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file - Gehlen - 201

KUBARK/ZIPPER AREAS OF CONFLICT

9. Currently the following represent the areas of unresolved differences between KUBARK and ZIPPER:

a. UJ DUSK and related activities are producing intelligence which UTILITY is passing to UPTHROST and not passing to KUBARK.

b. UTILITY is no longer making any pretense of effecting coordination with us regarding his "Third Party" relationships both within and outside of Germany; he is carrying out routine clandestine exchanges of intelligence with other services and systematically developing liaison arrangements with other services.

Contracts w/ foreign intelligence

ZIPPER sought ZIPPER relationships with two or three [redacted] of [redacted]

SECRET

German offices in Berlin that handle US intelligence material or are directly involved with US intelligence agencies.

d. ZIPPER is intentionally dragging its feet on a number of unresolved security cases such as UJ DREADFUL. Not only ZIPPER security but a considerable amount of US funds is involved in these cases.

e. UTILITY has, over a period of years, systematically taken into the "Headquarters intelligence costs" account of all cases and sinecures which have been a matter of sharp POB/ZIPPER difference of opinion. His subordinate staff can no longer be held responsible; only UTILITY is authorized to discuss these cases with [redacted]. Just how far UTILITY should be permitted to go in this manner has always been difficult to determine. Since his own personal ties (brother Giovanni, CHALLNER, AUNER, 20-odd "special connections") are involved, direct criticism by us produces a personal and subjective reaction by UTILITY. More serious, the extent of our knowledge of these cases is such that, confronted with the material, UTILITY would probably initiate an immediate crack down on the amount of information that flows into POB through routine administrative reports, travel vouchers, etc.

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10. Our present thinking is that we will avoid any open friction with UTILITY over these issues until the political developments between now and 1 July are behind us. If legislation is possible under any circumstances during the summer, it would make no sense to quarrel with UTILITY at this time. On the other hand, we may not wish to continue to blink at all of these matters if KUBARK sponsorship for a prolonged period is indicated.

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