

SECRET

AR/CALL

18 May 1954

MEMORANDUM

TO : Mission Liaison
FROM : Chief, FOB
SUBJECT : KIBITZ 15

1. On 18 May, a CIC report (see EGSA-3094 on which Mission has action) concerning the former chief of the KIBITZ 15 chain, Walter Kopp, arrived at FOB. This report contained the information that Kopp was being blackmailed by one of his former KIBITZ agents (Willy Giesert), who had continued in Kopp's private employment after liquidation of KIBITZ, and that Giesert, whose present whereabouts are unknown, had also embezzled DM 16,500 from Kopp's firm. Kopp reported to CIC that he had withheld filing embezzlement charges against Giesert in consideration of the American security interests involved (Giesert's blackmail attempt was based on the threat of exposing the KIBITZ operation). Kopp indicated his dilemma was that action against Giesert on the one hand would undoubtedly result in Giesert's revealing the details of the KIBITZ operation, while on the other hand the regular German Finance Office audit coming up sometime during the course of the year would reveal the as yet unreported embezzlement.

2. While Kopp made no statements as to how exactly our action could completely clear up the matter, he did suggest we might be able to "apprehend or control" Giesert. Kopp made no threats as such against the agency, nor did he propose that we cover the embezzlement; he did state that if we expressed no interest in the matter he felt he would have no recourse but to contact the Elenk Office in an effort to resolve his dilemma.

3. The KIBITZ 15 chain was closed out about a year ago and no provisions were made for any member of the chain to re-contact us, hence the approach through CIC. Since KIBARK has no further interest in either KIBITZ 15 nor any of his chain, we would propose that KIBITZ 15 be informed, through CIC, that he himself will have to determine whether he should go ahead and file embezzlement charges against Giesert and that we do not object to such action on his part.

4. If KIBITZ operations should come to light through Giesert at any hearing or trial that may result it is not believed that any great harm will be done. A check of the files indicates that Giesert was never given training of any sort by the KIBITZ organization and has never met an American case officer, therefore he doesn't have a great deal to tell in any score.

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NAZI WAR CRIMES DISCLOSURE ACT

EXEMPTIONS Section 3(b)

- (2)(A) Privacy
(2)(B) Methods/Sources
(2)(G) Foreign Relations

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by the Central Intelligence Agency

Date: 2005

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5. While the above reflects the Base view, this matter should be coordinated with the Mission operational staff sections concerned (D/O and AE/CELL) before a reply to CIC through CLS is made.

1 Atts EUSA-3094

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