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CENTRAL INTELLIGENCE AGENCY

Paper Mills and Fabrication

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PAPER MILLS AND FABRICATION

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NOTE ON CLASSIFICATION:

Readers will note that pages 1 through 12 are classified "SECRET," whereas pages 13 through 79 are classified "TOP SECRET."

The SECRET portion of this study consists of a descriptive review of the problem of intelligence paper mills and fabrication as it affects U.S. intelligence agencies. The SECRET classification is designed to facilitate circulation within these agencies.

The TOP SECRET portion of this study documents the problem with specific case histories. This material, as single cases and collectively, is of a sensitive character and is not intended for wide dissemination, or for indoctrination or instructional purposes. It is included to lend emphasis to the seriousness of the problem presented in the SECRET portion.

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PAPER MILLS AND FABRICATION

"Six Hungarian intelligence peddlers in Graz (British Zone, Austria) have formed a pool to distribute refugee information through all available channels to one buyer each of the British, French, U. S. and Italian intelligence services ... Remuneration to refugees reporting to a pool member varies from 30 to 100 schillings plus one dinner. The pool partners discuss the latest news at the Cafe Erzherzog Johann, amend it from their own knowledge, and construct their reports. Then they determine the distribution to avoid double appearance with any single Western power ... Secret ink messages are superimposed on innocent letters from Hungary and offered for sale ... Some letters thus prepared are smuggled into Hungary for mailing, and then sold sealed to Western representatives."

(From an OSO/CIA Austrian
Station Report, 8 August 1951)

I. INTRODUCTION

This staff study on the paper mill and fabrication problem was prepared at the request of the Director of Central Intelligence following a presentation to the Intelligence Advisory Committee on 9 August 1951 of a Hungarian emigre paper mill case. OSO/CIA reviewed all its major pertinent cases to arrive at the views and suggestions outlined below. Eighteen representative cases were selected to illustrate the problem and are included in the Appendix.

A. THE PROBLEM

The paper mill and fabrication problem has appeared in many forms including outright fabrication, the sale of pseudo-intelligence, false confirmation and multiple distribution of both valid and false information, as well as organized deception by foreign governments.

U.S. intelligence agencies (as well as all Western intelligence agencies) are being flooded with such information. It is estimated that more than half of all the material received on several countries of greatest intelligence interest falls into these categories. U. S. estimates are thus endangered and our intelligence efforts are needlessly dissipated.

Multiple dissemination by paper mills operated by exiles from the Soviet bloc cuts particularly deeply into the professional manpower resources of all agencies. Working independently of each other, our intelligence agencies have not yet developed a mechanism for benefiting methodically from their common experience in order to remedy this situation.

B. DEFINITIONS

Paper mills are defined as intelligence sources whose chief aim is the maximum dissemination of their product. Their purpose is usually to promote special emigre-political causes while incidentally financing emigre-political organizations. The information thus conveyed consists of a mixture of valid information, overt material, propaganda and fabrication. Its bulk, form and obscure origin frequently preclude successful analysis and evaluation.

Fabricators are individuals or groups who, without genuine agent resources, invent their information or inflate it on the basis of overt news for personal gain or a political purpose.

The line between the two categories is difficult to draw and both, therefore, have been included in this study. Cases A through F in the Appendix fall essentially in the paper mill group; cases M through R are fabrication examples; cases G through K bear characteristics of both; and case L may involve planned Soviet provocation.

C. THE PRIMARY DANGER

The fact that Soviet deception or provocation is suspected in only one of the cases presented, and not proved in any, does not imply that we are merely concerned with the problem of wasted manpower and funds. As long as the current lack of coordination among our intelligence-gathering agencies continues, the Soviet Government possesses a tremendous capability of planting deception and provocation material in U.S. intelligence channels at the moment of its choice.

Competent fabrication has defied recognition on the part of our analysts and evaluators. Well-planned deception or provocation is apt to prove undetectable by analytical processes. We cannot assume, therefore, that more than a fraction of the number of actually existing cases in these categories have been identified. The established professional competence of the Soviet intelligence services coupled with their known preoccupation with deception and provocation - or, as they term it, "disinformation" - forcibly points up the danger confronting U. S. Intelligence.

This staff study is primarily intended to call attention to the nature of this danger, and to outline remedial action which may in time make the deception weapon less effective in the hands of the Soviet Government and reduce Soviet opportunity for employing it.

II. DISCUSSION

A. EMIGRE POLITICS AND U.S. INTELLIGENCE

1. Motives

U. S. intelligence-gathering agencies have spared neither manpower nor funds to close the vast gap between our information requirements and our knowledge of the Soviet bloc. Groups of exiles from all target countries have recognized that this situation offers them vast opportunities for political and personal advantage. Their intelligence representatives are well aware of the multiplicity of American agencies uncritically accepting all information offered, and even outbidding one another for intelligence sources; their own experience often proves to them that American agencies do not fully coordinate their efforts, nor effectively cooperate to expose fraud.

