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PAGE 002

TOT: 262225Z MAY 83

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THE MONEY WAS NOT COUNTED OUT BY C/O WHEN IT WAS GIVEN TO SUBJECT.) USING THE DISAPPEARANCE OF THE MONEY AS A GOOD EXCUSE, BERLIN BASE C/O ARRANGED AN SGSWIRL FOR SUBJECT IN MARCH 1956, TO WHICH HE WILLINGLY SUBMITTED. DURING TESTING HE WAS QUERIED ON THE MISSING FUNDS AND PREVIOUS CONNECTIONS WITH OTHER INTEL SERVICES. THE SGSWIRL OPERATOR DETERMINED THAT THE RESULTS MUST BE CONSIDERED "INCONCLUSIVE" BECAUSE SUBJECT REACTED INCONSISTENTLY TO PERTINENT QUESTIONS AND HIS PERSONALITY MAKE-UP MADE HIM A POOR SUBJECT FOR TESTING. HE NOTED: "SUBJECT APPEARS TO BE AN OUTSTANDING INDIVIDUAL AND SOMETHING OF AN AMAZING PERSONALITY...HE APPEARS TO BE PERSONALLY INCORRUPTIBLE; INDEED, THE QUESTION OF THE MISSING DM5,000 EXERCISED SUBJECT MORE AS A LAPSE OF PROPER BUSINESS PROCEDURE THAN AS A QUESTION OF THEFT. SUBJECT'S RAPID-FIRE THOUGHT PROCESSES AND SUBTLELY OF MIND RENDER HIM AN INTERESTING CONVERSATIONALIST BUT A POOR CANDIDATE FOR TESTING, I.E., HE REACTED IRRELEVANTLY MANY TIMES DURING TESTING DUE TO THE FACT HIS MIND RACED AHEAD OF THE QUESTIONS."

5. IN 1958, RESPONDING TO CHANGES IN COVERT ACTION OBJECTIVES, PNXCEL CUT SIGNIFICANTLY ITS FINANCIAL SUPPORT FOR LCCOSSACK AND REDIRECTED SOME OF ITS ACTIVITIES. LCCOSSACK BEGAN PUBLISHING A JAZZ MAGAZINE, "SCHLAGZEUG", AS A COMMERCIAL VENTURE TO GENERATE ADDITIONAL FUNDING. SUBJECT RESISTED THESE CHANGES; HE APPEARED TO REGARD LCCOSSACK AS "HIS" ORGANIZATION (ALTHOUGH PNXCEL FUNDED 76% OF IT) AND FELT THAT HE SHOULD HAVE FINAL SAY IN ITS ACTIVITIES. HE BEGAN SOME UNAUTHORIZED NEGOTIATIONS ON HIS OWN AND PURCHASED A SECOND PRINTING PRESS WITHOUT BASE APPROVAL, TO "SAVE" LCCOSSACK. WITH ALL OF THIS, THE RELATIONSHIP BETWEEN HIM AND HIS C/O DETERIORATED SERIOUSLY. SUBJECT WAS FINALLY TOLD HE WOULD HAVE TO GO ALONG WITH THE PROGRAM OR RESIGN, WHICH SOBERED HIM SOMEWHAT BUT DID NOT CHANGE HIS FEELINGS. PNXCEL DETERMINED SOON AFTERWARD, IN 1959, THAT LCCOSSACK SHOULD BE PHASED OUT BECAUSE OF OVERALL SVMACE CHANGES IN COVERT ACTION ACTIVITIES IN GERMANY. SUBJECT WAS AMICABLY TERMINATED IN MARCH 1960.

6. SUBJECT THEN WORKED BRIEFLY IN MUNICH FOR CASCOPE. HE WAS RELEASED IN MAY 1960, AFTER ONLY TWO MONTHS, FOR DISREGARD OF BASIC SECURITY PRACTICES (REVEALING HIS NEW EMPLOYMENT TO FORMER COLLEAGUES, AND ASSOCIATING WITH A FEMALE SECRETARY IN ANOTHER CASCOPE ORGANIZATION DESPITE SEVERAL WARNINGS TO BREAK OFF THE RELATIONSHIP.) WHEN CHALLENGED WITH THESE ACTIVITIES, SUBJECT SAID HE HAD NO RESPECT FOR PEOPLE WHO MADE SUCH AN ISSUE ABOUT SECURITY, THOUGHT IN HIS CASE THE COMPLAINTS WERE TAKEN TO A "CHILDISH" EXTREME, AND WAS NOT ABOUT TO LET SILLY RULES AND REGULATIONS CRAMP HIS STYLE. HQS FILE DOES NOT CLEARLY INDICATE WHAT HAPPENED FOLLOWING THE MUNICH EXPERIENCE; REF A WOULD INDICATE HE WENT TO WORK FOR THE DEFENSE MINISTRY SOON AFTERWARD.

7. REF A NOTES THAT STATION INTENDS TO CONCENTRATE ON

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SECRET

83 1299996 ASR

PAGE 003
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AT THIS TIME AS A RECRUITMENT PROSPECT, RATHER THAN ON SUBJECT, WITH WHICH WE HEARTILY CONCUR. SUBJECT IS INDEED "AN OLD PRO AT THE CA BUSINESS", AND HE MADE VALUABLE CONTRIBUTIONS DURING HIS COLLABORATION WITH PNEXCEL. STILL, EVENTS SURROUNDING HIS TERMINATION SUGGEST SUBJECT PERHAPS LEFT PNEXCEL WITH A BITTER TASTE IN HIS MOUTH, SO STATION MAY WISH TO BE CAUTIOUS IN DEALING WITH HIM, AND TO MAINTAIN COVER. OVERALL IMPRESSIONS IS FROM READING FILE OF SEASONED "COLD WARRIOR", STRONGLY INDEPENDENT, FREEDOM-LOVING, ANTI-SOVIET. WE LOOK FORWARD TO FURTHER REPORTING ON STATION CONTACTS WITH SUBJECT.

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