

SECRET

PROJECT STATUS REPORT					1. REPORTING PERIOD	
NOTE: See instructions on reverse side.					July 1955	
2. CRYPTONYM		3. DIVISION OR BRANCH		4. COUNTRY		5. APPROVAL
A. PROJECT	B. SUB-PROJECT	TARGET	BASE	ORIGINAL	BR #	DATE
OSCAR		Austria	Austria		20/P	7 Aug 55
6. NAME OF CASE OFFICER		ROOM NO.	EXTENSION	SIGNATURE OF CASE OFFICER		
L		2305 E	8392			
7. TYPE OF PROJECT		8. PERSONNEL		9. FUNDS FOR CURRENT FISCAL YEAR		
PP	XPM	FI	AUTHORIZED	ASSIGNED	A. CURRENT PROJ. CEIL.	B. CUM. ALLOTMENT
STAFF AGENT		T/O	None	None	\$ 40,000	\$ 2,000
CONTRACT		AGENTS	None	None	\$	\$

10. **a. Action Reported by Field:**

(1) **Caching**

During the reporting period, two staff employees in the Field and 21 USFA soldiers emplaced in the ground approximately 10 sabotage caches and 4 air reception caches in the U. S. Zone of Austria.

On 1 August, caching in the British and French Zones by three staff employees will commence.

Cache folders for 13 of 1954's 45 caches have arrived at Headquarters from Salzburg.

A cache folder file has been prepared by the OSKAR case officer which will enable him to turn assigned caches over to OSKAR personnel at a moment's notice, should the need arise.

(2) **Intelligence and Access**

Spotting, assessing, and recruiting of candidates for positions in the E & E organizations in Austria is continuing. (OSKAR, OSKAR, OSKAR and OSKAR).

(3) **Intelligence**

Agents OSKAR and OSKAR, 2 single agents of Hungarian nationality, are planning to emigrate to the U.S. OSKAR's W/T set has been recovered by his case officer and he has been terminated. OSKAR had not been issued any W/T equipment and it is expected he will be terminated soon.

A review of OSKAR's internal radio network (facilities for use by the organization's riot-breaking squads) has been carried out. A decision was reached by the Field to no longer provide special sums of money to OSKAR 1, the principal agent, for the purchase of new communications equipment. With the withdrawal of the Soviets from Austria and the strengthening of the Austrian executive arm in the form of an Austrian Army, there is no further justification for building up OSKAR's internal radio network. However, OSKAR 1 has been informed that we will continue to give him technical advice on communication matters.

REMARKS (Any important information on communication matters.)

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(4) Training

W/T training of agents from the E & E and PM organizations is continuing.

A plan to provide training in the U.S. for one of GRDAGGER 1's lieutenants was broached to GRDAGGER 1. The training would be in the field of Communist Party operations and in return for this training, we would expect to receive the information thereafter developed by this person in Austria. GRDAGGER 1 appears to consider this plan favorably.

The PM 3 day refresher course for 1954's ⁴ six trainees was presented in Austria during the reporting period.

(5) Administration

A dispatch discussing in detail all Austrian PM activities has been received from the Field. In this dispatch, a number of questions are raised regarding the future of these activities in light of both the Austrian State Treaty and recent assessments of the PM organizations, GRLAUNCH and GRDAGGER. Headquarters and the Field will exchange views in order to resolve these questions.

d. Security Factors

The question of the security of the GRLAUNCH PM organization has been and remains a crucial issue. There is little doubt that the existence of GRLAUNCH's resistance organization is (and has been) known to the Austrian authorities among others. This knowledge has been the result of a neglect of the principles of compartmentation in the early stages of organization, the knowledge possessed by former members of the group, and GRLAUNCH 1's (the principal agent) friendships and associations with people in official positions, intelligence work, and otherwise. The project case officer has been carefully monitoring all the above aspects and is attempting to reduce some of the present security hazards.