

VIA SECRET
EXEMPT AS OF 25 1966

DISPATCH NO. SDPA-13456

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CLASSIFICATION

TO : Chief, IE
FROM : Chief of Base, Frankfurt
SUBJECT: ~~SECRET~~ Operational/CADORY/CAEDGE C-120

DATE: 19 November 1956
INFO: COM

MEMO: Meeting with CAEDGE C-120 on 1 November 1956

REFERENCES: A. SDPA-12659
B. SDPA-2712
C. SDP-1626

[Signature]

1. Meeting Arrangements. The Case Officer telephoned CAEDGE C-120 at his factory on 23 October and mentioned that he was planning a trip which would take him through Stuttgart and Munich and that he would like to arrange his schedule so that the two could have dinner together. CAEDGE C-120 seemed glad to hear from [redacted] and stated that he was planning to meet someone in Wiesbaden on 24 or 25 October and that he intended to call the Case Officer during his stay in the area. The Case Officer suggested dinner and a few night spots while he was here and it was agreed that CAEDGE C-120 would telephone [redacted] on arrival.

2. On 26 October CAEDGE C-120 telephoned [redacted]'s office, stated he was not coming to Wiesbaden, requested that [redacted] come to his home during the evening of 2 November. On 29 October, CAEDGE C-120 called again, stated he was coming to Wiesbaden on 1 November. The meeting finally took place at the bar of CAEDGE C-120's hotel, Messauer Hof, in Wiesbaden at 1500 hours, 1 November.

3. CAEDGE C-120's greeting of [redacted] at this second meeting was most friendly. He explained that he had planned on having dinner with [redacted] in Frankfurt but had decided to stay in Wiesbaden because he had met an old friend who happened to be working there -- a young model who lives in Munich but models in France, Italy, and Germany. He planned to pick her up at 1900 hours in Biebrich, just outside of Wiesbaden, where she was working. [redacted] and CAEDGE C-120 talked in the bar until 1900 when both departed in CAEDGE C-120's car to pick up the model and bring her back to the Messauer Hof where she also happened to be staying. When the group arrived back at the hotel, she excused herself to take a nap; she appeared again at 2100 hours. In the meantime, [redacted] and CAEDGE C-120 talked while waiting in the car. When she arrived the trio went out to dinner and afterwards to the casino, where the young lady played roulette. The evening broke up at 2200 hours, 2 November.

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4. CAEDGE C-120's Comments on Political Topics. A large portion of the time spent with CAEDGE C-120 before his friend came down from her nap was spent in discussion of current political affairs in Germany. Reference C. contains the positive intelligence learned from CAEDGE C-120 which included (a) his evaluation of the recent Laender Communist results and their effect upon CDU potentialities for the 1957 national elections, (b) formation of a pressure group by certain influential CDU personalities (including CAEDGE C-120) to get Adenauer to name his successor in the near future, (c) candidates for the Chancellorship, (d) coalition possibilities for 1957, and (e) CDU campaign themes for 1957 elections.

5. CAEDGE C-120, Chairman of Identity One. *Werns, ...*

a. Identity One is an organization which was established for the purpose of subsidizing independent newspapers which are in danger of going into bankruptcy. When Identity One takes over a paper, every effort is made to make it self-supporting. If this cannot be accomplished, consideration is given as to whether the money should be used for continuous subsidy of this paper or be expended for another purpose which would appear more productive. At present, Identity 2 is a problem in that they have been unable to get it out of the red. The paper has a circulation of about 26,000. CAEDGE C-120 does not believe there is sufficient interest in Berlin to keep the paper going. He has not yet decided whether to liquidate or not.

b. Funds for Identity One come primarily from industrialists. Small contributions are also collected from the Foerderergesellschaft. CAEDGE C-120 states there is no problem of obtaining sufficient funds for the Identity One, but there is a definite problem of finding able personnel to take over new projects as they arise.

c. Most successful venture of Identity One to date is a mat-service which sends material ready to print to any newspaper which wishes to buy it. Circulation of newspapers using the service totals about 500,000.

d. CAEDGE C-120 describes the Identity One project as a non-political enterprise which wishes to guarantee only that worthwhile independent newspapers remain in existence. He then added that "they," implying CDU, send out a few items to the papers just before elections suggesting that they be printed. CAEDGE C-120 laughed heartily after making the comment.

e. (COMMENT: [] believes CAEDGE C-120 said Identity One had taken over about 20 newspapers and that the organization had been started in 1951. Case Officer is not certain of this, however.)

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6. CAEDGE C-120 Coal Mine. In 1951 CAEDGE C-120 bought a small coal mine in the Ruhr. It has been successful. He reports profits of about DM 2,000,000.00 per year. One reason the mine is so profitable is that he supplies all the needs of his own enterprises for coal and gets it for DM 40.00 per ton cheaper than if he were to buy it on the regular market.