Satellite politicians in exile know that they cannot return to power in their homelands except in the wake of war and Western victory. The liberal monetary remuneration offered by Western intelligence agencies for information from behind the Iron Curtain offers them a ready-made opportunity to remain alive and to preserve a political organization by peddling alleged intelligence. Careful operational analysis has demonstrated that few, if any, emigre organizations have valid and unique intelligence assets; they lack primarily the technical communications and documentation facilities for continuous contact with the homeland. Despite this, the unfortunate fiction has persisted that such organizations have undefined special means of obtaining intelligence.

Exile leaders neither understand nor respect the basic premise of U.S. policy not to engage in war unless attacked. Their "intelligence" production, true, embroidered, or false, is inevitably used to influence U.S. policy in the direction of hostility to the Soviet bloc and to satisfy the ambitions of political pressure groups.

To state the obvious: each exile group, as each sovereign country, must be expected to use the weapons at its command in its self-interest, enlightened or otherwise. Emigre groups consider intelligence production a weapon to be so used. Yet the record of U.S. dealings with them shows that in case after case we have ignored the fact that the satisfaction of U.S. intelligence needs is clearly secondary to their own political interests. (Cases A through F bear out these points and are typical of most other exile intelligence organizations known to OSO.)

One effect of this cry-wolf policy on the part of the emigres is that our recognition of their efforts to mislead may result in our ignoring a report giving true cause for alarm at the crucial moment.

2. Emigre Intelligence Resources

Immediately after the war, several exile groups had manpower assets behind the Iron Curtain. Hasty, uncoordinated, and totally insecure operational use of these assets by both emigre groups and Western intelligence agencies permitted the Communist security services to identify and destroy them, or to use them against us. Initial failure in the West to recognize the ruthlessness and efficacy of the Soviet-type police state contributed to this process which, generally, was completed by 1950.

In view of this, nothing can be achieved by further uncontrolled subsidies to exile groups. Assertion of operational control by U.S. intelligence officers through financial or other means will normally be resented and sabotaged by such groups since it strikes at the roots of their political purposes. Generally, it has been found advisable not to deal exclusively with the political leadership, but to take advantage of dissidence within the groups and to make it plain that we value intelligence production on our terms more highly than the leaders' political cooperation. The leaders, finding personal control of their groups effectively endangered, are then apt to come to terms.

This strategy is being followed increasingly in those operations involving satellite exile groups over which OSO/CIA has control. However, unless all intelligence agencies also recognize these principles and effectively suppress extraneous, uncoordinated aid to these groups, the uncontrolled information-peddling pattern described in this survey will certainly persist.

B. MONEY, MANPOWER, AND FABRICATORS

1. Inflation

The fact that substantial funds for intelligence procurement are available to numerous agencies has actually become a handicap. Exile groups and individual intelligence peddlers know that cost is no object to U.S. intelligence personnel. Innumerable instances are on record in which payment for both good and bad information was wholly out of proportion to its true value. U.S. financial liberality and competitive bidding among agencies has led to inflation in the intelligence market. Quality intelligence is seldom to be found in pieces of paper upon which a peddler has placed a price-tag.

From the financial point of view, OSO/CIA has developed a pattern of overseas operations which observes the following conditions, with variations in their application, of course, from case to case:

- a. Control of agents should include their direct financial dependence upon the intelligence officers handling them.

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b. Salaries of agents and sub-agents should be based upon sound estimates of actual living costs in indigenous terms, and exceed these only moderately. Excessive personal compensation, particularly when it is used to encourage volume of production, is a common cause of padding and fabrication.

c. A portion of the agents' earnings should be withheld in special blocked accounts until their services are satisfactorily completed.

d. Unless the use of funds available to agents for operational expenditures is closely controlled, security breaches or the purchase of embroidered and fabricated material will result.

e. Subsidies to foreign intelligence services and groups must be carefully watched to prevent their financing of recognized paper mill operators and fabricators.

Virtually all outright fabrication cases cited in this study (see especially cases G, H, J, K, M, O, and R) can be attributed primarily to disregard for factors such as these.

2. Manpower

U.S. intelligence agencies abroad have reacted in various ways to the problem of uncoordinated spending on intelligence procurement, provided they were aware of it. Local coordination on a limited scale has taken place spontaneously in some areas. Some OSO/CIA field stations, concentrating their available manpower on procuring good information, have paid no attention to U.S. competitors in the field; others have treated the problem as one of counter-espionage. For the most part, however, efforts have been made to establish the origin of all information from the area, regardless of the agency purchasing it (see cases A, C, D, E and H). The attendant waste of professional manpower overseas has been prodigious. It is estimated, for example, that one-third of OSO's intelligence officers in Austria were committed during June 1951 to the detection and neutralization of fabricators and paper mills.

C. SOVIET OPPORTUNITIES

The attached cases primarily show that, under present conditions, unscrupulous information peddlers find it easy to sell their product, and foreign special-interest groups have a means of influencing U.S. policy. A more dangerous aspect than either of these, however, is the opportunity afforded the Soviet Government of planting deception and provocation in U.S. intelligence channels.

1. USSR Intelligence Operations

The Communist concept of intelligence operations, patterned on the Soviet model, embraces a much broader field than does the Anglo-American. Far from being limited to seeking information through clandestine operations, it includes within the scope of "state security" a great variety of tasks designed to maintain the Communist Party in power and suppress all opposition. This means that all activity which can be construed as even critical of the state becomes a priority intelligence target.

