

SECRET / NOFORN

OPERATIONAL AND SOURCE COVER SHEET

FROM: Italy REPORT NO. OIR-24848

REPORT MADE BY: NO. PAGES: 4

REPORT APPROVED BY: *ME* NO. ENCLOSURES: 1 env. (HQ only)

DATE OF REPORT: 13 September 1957 REFERENCES:

DISTRIBUTION:

By copy to: Washington (5) Files: Plan LALUXE
Chrono

Orally to:

SOURCE CRYPTONYM: ID NO. IG NO.
KRYPTON: YES NO

SOURCE, OPERATIONAL DATA, AND COMMENTS:

- Comment:
- The attached report was received directly from by . What 's precise motives are in handling such a report to remain complex but basically intended to "insure" with the American Military I.S. with whom still occasionally in contact. It is extremely interesting that reporting on the same HASS meeting to thence to KUBARK, left out all of the LUONGO details, all of HASS' gas regarding the incompetency of the U.S. service, etc., and in effect gave only HASS' present activity. Whether this was at request or 's own decision, we do not know.
 - HASS of course had the luck (good luck for KUBARK in this case), to fall in with CIC immediately after the war, and the voluminous File at Headquarters will give an idea of his extremely checkered and shady intelligence activity since. We are attempting to gain from HASS more precise information on the "proof" he has against U.S. officials; a good deal of it can probably be explained logically in terms of operational necessity. HASS has apparently not realized all through the years that he has been in touch with a military counter-intelligence organization of great variation in terms of efficiency; know-how and sophistication, and that this organization has no capabilities for positive international operations (and if it did, it would hardly entrust them to a character like HASS). Never once, in my recollection, has HASS wittingly directed himself to KUBARK or that he has a definite knowledge of that organization and its competency.
 - Incidentally the hapless LUONGO, on whom there is also a Headquarters dossier, once attempted to achieve KUBARK status, but was turned down (in 1950 if memory recalls) because of doubt concerning his integrity or veracity.

Declassified and Approved for Release by the Central Intelligence Agency Date: 2005

1 ATT RI COPY FORM NO. 51-59 NOV 53 PREVIOUS EDITIONS MAY BE USED.

SECRET / NOFORN

NAZI WAR CRIMES DISCLOSURE ACT

- EXEMPTIONS Section 3(b)
- (2)(i) Privacy
 - (2)(ii) Methods/Sources
 - (2)(iii) Foreign Relations

NOT AVAILABLE COPY

SECRET / NOFORN

FIELD INFORMATION REPORT

COUNTRY: Italy/Germany

REPORT NO: 012-24848

SUBJECT: Plan LALUXE - The Adventures of
Karl HASS (continued)

DATE OF INFO: 14 August 1957

DATE ACQUIRED: 18 August 1957

PLACE ACQUIRED: Italy, Rome

DATE OF REPORT: 13 September 1957

SOURCE, SOURCE EVALUATION, APPRAISAL OF CONTENT: []

1. Subject reappeared at Source's residence on 14 August 1957 and stated that he had returned only two days before after an absence of several months from Rome. During the interim he had rented his home at Castelgandolfo, near Rome, for the summer season until the end of August. He is currently living with his family at Genzano with the GIUMINI family.
2. Subject was in excellent health, relaxed, certain of his future, and very cordial. The following represent the gist of his statements to Source during their conversation.
3. Subject is still working for the German Graves Registration Commission in Italy. During the months past, he operated in Piedmont, Val d'Aosta and Trento area, with brief visits to France and Switzerland. He is now in Rome on leave, but is also working in the Rome office to increase his earnings. He will perhaps go soon to the Taranto region to locate German graves there. Then at the end of August he will return to North Italy where the job of graves location and recovery will go on until the first rains. Then the entire unit will move to Southern Italy. Subject anticipates that his office's work in Italy will continue for two or three more years. Then a year's work in Greece is foreseen once that is finished and if negotiations between Bonn and the USSR work out favorably, as they are expected to do, Subject will move to the USSR to direct the recovery of the graves of German dead in that country. Subject is studying Russian.
4. Subject said that he personally has no fear about going to Russia: he is certain he is no longer of the slightest importance to the Soviet I.S., as he is convinced that the Soviets are extremely well informed by their own agents plentifully infiltrated into the most secret offices of the American services, which are directed by incompetent and corrupt bureaucrats who are devoid of the most basic culture, moral sensitivity or personal courage. These considerations, as well as others set out below, are conclusions which Subject has reached after several years of direct and indirect contact with top level leaders in these (American) services and after recent experiences which Subject would not for the moment clarify.

RI COPY

SECRET / NOFORN

43-6-93/4

BEST AVAILABLE COPY

SECRET / NOFORN

OIR-24049
13 September 1957
page 2.