7. CAEDGE C-120 Shipping Venture. Two years ago, CAEDGE C-120 and Identity 3 purchased a coal freighter together. By renting it out on contract, sufficient profits were made in two years to pay for the ship. The two are now building an 18,000 ton freighter for DM 40,000,000.00 (?). Ordered in April, the ship will be completed in November. CAEDGE C-120 expects the ship to pay for half of its original cost within three years. CAEDGE C-120 stated that Identity 3 was a most interesting person to know and that Identity 3 should really meet him. He did not offer to make the introduction, however.

8. CAEDGE C-120 a Friend of CATUROCK-1. He has known him for years. He saw CATUROCK-1 in Dusseldorf earlier this week. According to CAEDGE C-120, he and Identity 3 disagree with CATUROCK's idea of buying American Liberty Ships to haul coals. The ships are old and will be more expensive to operate than new ships. In the long run, CAEDGE C-120 believes CATUROCK-1 would be far ahead if he built new ships even though the initial cost will be higher.

9. CAEDGE C-120 -- An Executive Board Member of Identity 5. The Board has six members, two CDU, two FDP, and two SPD. Identity 5 is the Chairman. CAEDGE C-120 brought up the subject while he was discussing wine. Identity 5 supplies an abundance of wine for the meetings of the Board and all members are usually in high spirits by the end of the meeting. CAEDGE C-120 commented that it was one of the best places he knew to get surely drunk. Identity 5, who was an imposing political figure a few years back, now drinks eight liters of red wine each evening according to CAEDGE C-120. CAEDGE C-120 says that Identity 5 must use two hands to lift his wine glass because of his shaky condition.

10. Egyptian Colonel Nasser.

a. In Dusseldorf last week, CAEDGE C-120 encountered Colonel NASSAR (not to be confused with Nasser) and a group of Egyptian Colonels. CAEDGE C-120 had known Nasser in 1951 while CAEDGE C-120 was working for the Stettinius enterprises in Egypt. He described Nasser as a very able type who is head of Egypt's Federal Housing Authorities. -1956

b. In Dusseldorf, Nasser told CAEDGE C-120 that he was in Germany to determine what the attitudes of the Germans would be toward Egypt in view of their seizure of the Canal. CAEDGE C-120 told him

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that he was sure any German businessmen would be interested in good sound business propositions if the Egyptians had something to offer. He said Nasser was making a deal in Germany for the manufacture of fiber blocks for building houses. This was before the British-French action in Egypt.

11. CAEDGE C-120 plans to visit the U. S. in May of 1957.

12. Next Meeting. When the Case Officer left CAEDGE C-120 and his model at his hotel, CAEDGE C-120 said that [redacted] must let him know when he is coming to Stuttgart and Munich. He added also that he would look [redacted] up when he comes to Frankfurt. [redacted] stated that he would probably be passing through Stuttgart early next month.

13. Discussion and Comments.

a. The evening with CAEDGE C-120 and his young model friend went extremely well -- particularly in view of the fact that it lasted over eight hours. CAEDGE C-120 has the relaxation, affability, charm, and apparent feeling of security, which one sometimes finds associated with being a member of an old, well-to-do family. Although he is apparently an able and successful businessman, he has few of the attributes included in our stereotyped expectations of the executive type. He doesn't try to dominate the conversation but chats along easily on many different topics. Although he has a scientific background and devotes a large portion of his time to business and a smaller part to politics, he also apparently is interested casually in the theater and psychology, and, less casually, in models. He seems to be lacking in nervous mannerisms -- he doesn't smoke (except for a cigar or two after dinner), nor does he nibble continuously on munchies at the bar. He drinks amply but does not appear to be a heavy drinker -- sipping slowly as he talks. His propensity to laugh or even giggle at the right time in his own and in other's conversation is a definite stimulus in keeping the conversation flowing.

b. CAEDGE C-120's model friend is about 25 years of age and would compare favorably with our preconceptions of what the Parisian mannequin should look like. She and CAEDGE C-120 apparently know each other rather well. They are on a per di basis and often addressed each other as "darling" (she speaks excellent English) -- mentioned the times they had been together in Paris, Munich, and other places. By way of explaining his acquaintance with her, CAEDGE C-120 told [redacted] before the two went to pick up the young lady that he traveled frequently and that he disliked spending evenings alone. Thus, he knew people all over Germany whom he called upon when he had time and he was thus able to spend many of the evenings away from home pleasantly. The model came into the grouping. He stated further that the young lady was most independent. She earns a very good living and would like to become a directress for a fashion house.

