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AIR CLASSIFICATION CONTROL INFORMATION REFERENCED TO

MGB-A-7912
30 January 1951

Secret

Chief, Foreign Division

30 January 1951

Acting Chief of Station, Karlsruhe

CAUTERY-3 - Progress Report REF: MGB-A-7913

1. The following operation, designed exclusively to promote and facilitate the defection of Soviet personnel on active service in Eastern Germany is about to get under way. It was planned and will be executed under the auspices of Project CAUTERY. The attached brief, drawn up by [redacted] outlines the tasks which CAUTERY-3 will be expected to perform.

2. The operation, as planned, exploits the facilities of a traveling vaudeville ensemble managed by CAUTERY-3. The employment of West Berlin artists in the Soviet Zone being neither prohibited nor conspicuous and there being a dearth of available talent in that Zone, the group can count on a rousing welcome wherever it performs.

3. Against the backdrop of an elaborate vaudeville show, comprising a ballet, an acrobat, a singer and an announcer, CAUTERY-3 will be able to move about with considerable freedom - a privilege accorded only to persons engaged in important business requiring frequent travel - and furthermore will be brought into contact with people who still feel a hankering for the amenities of Western life. There will of course also be the lure of attractive girls. We count on the glamour and attraction of vaudevilles to create an atmosphere conducive to making people forget that they live in a police state. In this kind of atmosphere we trust that local conditions can be eased from the point of view of determining what possibilities of uncontrolled contact with Soviet personnel exist there.

4. We have not yielded to the temptation of starting a full-fledged inducement operation by directing CAUTERY-3 to concentrate on performing before Soviet audiences and by using (and initiating) members of the vaudeville group to cultivate Soviet contacts. This, we felt, would sooner or later lead us to grief. No doubt a vaudeville group coming from the West will be the object of most painstaking scrutiny by the security organs of the DDR. For that reason everything should be done to establish the bona fide of the whole enterprise so that after a while there will be relaxation of police vigilance. In line with this concept, CAUTERY-3 has been instructed to tell his group that while they are enjoying the hospitality of the DDR the laws of the country should be observed to the letter.

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5. During the first or closing phase of the operation, CAUTERY-3 will be expected to do the whole job and no other members of his entourage will be initiated. On several test assignments he has displayed exceptional skill in striking up casual acquaintances which in no time seem to blossom forth into undying friendship. We are therefore staking our success exclusively on the ability of CAUTERY-3 to make friends and influence people. Only a study of his observations and of the leads he brings home will enable us to determine whether the vaudeville group can be used on a broader scale as a cover for intelligence activities.

6. Once CAUTERY-3 and his vaudeville group have established a reputation for producing good entertainment, an opportunity may present itself either to perform before exclusively Soviet audiences or at least to edge closer to sensitive areas where individual Soviets are likely to go in for this type of entertainment.

7. The licensee bears full responsibility vis-a-vis the authorities and the members of the ensemble that all costs will be paid. In order to be issued a special license for the CAUTERY-3 ensemble, a deposit of 2000 DM East had to be made. The licensee also signs the employment contracts. He, assisted by the manager (i.e., CAUTERY-3) does the hiring. The licensee is named in MIB-A-7913.

8. The manager handles all the business affairs of the ensemble and makes the necessary travel arrangements. The artists are subject to his orders. It is he who procures vehicles, rents hotel rooms and pays salaries. The licensee and the manager share in the gains and the losses equally. This, however, is an internal arrangement.

9. The ensemble consists of the following persons:

- a. The manager
- b. The ballet, consisting of 9 female and 1 male dancer. CAUTERY-3 has secured the services of the Nollendorf cabaret, a second-class ballet, but passable according to Eastern standards outside of Moscow.
- c. The announcer (conferencier), whose name is Peggy ZAHLE.
- d. The female singer, who is CAUTERY-3's former wife.
- e. The acrobat, Fraulein MUKLER (alias MARLIS), 24 Wiesenerstrasse, Berlin-Tempelhof.

10. The following salaries will be paid while the tour lasts:

- a. The ballet - 220 DM East per day. In case of two performances on one day, an additional 50% is to be paid. By special arrangement, the members of the ballet will also be reimbursed for personal taxes (approximately 400 DM East) and for the return trip to Berlin (approximately 150 DM East).
- b. The announcer - 60 DM East per performance. 50% for a second performance.
- c. The singer - 50 DM East per performance. 50% for a second performance.
- d. The acrobat - 40 DM East per performance. 50% for a second performance.

11. The overhead consists mainly of expenses for posters, advertisements, taxes, travel between towns. The above-mentioned special arrangement in favor of the ballet had become necessary when it turned out that they are no longer entitled to exchange privileges in Western Berlin, i.e., the one by one exchange from East into West Mark of a fraction of a person's salary who works in the East and resides in the West. It will devolve upon the manager to pay the extra expenses out of his pocket.

12. Performances will presumably be given in the towns of Piesteritz, Koswig, Beerenburg, Zerbst and Dessau. In some instances the performance has been contracted for by the local theater and no financial risk is involved. E.g., Dessau is going to guarantee a minimum of 2100 DM East for three performances. Scheduled performances on the premises of industrial plants - e.g., the Stickstoffwerk in Piesteritz - are at the licensee's risk. The first tour, which will take the CAUTERY-3 ensemble through Saxony-Anhalt, is expected to last approximately a fortnight. It is planned to have one more tour in that land and next to move on into Saxony.

13. As explained in the CAUTERY-3 Project, we are committed to bear the financial losses that may possibly result from this tour. We trust that the amounts involved can be kept within reasonable bounds and have impressed upon CAUTERY-3 the necessity of coming out even or preferably with a net gain. This would also serve to enhance the security of the operation, which any show of affluence on CAUTERY-3's part might conceivably damage.

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SECRET

ATTACHMENT to MEB-A-7912

The problem of checking communities near or at the locations of jet airfields resolves itself into the following questions:

1. How large is the community?
2. What is its population?
3. What is its size relative to other jet towns known to the agent? Here give examples.
4. Is the town large enough so that a strange woman (or women) could take up residence without appearing out of place or being conspicuous?
5. Would a prostitute be conspicuous in this town?
6. Where could such individuals put up without coming to the attention of the police or security organs?
7. Does the agent know of trustworthy persons with whom such individuals could be billeted without being registered by the police?
8. Does the agent know if a room can be acquired at a hotel or brothel where assignations with Russians might be kept? If so, where?
9. What reasons could a stranger give for going to visit the town? For recuperation, to visit a resort, etc.
10. Give locations of all Russian billets, indicating whether they contain enlisted men or officers.
11. Are the officers ever quartered in private German homes? If so, where?
12. Are officers ever billeted outside forbidden areas or closed off streets? If not, do they ever put themselves up at their own expense outside such areas? If so, where?
13. Do Russians ever circulate in the town? For what purposes? Where?
14. Are Soviet officers allowed to frequent bars or restaurants? If not, do they anyway? If the answer to either of the above questions is in the affirmative, give the names of the places involved and locations of same.
15. Do Soviet officers ever go about in civilian clothes?
16. Do the officers have German girl friends? If so, under what conditions, and where do they become acquainted with such individuals?
17. Identify and give addresses of any and all German girls who have Russian contacts, particularly in the Air Corps.
18. Obtain a city plan and mark the locations asked for. If no plans are available, 1/25000 German military maps have proved useful for the same purpose.

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