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HEADQUARTERS
U. S. FORCES, EUROPEAN THEATER
Office of the AC of S, G-2

1 October 1946

SUBJECT: Operation RUSTY - Use of the Eastern Branch of the former German Intelligence Service.

TO : Lt. Gen. HOYT S. VANDENBERG, CIG, Washington, D. C.

I. DISCUSSION

1. The key personnel of the Abteilung Fremde Weere Ost des Generalstabes des Heeres (Division Foreign Armies East of the General Staff of the German Army) and the organization under their control have been used since January 1946, under the direction of G-2, USFET, in an intelligence operation against Russia and Russian controlled areas. TAB A contains details on the background and activities of the subject personnel before and after the operation was initiated.

2. The organization, shown in TAB B, consists of two main groups - the Evaluation Group and the Information Group. The former, headed by HEINRICH GEBLEN, consists of five men who direct the Information Group to get the information needed to complete the missions assigned by G-2, USFET. The Information Group, headed by HERMANN BAUM, prepares the missions for its information gathering agencies and when the information has been obtained it turns it over to the Evaluation Group. This group evaluates and collates it and G-2, USFET, then receives the information obtained in its original form, the evaluation, and the collation.

3. At present Operation RUSTY covers the Russian Zone of Germany as far as the Oder River as is shown in TAB C. With this area covered by approximately 500 to 600 agents, attention has been turned to the development of strategic intelligence covering Russia, the Balkans, Poland, and the Near East. The possibilities along this line are outlined in TAB D. Although this phase of the operation is in its infancy, already relations have been established with a member of ZHUKOV'S staff and with an associate of MIKOYAN, who is a member of the Politburo.

4. During the period 1 April 1946 - 1 October 1946, the operational costs have been approximately \$130,000 in Allied Marks, \$24,000 in U.S. Currency, and certain amounts of foodstuffs, soap, tobacco, etc. TAB E contains the method of handling the fund and supplies, the breakdown of the figures given in this paragraph, and a discussion of future costs.

5. G-2 USFET considers the organization one of its most prolific and dependable sources as is explained under TAB F. Also under TAB F are

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~~TOP SECRET~~

- 2 -

examples of information and evaluation produced by the organization and an estimate of the situation as of February 1946 which subsequent events have proved very accurate. This estimate was made at Camp 1142 for the War Department by the Evaluation Group. A current estimate by this group is found in TAB G.

6. The problems and difficulties encountered in this operation are covered in TAB H.

II. ACTION RECOMMENDED

It is recommended that SSM take over Operation ROSTY and conduct it from the United States. Detailed recommendations on the transfer of the operation from G-2, ROSTY to SSM are contained in TAB I.

s/ W. A. BURNING

W. A. BURNING
Maj. Gen., G-2
AS of S, G-2

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