The Communist security services accordingly make every effort to penetrate and control emigre movements abroad which may endanger their regime. This is an easy task. Emigre groups operate openly in the West with little regard for security, and normally admit as members anyone who voices his anti-Communism strongly enough to be heard and who cannot be positively identified as a Communist agent. This pair of facts--that penetration and control of the opposition abroad are among the most important Soviet and satellite intelligence tasks, and that they are so easily accomplished--leads us to assume that emigre groups can keep only few secrets from the Soviet and satellite governments, and that Soviet and satellite agents are high in the councils of such organizations.

2. Deception Planning

There can be no reasonable doubt, furthermore, that Soviet and satellite intelligence services have the same easy access to the bulk of the emigre "intelligence" product as we do. (Charts appended to cases A through G will serve to illustrate this point.) It follows that Soviet intelligence analysts are apt to have a grasp of the extent of U.S. information on the Soviet bloc procured from such sources. They are thus able to base their deception planning on a thorough knowledge both of U.S. intelligence procurement methods through exile groups, and of much of the information in U.S. hands against which deception is likely to be checked.

The lengths to which the Soviet Government will go in keeping track of emigre activities can best be illustrated by two historic cases:

a. The TURKUL Case

In 1941, Longin IRA, Chief of Intelligence of General Anton TURKUL's White Russian organization, the Russian National Union of War Veterans (RNSUV), placed his intelligence resources at German disposal in return for political and financial support of the RNSUV.

From Sofia, Budapest and Ankara, during the course of the war, IRA produced more than five thousand reports, chiefly on Soviet troop dispositions and movements. He never consented to divulge the identify of a single source to the Germans, but the fact that so much of IRA's military information was found to be confirmed induced the Abwehr to give his material a high evaluation.

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At the end of the war British and American interrogations revealed that IRA's intelligence production on Soviet Order of Battle was supplied by the N.K.V.D. By passing accurate information in part, the Soviets sacrificed an inestimable number of their own troops. TURKUL, when faced with the evidence, conceded that IRA had been an N.K.V.D. agent since 1939. Considerable suspicion remains that TURKUL himself was under Soviet control. IRA, under interrogation, denied that he received his information from the Soviets, but conceded that he invented all of it. This is a patent impossibility considering that so much of IRA's information was actually confirmed and could not have been obtained by him through Balkan gossip or overt channels.

Although the precise Russian deception plans executed through this channel are not known there is little doubt that they played their part in Russia's successful campaign against Germany. The arrangement incidentally served to maintain a close Soviet check on the military contributions made to the Germans by the RNSUV and General VLASOV's organization.

b. The Ligne Interieure

During the nineteen twenties and thirties, in France, Soviet Intelligence obtained control of the Ligne Interieure, an "elite secret group" within the strongest Russian emigre organization of the day, the General Russian Military Union (ROVS). The Ligne Interieure had been designed by the ROVS for the centralization and political control of Russian emigre groups, especially those of military usefulness. This aim naturally appealed to most White Russian emigres; however, since the Ligne Interieure was under Soviet control, it simultaneously served the purpose of making virtually the whole White Russian emigration subject to Soviet inspection and manipulation. In 1935 this Soviet control was exposed when the head of the Ligne Interieure, the Soviet agent General SKOBLIN, was discovered to have organized the kidnapping of General Yevgeni MILLER, then head of the ROVS. His intention had been to replace MILLER with a Soviet-controlled substitute. In subsequent investigations the background of the Soviet conspiracy outlined above was uncovered in detail.

The circumstances of the OREKHOV complex (described in case C) resemble those which brought about Soviet control of the Ligne Interieure. However, no actual evidence of Soviet control in the OREKHOV case is on hand.

3. Possible Soviet Deception Intentions

The considerations outlined above do not lead to an automatic assumption that information received from emigre groups is planned Soviet deception or provocation. We lack substantial evidence that the originators of fabrication were, or are, agents of the Soviets, that the material has been supplied to them by Soviet Intelligence, or that it constitutes Soviet deception.

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(See, however, case L.) On the other hand, it is known that the Soviets are masters of deception and provocation, and are willing to accept extraordinary sacrifices in terms of true information passed, such as in the TURKUL case cited above, in order to make deception stick at the proper moment. This leads to the conclusion that the Soviets may be using the present to digest their information and further to develop potential deception channels and materials, reserving deception operations for more crucial international circumstances than now prevail.

D. U.S. EVALUATION PROBLEMS

So much false, overt, biased or irrelevant information is being received and processed by U.S. agencies that, as this study demonstrates, the ability of U.S. analysts and evaluators to sort the wheat from the chaff has been affected. For example, half of all Order of Battle information on the Hungarian and Red Armies in Hungary received by G-2, GSUSA, can be traced to General ZAKO's mill (see case A), and more is suspect.