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o. The Case Officer, of course, is curious to know just why CAEDGE C-120 is willing to spend so much time with him. The above explanation -- nice to have friends in many cities when traveling -- is the one which [redacted] had planned to use to an extent with CAEDGE C-120 but CAEDGE C-120 beat him to it. However, [redacted] concurred in CAEDGE C-120's analysis of the problems of the traveler to fulfill his sociability needs and added that it was particularly interesting to have contacts who were able to discuss political topics. (At the last meeting /the first/ with CAEDGE C-120, the Case Officer told him that he would be interested in stopping off to see him in Stuttgart when he came through so that he could discuss political events with him.) Several points as to why is CAEDGE C-120 willing to meet with [redacted] should be mentioned:

(1) The most obvious explanation is that [redacted] was introduced to CAEDGE C-120 by [redacted] as a friend from OMACID in Frankfurt who was traveling through Stuttgart and who [redacted] had met unexpectedly and asked to come to dinner with CAEDGE C-120. CAEDGE C-120 could well assume that [redacted] and [redacted] have similar interests. We can also assume that he regards his contact with [redacted] as an important one and he is therefore willing to talk to [redacted]. One remark made by CAEDGE C-120 could indicate that he assumes the relationship between [redacted] and [redacted] to be closer than the two have indicated -- when Identity One was brought up he introduced the subject by saying, "You know about my newspaper project." Since the Case Officer only knew of it through one of [redacted] reports, he replied that he did not recall it.

(2) A second point worth mentioning is CAEDGE C-120's obvious interest in discussing German politics and of telling of his behind-the-scenes influence. At this meeting he took delight in explaining how the older generation had failed during the last war and after the hostilities, a group of young men decided to take over. To this group belong [redacted] Pratzner, CATURGOR-1, Identity 3, Economic Ministry, [redacted] and CAEDGE C-120, and others. Although CAEDGE C-120 says he will never have time to accept political office because of his business activities, he apparently enjoys the power and prestige of his behind-the-scenes political role.

(3) [redacted] had insisted on paying for most of the bills because he had been [redacted] and CAEDGE C-120's guest in Stuttgart at the first meeting. CAEDGE C-120 did not object and the Case Officer spent about DM 62.00 in the bar plus DM 94.00 for dinner. From this, CAEDGE C-120 must assume either that [redacted] can afford to do this or that he gets reimbursed by OMACID.

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14. Preliminary Evaluation of Operational Potential. At this early stage in our assessment of CAEDGE C-120, it would appear that CAEDGE C-120's role as an influential industrialist and behind-the-scenes political manipulator, combined with his willingness to talk freely with the Case Officer, presents opportunities of multiple operational potential:

a. CAEDGE C-120 would appear to be an excellent source on the policies and plans of the CDU and of the attitudes and trends of different factions within the CDU. Reference C. would appear to support this estimate. As Chairman of Identity 6 and as executive member of Identity 7, he should be knowledgeable of CDU economic policy. His close association with individuals on these two bodies and with industrialists and political figures may also give him access to information on the financing of the CDU.

b. CAEDGE C-120 appears already to be a political action figure in his own right, judging from his account of his participation in a pressure group to ~~coerce Erhard~~ to name his successor in the near future (reported in Reference C.). He spoke of himself and his colleagues organizing this group. Although he did not give a complete picture of his actions in this regard he did state that he had succeeded in obtaining the support of Identity 3, that he was going to see Minister President Gebhard Mueller of Baden-Wuerttemberg and was sure of gaining his cooperation in this action. It is hoped in future meetings to determine whether CAEDGE C-120 would be susceptible to being influenced while he is in the process of influencing other political figures.

c. CAEDGE C-120 may be in a position and may be willing to introduce the Case Officer to individuals of high level productive or operational importance. For instance, at the first meeting with CAEDGE C-120, he mentioned, after hearing that [redacted] was an ODACID political officer, that he would introduce the Case Officer to Minister President Gebhard Mueller of Baden-Wuerttemberg. He was also going to send the Case Officer an invitation to a meeting in Baden Wuerttemberg which would be addressed by Economic Minister Erhard and ~~Frank~~. The meeting apparently never took place as scheduled since Erhard had to be in Berlin. Further, CAEDGE C-120 mentioned at this meeting that [redacted] should meet Identity 3, but he did not offer to make the introduction. Identity 3, whom CAEDGE C-120 calls the "World King of Importers" in his field may be a significant intelligence target.

d. And finally, there is the obvious public opinion influencing potentiality of Identity One. As a mechanism to purchase or fund publications or to plant propaganda material or to place indigenous writers or newspaper types under cover, it could possibly

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be useful. Through a cut-out source, we are having a Schimelpfeng check made on Identity One.

16. Your comments would be appreciated.

17. It is requested that an additional crypt be given CAEDG C-120 for use in reporting upon him as a potential source.

APPROVED:

Attachment
Identity List under separate cover

15 November 1956

Distributions:

3 - EE (DIRECT) w/att w/a/e
2 - COS w/att w/a/e

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SEPARATE COVER ATTACHMENT TO EGFA-13456

IDENTITY LIST

Identity One

Handwritten: WUPA, Düsseldorf

Handwritten: Ernst Thälmer's Berlin newspaper -
Der Kurier

- 3 - Eric Blümmfeld, coal importer and former head of Hamburg Block, Die Bremer *CIT: Germany*
- 4 - Württembergische Bank, Stuttgart
- 5 - Reinhold Waier
- 6 - CDU Econ. Advisory Committee, Baden Württemberg
- 7 - Federal Economic Advisory Committee of CDU

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