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(SPECIFY AIR OR SEA POUCH)

DL. TCH NO. EGFA- 978

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TO : Chief, EE *1*
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DATE: 17 March 1953

FROM : Chief, FHB

SUBJECT: GENERAL— REDCAP/CAPITATION

SPECIFIC— Utilization of KIBITZ-15 in CAPITATION Program

REF: DIR 44576

1. Summary. The revocation of Subject's operational clearance (DIR 44260) and refusal to grant him a POC for work in the CAPITATION program (DIR 44576) constitutes, I believe, a serious mistake. Feeling that a fuller understanding of the factors involved can only result in a reversal of this decision, I have prepared this Eyes Only dispatch in order to discuss freely matters pertinent to the issue which could not be covered in more open correspondence. A policy decision is requested from that POC be granted for KIBITZ-15 to work in the Russian defection inducement field on a 60-90 day trial basis, with assurance an POC will be granted if at the end of the trial period his work shows great promise of producing results.

2. The CAPITATION Program (EGFA-616). I have watched with considerable interest Berlin's energetic but largely unsuccessful efforts in the REDCAP field. In directing to submit the CAPITATION FPO I had two major possibilities for results in mind:

Phase A. By interviewing Sovzone legal travellers coming from areas of Soviet troop concentration to W. Germany, sooner or later running across a number of people with female relatives in close family-type alliance with Soviet personnel—as opposed to the prostitute approach. By restricting our efforts to those Soviets who wanted to marry the girl—and who were thus of necessity already thinking of coming West—and needed only an additional push, with our legal traveller carrying back the good news of life in the West, we have a basically simple and sound defection idea. The only question is that of odds—how many Germans do you interview to find the ideal situation—1 in 25, 1 in 100, 1 in 1,000—if the result is to be worth the effort and cost.

Phase B. To set up a new net, largely operating in the East Zone, which could bring out persons in "A" on whom we had positive leads, and—if we were really lucky—could autonomously develop leads and bring out targets over the Zonal border—always bearing in mind the increasing restrictions on Berlin.

3. Case Officer Personnel. The over-all shortage of mature, trained case officer personnel, which from the field standpoint at least is probably the most serious problem facing KUEARK today, has been reflected in development of the

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- (2)(A) Privacy
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 - (2)(G) Foreign Relations

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CAPITATION program. The only case officer I have been able to get to date is [redacted], who was [redacted]'s leg man on the [redacted] project. [redacted] does not have the qualifications to implement on his own even a comparatively simple undertaking such as Phase "A" above. For Phase "A", we have worked out an ad hoc arrangement where [redacted], the present REDCAP desk officer from Mission HQ, provides operational guidance and [redacted] chases around. For Phase "B" I had planned to await the arrival of [redacted], but now understand there is some question about his assignment to FHB.

4. KIBITZ-15.

a. This Agent has been working for some two and a half years in the Stay-Behind program. He was recruited originally on the basis of a letter he wrote to Mr. McCloy, offering his services in the common struggle against the East. He was picked for Stay-Behind work and [redacted] was his first case officer. At the direction of HQ, little guidance was given Agent in the early days of formation of his net, in order not to compromise to him either our knowledge of Stay-Behind procedures or extent of other activities we might or might not have in this field.

b. Case officers who subsequently worked with Agent were [redacted], [redacted], [redacted] and [redacted]. Of these, only [redacted] and [redacted] ever attempted to exercise any sort of control over the Agent; this is reflected in Agent's attitude by a personal dislike of these two and a liking for [redacted] and [redacted]. Although [redacted], the senior of the four, was competent to organize a Stay-Behind program out of FHB, he was not competent to deal with KIBITZ-15. The resulting situation was roughly analogous to a boy scout attempting to advise an outstanding Division Commander on military strategy. There is no attempt to be facetious here; I have now had three meetings with KIBITZ-15 and his brilliance, energy, motivation and drive are, in my considered opinion, indisputable. On the other hand, [redacted] has worked almost continuously under my supervision since 1947 and although I appreciate his qualities I realize his limitations. To cite only one example of the lack of case officer-Agent rapport, [redacted] strongly resisted a suggestion made in the Summer of 1952 that KIBITZ-15 be carried on the basis that "he would never take it". Yet KIBITZ-15 welcomed the carriage (EGQA-8453) when finally given.