1. Analytical vs. Operational Methods

The theory that analysts in Washington are in a position to detect deception or fabrication rests on the assumption that they have verified material at hand against which they can measure their reports. Under the pressure of the volume of invalid material they must process, with little verified "control" material to go by, evaluators must rely on their personal skill and instinct. Their judgment is thus increasingly subject to human error. Analysis alone, whether on a high or low level in U.S. intelligence, has been unable to break fabrication or deception cases except when the material lacked quality. (See cases H, L, M, N, P, and Q.) Evaluators are handicapped not only by their ignorance of the operational circumstances under which the information is procured, but by the amount of processing and re-processing to which it is subjected before it reaches them. Translations, revisions, and summaries of spurious information frequently eliminate the flaws which might allow an analyst to detect a fraud in the original. This study bears out the total experience of OSO/CIA that the only method by which fabrication and multiple false confirmation can be detected is that of operational investigation of the source and transmission channels, combined with reports analysis.

There can be no doubt that the Soviets are fully capable of planting information in our intelligence channels which has all the earmarks of being genuine. Only by careful scrutiny and cross-checking of the channels through which such deception material has been forwarded can we hope to reduce the danger.

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2. Intelligence Fallacies

Unfortunately, the following doctrines, which are fallacious and detrimental to the U.S. intelligence effort, are still widespread among the personnel of our intelligence agencies:

- a. That intelligence agents of all nationalities are entitled to keep secret from their U.S. intelligence officers the identities, antecedents, methods of operation, and means of access to information produced, of their subsources.
- b. That it is the mission of intelligence officers in the field to procure information without a determined attempt to ascertain its origin, leaving it to the experts in Washington to judge its validity.
- c. That overseas sources are in danger of compromise if identities are revealed to other agencies of the U.S. Government which were established, trained and equipped to protect such information properly.

The last mentioned concept has bred a jealousy among intelligence officers of various government agencies which has prevented a long overdue exchange of information on fabricators and paper mills. As a result, an excessive amount of professional manpower had to be devoted to costly overseas investigation where simple headquarters coordination of suspect sources would have revealed duplication or fraud.

3. Static Intelligence Sources

The steady concentration of U.S. intelligence agencies on military targets in the Soviet bloc, and the small influx after 1946 of knowledgeable new sources, have tended to solidify the intelligence market. Since 1946 all agencies of the Government have been dealing, with increasing frequency, with identical intelligence sources. This makes a systematic program of centralized registration of sources both necessary and profitable.

III. REMEDIAL ACTION

In this staff study the most important factors and dangers inherent in the paper mill and fabrication problem have been outlined. It is hoped that all U.S. intelligence agencies will examine the problem from their own points of view. In practical terms, CIA realizes that an immediate solution is not to be expected along the lines of a complete coordination of operations, with high and uniform standards of operational procedures, expenditure of funds, and reports evaluation. While the need for this is indicated, the inter-Agency coordination and training effort involved is bound to be long and intricate.

A. SOURCE CONTROL

In the face of the danger of becoming victims of Soviet provocation and deception, it behooves U.S. Government intelligence agencies immediately to take the most promising available steps to cope with the problem. These, in the view of CIA, chiefly involve application of the principles of source registration and control, as contemplated by that portion of the National Security Act of 1947 which imposes upon the Director of Central Intelligence a responsibility for the protection of U.S. intelligence sources and methods, and by paragraph 4 of the National Security Council Intelligence Directive No. 5, which states: "When casual agents are employed or utilized by an IAC Department or Agency in other than overt capacity, the Director of Central Intelligence shall coordinate their activities with the organized covert activities."

The statement made in the discussion above that professional manpower was wasted in the investigation of the origin of spurious intelligence must be qualified to this extent: The results of such investigations, as well as information on genuine sources available to OSO/CIA.

The counterespionage jurisdiction of OSO/CIA carries with it the responsibility
 of protecting the Government against "disinformation."

Over the years

information on foreign intelligence sources of the U.S. Government. Because of the stream of material from overseas on paper mills and fabricators, most of the participants abroad in these conspiracies to defraud and unduly influence the U.S. Government, as well as a large number of their intermediaries and minor colleagues, are by now adequately identified

B. SPECIFIC REMEDIAL STEPS

Below are listed the major steps by which the necessary source control can be applied. They will necessitate, of course, the cooperation of the IAC Agencies in adapting their respective procedures - primarily by requiring the identification of sources by field representatives to headquarters - to the techniques of source control.

1. All intelligence agencies should run checks
 on all foreign sources directly or indirectly used by them, in order to take advantage of any available information which may cast doubt on such sources.

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2. All intelligence agencies
 information on suspect intelligence sources.

3. It may be advisable to establish an inter-Agency committee, probably a sub-committee of the IAC, to deal with paper mill, fabrication and deception problems, as well as with the further development of the mechanism of source control. Such a committee would provide a means not only for deciding further policy questions, but also for exchanging sensitive operational data where necessary or advisable.

4. To facilitate the analysis of paper mill and fabrication cases, each intelligence agency should maintain special files of suspect information. These files should consist of reports believed to have originated with fabricators and paper mills, and should be organized by subject matter. They should be exchanged with other intelligence agencies, and easily accessible to operations officers, reports officers, analysts and evaluators, who should be trained and encouraged to compare incoming information with suspect materials.