5. Subject's position within the German organization for which he works has not improved as was expected; he still has the post of administrator of the operational unit and is not its chief, as he had hoped, and as Source had reported in a previous report. According to Subject, this is due to an unexpected change of the director of his office and to a derogatory report which the American Colonel (sic) Joseph LUONGO, his old boss, had allegedly sent to the German Ministry of Defense in Bonn concerning Subject. Subject stated that he has been able to get a look at a copy of this report. He also affirms that he has been able to reach a full clarification of his position and prior activity both with Bonn directorate of his (Graves Registration) office as well as this office's director in Rome. All of these people are now fully backing him and approve of his work unconditionally.
6. Moreover, according to Subject, the West Germany Ministry of Defense in Bonn has intelligence material of a very serious nature against Joseph LUONGO (Field Note: No doubt furnished fully or principally by Subject himself.). LUONGO is allegedly currently in Italy at a U.S. air base at Vicenza with the official duties as chief of a C.I.D. unit (Note: probably means CIC). With this cover, LUONGO is still carrying out political-military intelligence activity. The Colonel's monthly salary is reportedly around one million lire.
7. Subject intends to attack LUONGO via official channels before many months, after consolidating his own position with the Bonn Government. Subject states that he possesses proof of such seriousness against LUONGO as to cause his demotion and trial by an American military court-martial. These proofs range from corruption to treason by activity against U.S. military interests. Subject states that his action will also involve the topmost directors of the American services in Europe who directly or indirectly pushed him (Subject?) into carrying out operations which were illegal and contrary to American interests, and then abandoned him to his fate. For the present, Subject did not wish to clarify the nature of the proofs in his possession. (Source recalls that in the past Subject had said that he had proof that in many circumstances agents who were sent on missions into Soviet-occupied countries, were immediately reported to the Soviets by the American officials directing the operation, and then carried on the administrative books for years in order to pocket the funds these agents should have received. These statements should not be underestimated because especially in Austria, Source can state that Subject was in a position to carry out such observations.)
8. In going over the story of his contacts with the American service, Subject stated that from the moment he was taken on, he had made it a point to advise the responsible officials of his past activity, in order to avoid any doubts in the future. He pointed out that nevertheless from time to time his

SECRET / NOFORN

EST AVAILABLE COPY

superiors rebuked him about some of his past exploits as if these were entirely new to them, and that these past episodes were used as a means of illegal pressure on him, especially in justifying the arbitrary cut in his pay as originally established. Subject states that he began his collaboration with the American services with the most loyal intentions, believing that they would actually want to use him in the fight against Co Communism. Now, after many years of the most varied experiences, he has reached the conclusion that the strategic plan of these (American) services envisages only a modest peripheral surveillance activity against Communist moves and deliberately excludes decisive action.

9. According to Subject, the presence of strong Communist currents in the West favors American economic and political penetration, and the American service is therefore forbidden to act in such a manner as to deprive its government of such an excellent pretext for continuing its meddling in European affairs. Subject states that every time he was on the point of mounting a solid operation against the Communists, even after months of work, he was always stopped with varied excuses, and the same thing happened to many of his friends, some of whom were working in the most important director offices in Europe. This situation, according to Subject, was aggravated by a massive infiltration by Soviet agents into the U.S. Intelligence Services, an infiltration which was made very easy by the incompetence of U.S. leaders, described as men for the most part lacking in culture in the European sense of the word, immoral and devoid of ideals.
10. Subject stated that after some time these realizations induced him to change his loyal conduct that he had set for himself; from that moment he sought to compromise himself as little as possible in the fight against Communism in the fear that he would be reported to the enemy by his own superiors and derided. He holds that the very mechanism of the American service is built up deliberately so as to make an anti-Communist operation in depth a priori impossible, which would in any case be sabotaged in grand style from above.
11. Subject states that in his many months of travelling in Italy, constantly in direct contact with the Italian population, he has had opportunity to study, as a disinterested observer, many political and economic situations, and comes away with the impression that Communism has become very compact (in Italy). The Italian authorities are increasingly inert in the face of this phenomenon; he does not feel like criticizing them, nevertheless, because in his view it would be very naive for the Italians to take an anti-Communist initiative which would then be secretly sabotaged by the topmost American leaders.
12. To Source's observation that these conclusions are contradicted by the firm anti-Communist position of West Germany, Subject replied that the contradiction is

[]
~~SECRET~~

BEST AVAILABLE COPY

SECRET / NOFORN

01R-24848
13 September 1957
page 4.

only apparent; a situation of equilibrium between Communism and anti-Communism in Italy and France is desirable to the American economic penetration of these countries; thus also the clear anti-Communist position of West Germany is desirable for the same reasons, since it makes reunification of Germany impossible. Unification of Germany would inevitably be followed by a revival of German influence in Europe, which might perhaps be desired by American and political and military people but not by the powerful U.S. economic groups who de facto run the country (e.g. the U.S.)

13. Subject states that the U.S. government, under the pressure of gigantic economic forces, is leading its own country and Western Europe to ruin, a destruction which no one will be able to escape, not even Great Britain who, although she is aware of this, no longer has the means or the capacity to conduct a political operation on a world scale. According to Subject, the greatest danger of the situation is not Soviet Communism which, according to him, would not have on hand men capable of holding the West in hand after a Soviet victory, but rather the danger lies in the German and Italian Communist parties which have at their disposal men capable of giving a mortal blow to western civilization.

SECRET / NOFORN

44-642/4

BEST AVAILABLE COPY