

OFFICIAL DISPATCH

VIA: Air
SPECIFY AIR OR SEA POUCH

DISPATCH NO.: MGL-A-23

SECRET
CLASSIFICATION

DATE: 21 June 1949

TO : Chief, Foreign Branch M ✓
FROM : Chief of Station, Karlsruhe *cl/22a*
SUBJECT: General - Operational
Specific - ODEUM Interest in Austrian Intelligence Circles
REF :

Summary: Dr. Schneider, ODEUM Chief, recommends creation of a US dominated intelligence roof organization in Austria to oust the influence of Dr. Wilhelm HOETTL, former SD personality inimical to ODEUM activities through Austria. Schneider candidate to head such an organization: former General LARSEN. Recommended action: FBM discussion with []

1. Developments in the intelligence field in Austria are a matter of primary interest to ODEUM since many of their operations are dependent on lines extending through Austria. The fact that the US agencies have sponsored the growth and reestablishment in Austria of elements of the RSHA which are inimical to Dr. Schneider and his project has long been a subject that prompts most vehement reactions from Schneider. He particularly deplors the support that has been given to Dr. Wilhelm HOETTL whom he considers to be a man of such low character and poor political record that his use for intelligence activities, regardless of how profitable they may be, is a shortsighted policy by the US.

2. It is a recognized fact that USFA Intelligence agencies have substantially backed the intelligence activities of Wilhelm HOETTL, Karl von WINKLER and other former German and Austrian Intelligence personalities linked with them in war and post-war intelligence activities. Major MILANO stated in the spring of 1949 that this group, now in some way politically connected with Herbert KRAUS' 4th party, has received approximately \$200,000 from USFA since the end of the war.

SECRET
CLASSIFICATION

REGISTRY COPY

1 att NW

-7187-

SECRET

3. Initially, I was inclined to dismiss Schneider's consistent attacks on HOETTL as being personal bias resulting from the historical antagonism between the SD and the Abwehr. However, conversations with [redacted] in Karlsruhe, 15 June 1949, threw considerable new light on the entire matter. [redacted] spent months interrogating HOETTL, URBAN and others involved in intelligence activities in Austria and the Balkans during the war, but had only recently heard that their reestablishment in the intelligence field was being sponsored by US agencies. His statements contained conclusive evidence of the undesirability of any US agency supporting HOETTL and his group--particularly in view of the fact that they have, in the past four months, become increasingly active in the political field. [redacted] stated that upon learning of HOETTL's activities he had recently initiated a letter to FBM outlining his reactions to HOETTL during the extensive interrogation in 1945.

4. Several weeks ago I suggested to Schneider that he reduce his views on the Austrian situation to writing. A few days after that I talked with [redacted] who was in Munich discussing the relationship of MOB to the vienna station, and informed him that I would forward Schneider's views to FBM in sufficient time to ensure that he could discuss them with the appropriate FBM staff members prior to his return to Austria.

5. The attached study, Preparatory Measures for the Future Organization of an Austrian IS Under the Predominant Influence of the United States, was prepared personally by Schneider. It is obviously written solely from the ODEUM point of view but may contain some thoughts of interest to [redacted]. Although I have read it carefully, I do not feel qualified to comment without further examination of ODEUM's Austrian situation. [redacted] stated that he also knew LAHOUSEN and that his interrogation in 1945 revealed no derogatory information.

6. I note that the ODEUM files contain an extensive dossier of current information on HOETTL and his present connections. The volume of this file and the fact that it is in German precluded its inclusion with this dispatch.

INCL-1 Dr. Schneider's comments on the future organization of an Austrian IS, dated 14 June 1949

Dist:

- 2 - FBM (1 w/o incl.)
- 1 - COS, Karl (w/o incl.)
- 1 - POB file

SECRET

RESTRICTED COPY