INTRODUCTION TO ATTACHMENTS

The eighteen attached cases were prepared on the basis of official OSO/CIA records. With few exceptions, there has been no opportunity to examine relevant information which may be available in other agencies of the Government. It should be assumed that additional dissemination channels exist or have existed in most of the cases under consideration.

Each case is presented as fully as possible within these limitations. Operationally sensitive channels and relationships are included. While discussion among officers of CIA and other agencies of the Government is clearly called for as a step toward solving the problem of fabrication and multiple distribution, it must be emphasized that, with proper handling and controls, many of the groups and channels described may still be of use to U.S. Intelligence. Inclusion on a chart or in a case history does not by itself imply that CIA attaches no current or future value to a given channel of information.

A solid line on a chart indicates definite evidence on hand concerning the operation of a given channel; a broken line means that, on the basis of incomplete or circumstantial evidence, it can be assumed that a given channel is being or has been used for reports dissemination. The fact that most charts show the operation of multiple distribution channels over a period of years is not intended to imply that all indicated channels were used simultaneously throughout the period.

4. The attached diagram (Annex A) shows the manner in which MHBK reports are received by CIA, other U.S. agencies, and foreign governments. In brief, the MHBK channels information through its cut-outs and blinds to each of the major Western services and to most of the collection agencies in the United States. The chart is not definitive as other channels are being detected frequently.

5. ZAKO's intelligence chief stated recently that, because of the emigration from Western Europe of courier and support personnel and the penetration and arrest of MHBK agents in Hungary by the AVH, the MHBK now has no regular channels of communication or organized sources of information in Hungary. During a recent attempt to obtain NCFE (National Council for Free Europe) support for his "resistance activities," ZAKO admitted that there were at most nine persons in Hungary on whom he could reasonably depend. Nonetheless, the MHBK continues to pour reports into Western intelligence channels through numerous cut-outs who claim to control organized networks but who deny or conceal their connections with ZAKO. (See Annex B for an example of a single fabrication which was received by OSO in six separate reports from various intelligence services.)

OSO Experience

6. Both the Vienna Station and OSO headquarters have been interested in the MHBK ever since 1947, and ZAKO has made a number of approaches to various offices of CIA since the spring of 1948. His efforts to get U.S. support have increased in frequency during the past year. The output of his organization is received primarily through liaison with Western intelligence services and from ZAKO representatives in the U.S. who are in contact with several Government agencies. The full significance of the group in the Hungarian intelligence picture became clear in the course of a Headquarters analysis begun in the summer of 1950. Since that time OSO has been able to identify a number of MHBK outlets by comparing reports and by checking their sources against the extensive name data on MHBK members which have been compiled by the OSO desk from field reports.

