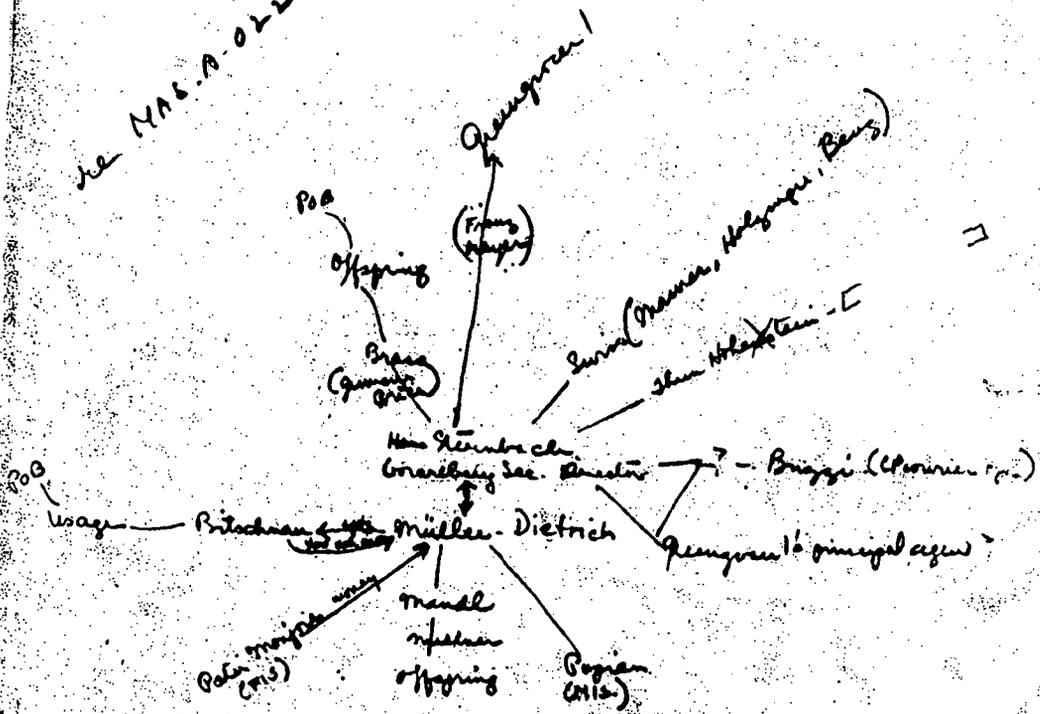
Until this question is answered, the validity of the discussion in paragraph 11 of MAY-A-6882 cannot be judged properly. It is our impression that the Austrian police is not fully aware of Usage's position in the intelligence picture. A recent [] report describes him as an agent for GIC and a traffic violation summons was addressed to Usage via GIC Salzburg in later October 1950. It is by no means clear if Greengrocer 1 is aware of the original Usage - Offspring connection or of the split between the two. Since the bulk of the STERNBACH "take" reaches us through Usage, it is important to know if Greengrocer 1 considers him a representative of German intelligence. This question is important not only to our relations with Greengrocer 1, but to the general question of HIM's attitude toward Usage and his activities in Austria.

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re MAS.A-022



re MAS.A-022 - re Muller - (ref. names given in Mas.A-022)
 re MAS.A-022 - Muller's analysis -

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