c. I first became interested in the possibility of using KIBITZ-15 for Phase "B" of the CAPITATION project during the survey (see enclosure to EGFA-850) of the KIBITZ-15 net conducted by [redacted]. Although not material to the main subject and therefore not reflected in the survey, [redacted] assured me that KIBITZ-15 represented an outstanding agent type, an individual of such high quality that it was virtually impossible to get any one like him today, "the type of person who could actually do the sort of things Scorzeny has the (unfounded) reputation of being able to do". Seeing (1) no particular security implication in having the Agent do this type of work (every ZIPPER agent knows we want Russians), and considering (2) he had an FOC for Stay-Behind activity, obviously a considerably more sensitive field, and since we (3) had to divorce him from his Stay-Behind net (EGFA-850), I obtained approval from [redacted] to try out a

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REDCAP approach on the Agent. Personally, this represented a difficult undertaking: there was no senior case officer available to handle the Agent, which meant I must do it myself; I had recently lost my deputy, who became the new Chief of [redacted]; and was up to my ears in a non-FHB project—getting the case of the BDJ and Technical Dienst defendants transferred from Frankfurt to Karlsruhe. Finally, I had been planning for some time to return to the States in May. This is cited only to show the importance I attached to laying on a REDCAP operation which gave every appearance of promising to succeed.

d. In my first meeting with the Agent, two primary considerations (para. 7, EGFA-872) which had been troublesome in the past were stressed and wholly agreed to by the Agent:

- (1) We decide on all major questions of operation;
- (2) Any person he wanted to use must be cleared by us.

e. The second and third meetings proceeded according to plan and have been covered (EGFA-938 and SFRAN 2323; EGFA-974). The most important item to note from these meetings is that there is absolutely no question KIBITZ-15 responds easily to control, providing he is working with a case officer whom he considers his equal or superior.

5. The Present Situation.

a. In SFRAN 2323, I asked for:

- (1) POC for KIBITZ-15 for REDCAP operations;
- (2) Change of Agent designation from KIBITZ-15 to CAPITATION-100;
- (3) \$1,000 or equivalent developmental for the months of March and April, 1953.

b. We have received:

- (1) Cancellation of his ops clearance (DIR 44260);
- (2) Refusal of POC (DIR 44576);
- (3) Authority to debrief him on promising leads where independent follow-up feasible (DIR 44576);
- (4) Approval to spend funds requested in 5-a-(3) (DIR 44576).

c. In the meanwhile, on the authority of Mission HQ, meetings with the Agent are continuing.

6. Conclusion. The decision not to grant an FOC to KIBITZ-15 apparently was based on the factors of control (DIR 44260), insecurity and unreliability

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(DIR 44576). As far as I know, the charge of unreliability is completely baseless; I do not know that it has ever come up before. Control is discussed in 4-b and e above. If the Agent is insecure, which basically he emphatically does not seem to be, the cause can be traced to orientation--or lack of it--in his thinking resulting from his contact with past case officers. An orientation in classic principles of security would be as facile with him as, say, a former HICOG employee taken over by KUBARK.

7. Action Requested.

a. POC for KIBITZ-15 to work in Phase "B" of CAPITATION project, with assurance FOC will be granted if project shows considerable promise of achieving results. Advice before March 25th, the next contact date with Agent, would be appreciated.

b. HQ approval of change of Agent designation from KIBITZ-15 to CAPITATION-100.

c. Assignment, at the earliest possible date, of a competent senior case officer to FHB to head up the CAPITATION project.

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