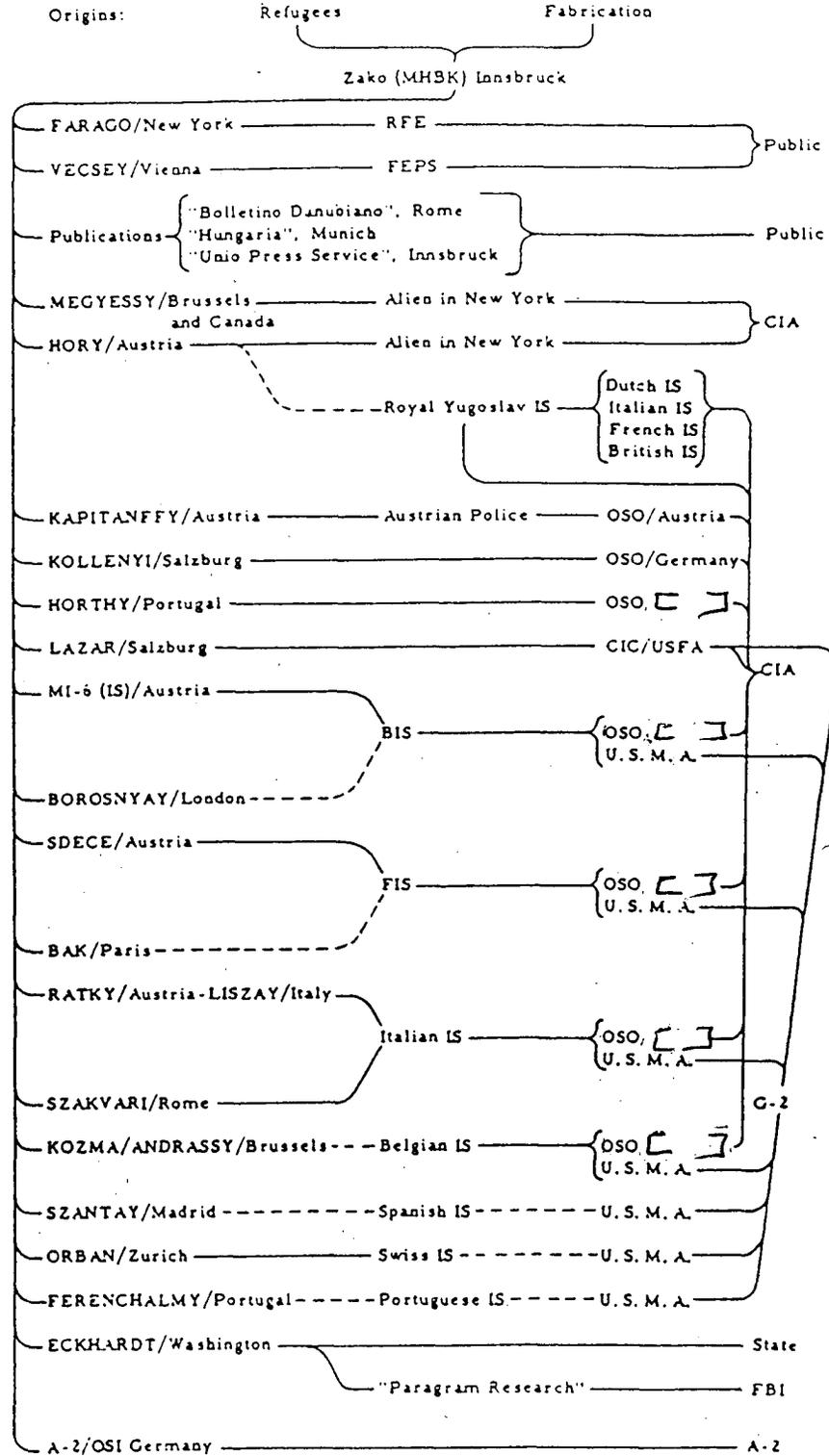
Conclusions

7. It is OSO's conclusion that MHBK reports are based entirely on refugee debriefings, or on clever rewriting of overt publications garnished with out-and-out fabrication. This has been largely confirmed by the fact that MHBK material duplicates reports known to have been derived from refugee debriefings, as well as by the evaluations given to individual reports. (See Annex C for an example of the type of report disseminated by the MHBK.)

8. The full effect of these spurious reports on national estimates cannot be assessed by OSO. It can be assumed that some of the information received from this source has been incorporated in the basic intelligence used for the formulation of national estimates.

MHBK OUTLETS

1950-51



MHBK Fabrication Received by OSO
In Sextuplicate, via Various Channels

The following are excerpts from six reports on "The International Brigade" in Hungary which G-2, Department of the Army, does not believe exists. The sources of these reports have but one common denominator, contact with the MHBK. It is concluded that the information was fabricated by the ZAKO group. These six reports were obtained through CIA channels, and it is assumed that more information of this type was received independently by other United States agencies.

1. Source: Royal Yugoslav Intelligence Service network in Land Tirol, Austria.

Date: 22 June 1950.

"Headquarters of the International Cominform Brigade in Hungary is located in Bakony. Soviet General Simkov is commander. He is in charge of the activities of the brigade, training and equipment.

Structure:

- Staff Headquarters
- 8 Infantry battalions
- 2 paratroop battalions
- 2 heavy machine gun battalions
- 14 batteries of varied artillery weapons
- 2 anti-tank companies
- 3 Commando-type assault companies
- 2 radio telegraph (telephone) companies
- 3 air squadrons. At present one squadron has only 8 "Jat" pursuit planes, the other has 5 "Jat" transport planes, and the third only two light bombers of the "Jat" model. The units were only given these planes for the purpose of training on the Topolca Airport.
- 1 transportation battalion with approximately 150-200 automobiles of various capacities.
- 1 pioneer battalion
- 1 police battalion
- 1 division field hospital."

2. Source: Italian Intelligence Service.

Date: 17 August 1950.

"Reported organization of this International brigade in Hungary is as follows:

- 8 infantry battalions
- 12 batteries of artillery
- 1 scout battalion
- 1 paratroop battalion at Papa."

3. Source: Dutch Intelligence Service.

Date: 24 August 1950.

"The International Brigade in Hungary will consist of eight motorized infantry battalions, one battalion of parachutists, two armored battalions, two intelligence battalions, one military police battalion, twelve artillery battalions, and two independent airforce battalions."

4. Source: A Royal Yugoslav Intelligence Service network in Italy.

Date: 1 October 1950.

"The International Brigade in Hungary is made up of the following units:

- 8 motorized infantry battalions, each battalion consisting of 600 to 800 men.
- 2 tank battalions, each battalion consisting of 300 men.
- 1 paratroop battalion of some 800 men.
- 1 political police battalion of some 800 men.
- 12 artillery batteries, each battery comprising 130 men.
- 2 communications companies, each company consisting of 150 men.
- 2 autonomous squadrons, each squadron consisting of 150 men.
- 2 companies of Yugoslav citizens to be used for sabotage activities, the total equaling 250 men. Commanding and auxiliary officers totaling approximately 700 men."

5. Source: OO-B Report from "Hungarian church channels."

Date: 19 October 1950.

"The strength of the International Partisan Brigade in Hungary is put at a minimum of 7,000, some sources feel that 11,000 is nearer the mark. On paper the military strength of the partisan units is divided as follows:

- 8 infantry battalions
- 3 parachute battalions
- 14 light artillery batteries
- 2 reconnaissance battalions
- 1 police company (military police)
- 1 transport squadron (company)
- 2 pursuit squadrons (company)."

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6. Source: French Intelligence Service (SDECE).

Date: 24 October 1950.

