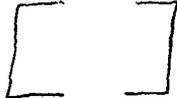


VIA: AIR
(SPECIFY AIR OR SEA ROUTE)

DISPATCH NO. EGMA-27587

SECRET
CLASSIFICATION



TO : Chief, EE

DATE: 5 July 1957

ATTN:
FROM : Chief of Base, Munich

INFO: COS, Germany

SUBJECT: GENERAL— Operational/CART/CASTONE

SPECIFIC— CASTONE 4, Contracts

- REFERENCES:
- A. EGMA-19173, 12 February 1956
 - B. EGQA-74555, 15 February 1956
 - C. EGMA-21234, 28 May 1956
 - D. EGMW-3019, 1 October 1956
 - E. EGMW-3021, 30 October 1956
 - F. EGMA-23917, 7 November 1956
 - G. EGMA-27545, 28 June 1957
 - H. EGMW-4242, 18 June 1957

Headquarters' Action Required

Amendment of the CASTONE Project to provide death benefits for CASTONES 4, as requested in Paragraph 7 below.

Pay Raise Policy

1. Although Reference H agrees with the provisions of the CASTONE pay raise policy as set forth in Reference F, it expresses certain doubts which we feel obliged to resolve. In order to explain our policy, we feel it best to go over all the correspondence on the matter, which is listed above as References A through H.
2. In Reference A, we proposed that the CASTONE Project be amended to provide for a raise of DM 50.00 per month every six months for each CASTONE member. In Reference B, Chief of Station informed us that Chief of Base approval would suffice for pay increases requested for In Reference C, which requested renewal of the Project from July 1956 to July 1957, the pay raise policy was specifically spelled out, and in Reference D, which forwarded the revised Project Outline to the field, the proposed system of salary increases was included and, we assume, approved. Reference E requested information on CASTONE salaries vis-a-vis the ODIBEX pay scale, and Reference F supplied what we hoped was the required information.
3. Although we find it rather difficult to understand why the ideas which we proposed were approved by KUTUBE in 1956 and later rejected by them when submitted in field contract form, we believe that the difficulty must lie in their interpretation of the wording of the contracts. Although each contract does not set a limit on the number of raises to

NAZI WAR CRIMES DISCLOSURE ACT

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- EXEMPT FROM DISCLOSURE (b)
- EXEMPT FROM DISCLOSURE (c)
- EXEMPT FROM DISCLOSURE (d)
- EXEMPT FROM DISCLOSURE (e)

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which the individual is entitled, this does not mean that he will continue to receive pay increases for an indefinite period. On the contrary, each contract is good for one year only, and must be renewed in writing at the end of the contract year. When the contracts were drawn up by [] of the COS legal section a specific limit was not placed on each person's salary, because in each case the contract would come up for renewal before the individual would reach his salary limit, as defined in References A and F (DM 1400 per month for a team chief, DM 900 for a team member). [] felt at the time that it would be more practical, legally speaking, to attach an amendment at the time of renewal removing the pay raise clause than to incorporate a limiting clause in the original contract.

4. We trust, then, that your fears that we will continue to increase CASTONE salaries indefinitely have been allayed. In any case, the discussion is somewhat academic, as the difference between what they are earning as of this writing and what they will earn when they have all reached their limits amounts to \$25.00 a year.

Death Benefits

5. We regret that we included death benefits in all three contracts without such benefits being provided for in the Project Outline, but must plead ignorance in this regard. We have searched our files here and can find no regulation to cover this contingency; the closest thing to it is a sentence in Paragraph 9 of Field Instruction 236-1 which states that Field Instruction 20-4 will be issued shortly and will govern the hiring and terminating of contract personnel in the field. 20-4, however, has not been received at this Base.
6. In response to Paragraph 3 of Reference H, we feel strongly that death benefits should be made available to [] CASTONES. While normal surveillance does not ordinarily expose the surveillant to mortal danger, in the past the CASTONES have been required to perform tasks which could have severely injured or even killed them. Discounting the almost routine instances where they run red lights in their vehicles or cross streets on foot through heavy traffic in order to keep up with a suspect, they have been instructed to do such things as run a vehicle containing a fleeing MOB agent off the road and to participate in pick-ups of RIS couriers, either of which could have resulted in injury or death. In addition, since the majority of German employers contribute regularly to a fund which compensates the families of their employees in the event of death either in or out of the line of duty, we feel that it is necessary to include provisions for a smaller payment in case one of the CASTONES dies while not acting under our instructions.
7. In order to supply the CASTONES with benefits commensurate with those enjoyed by a normal German employee and to fulfill what we believe to be our

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