"The International Brigade in Hungary is composed of:

- 8 infantry battalions
- 3 parachute battalions
- 14 light artillery batteries
- 2 reconnaissance battalions
- 1 police company
- 1 auto-transport company
- 3 aviation pursuit companies."

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Evaluation of a Sample, MHBK Report
on Soviet O/B in Hungary

Report Number OO-B-36476, "Soviet Military Strength," 20 July 1951, is one of a series obtained by the Office of Operations indirectly from the MHBK in Innsbruck, Austria. It is reviewed below as an example of the type of fabricated information produced by this group. Evaluations of specific items were prepared on the basis of the G-2 "Order of Battle Summary of Foreign Ground Forces" (#9 of January 1951 and #10 of April 1951) and checked with the G-2 analyst concerned.

Paragraph 1. "Soviet strength in Hungary numbers about 55 to 60,000 men. They are divided into representations of seven divisions"

Evaluation: There are only two Soviet divisions in Hungary with a maximum of 30,000 troops, including Air Force, ground and support units.

Paragraph 2. "One armored division is southwest of Balaton in the area around Zalaegerszeg and Nagykanizsa ..."

Evaluation: There is no armored division in this area. There is a slight possibility that smaller units subordinate to the 17th Guards Division are stationed in this region, however.

Paragraph 3. "One motorized engineer division has been in the Szombathely-Kormend area for a very long time. Smaller units of this division are stationed in the Soviet Zone of Austria in the Burgenland."

Evaluation: No mechanized engineers division is known to exist anywhere in the Soviet Army. The 17th Guards Division is in Szombathely, but none of its units are stationed in Austria.

Paragraph 4. "The Vienna motorized infantry division has units reaching deep into Hungary along the Danube, with troops stationed at Gyor and Komarom. They are an infantry regiment, an artillery unit, and a large quartermaster depot."

Evaluation: The 13th Guards Mechanized Division has its headquarters in Vienna, but no subordinate units in Hungary. The Central Group of Forces, with headquarters in Baden, has four or five signal companies along the line of communication through Hungary to the Soviet Union, but no infantry, artillery or quartermaster depot.

Paragraph 5. "Another armored division is settled northeast of Balaton, occupying the area about Szekesfehervar, Hajmasker and Varpalota..."

Evaluation: There is no Soviet division in this area. Again, it is possible that reference is made to minor units of the 17th Guards Division at Szombathely.

Paragraph 6. "... In the northeastern section (of Hungary), motorized infantry, amounting in strength to about a battalion, are scattered about and seem to be units of a Soviet division stationed at Szatmar."

Evaluation: There are no Soviet units at Szatmar.

Paragraph 9. "The divisions reported about Csanad and Csongrad have been withdrawn ..."

Evaluation: No Soviet divisions have been in Csanad or Csongrad since the end of the war.

Case B: The Chinese Nationalist Services

1. The uncontrolled multiple dissemination of intelligence reports by numerous agencies of the Chinese Nationalist Government creates the outstanding "papermill" problem currently confronting U.S. intelligence collection and consumer agencies. These reports cannot be ignored since, taken as a whole, they contain much information of value, but must be screened for factual accuracy and possible false confirmation by skilled evaluators who, in turn, cannot screen them properly without some knowledge of their origin.

2. The importance of the problem under consideration is underlined by the fact that nearly half of the intelligence on China which is currently being collected by OSO comes from Chinese Nationalist sources. More than one-fourth of the total, in fact, is derived from a highly successful relationship with one leading Chinese agency, [redacted], in which OSO is able to identify many ultimate sources on the Chinese mainland. It should be noted that it is not OSO's relationship with this intelligence organization, or with other Chinese Nationalist agencies producing or transmitting intelligence, that is the cause for concern, but rather the fact that an undetermined and probably very large proportion of the same information which OSO receives and disseminates to its normal customers among U.S. Government agencies reaches those agencies through a variety of other channels.

3. Thus, on many occasions U.S. agencies have received reports on subjects of considerable interest which appeared to confirm other reports known to have originated with the Chinese Nationalists, only to discover later on that related Nationalist sources, or the same source, had been responsible for both. For example, Nationalist reports of Soviet submarine activities in the Far East are sometimes forwarded via Nationalist attaches or other local representatives to the offices of U.S. Army, Navy, and/or Air Attaches in several Asiatic countries, as well as to OSO and other U.S. representatives in Formosa.

4. OSO has long been aware of this situation and its inherent dangers, but has not been able to prevent the Chinese Nationalist intelligence services from passing their products to numerous other departments of the Nationalist Government and thus having them disseminated through many different outlets, both official and unofficial, to U.S. and foreign agencies. (See the attached chart.) Past OSO efforts to induce the Nationalist Government to designate the distribution of reports given to U.S. agencies have proved fruitless, apparently because: (a) it is in the Nationalists' interest to have certain types of information falsely confirmed; for instance, it was obviously to their advantage, from the standpoint of their physical security, to have the U.S. Government believe Soviet submarine strength in the Far East to be greater than it actually was; and (b) the Nationalists themselves do not always know what distribution has been given to intelligence originated by them. OSO believes that they allow a

large part of their intelligence production to be disseminated at the discretion of local offices, and in return for a satisfactory quid pro quo, so that it would be "inconvenient" for the individual Nationalist officials concerned, as well as for the Government as a whole, to adopt a system of designated distribution. Moreover, political cliques within the Government pass or withhold information depending on whether or not it undermines or favors the position of their competitors. In short, the problem of motivation which underlies the multiple distribution of intelligence by Nationalist agencies is exceedingly complex because there is seldom just one governing factor, unless it is the factor of convenience.

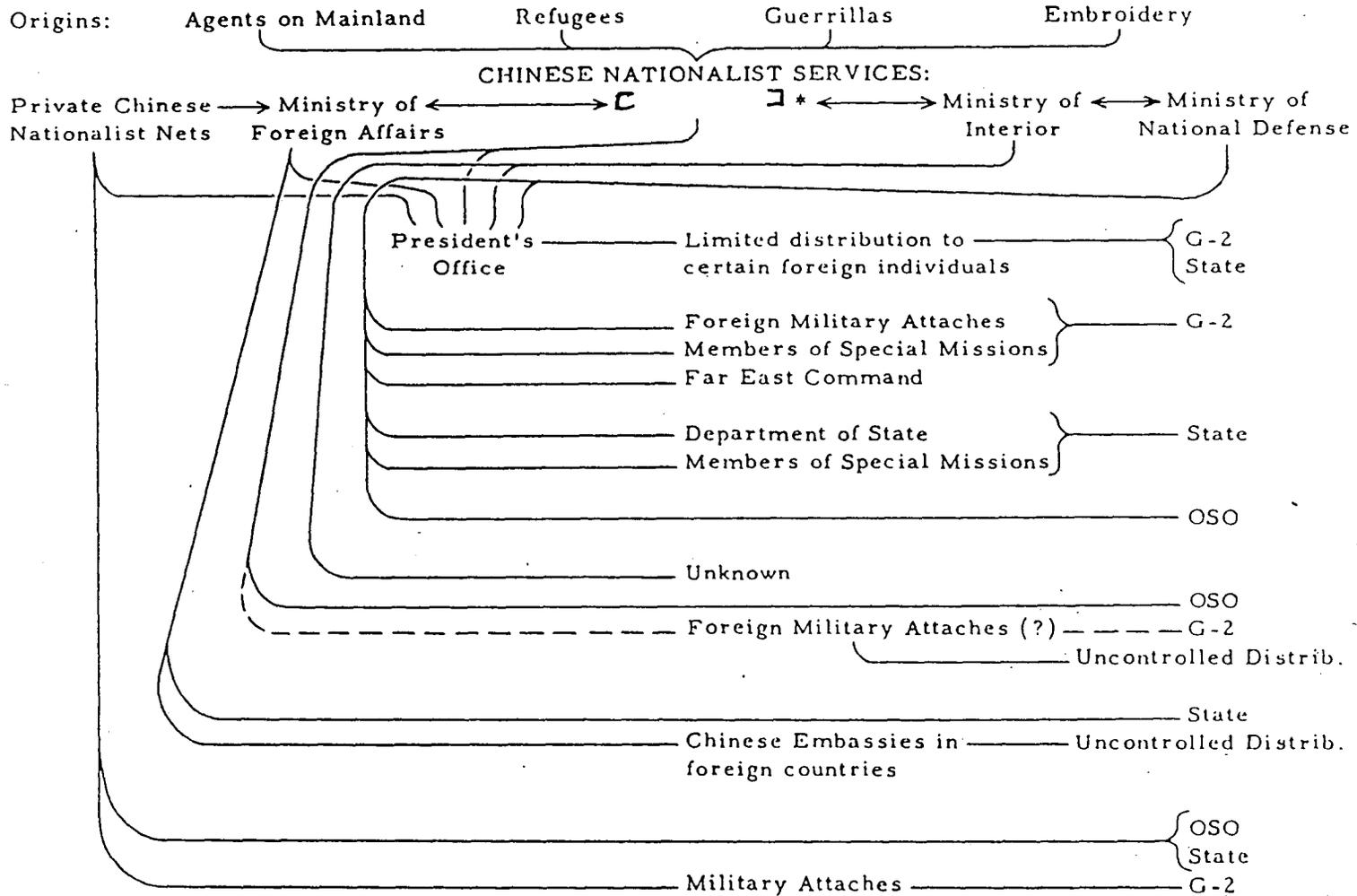
5. The Nationalist Government is quite frank in acknowledging its practice of multiple dissemination, and indeed maintains that this is clear evidence of a wholehearted desire to cooperate with U.S. officials on every level and in every connection. It argues that it cannot reasonably refuse to accede to the many requests for information made by various U.S. representatives.

6. Some of the information received by the U.S. Government is also furnished by the Chinese Nationalists to the British, the French, and all South-east Asian nations, and possibly even to a number of other countries.

7. Since it is impossible for U.S. agencies to do anything about controlling the original distribution of intelligence material by the Chinese Nationalists, it is of the greatest importance that every effort be made to identify such material as being of Nationalist origin wherever and whenever it is received in behalf of the U.S. Government. OSO has no basis for arriving at an accurate judgment on how extensively Nationalist-produced intelligence, unrecognized or inadequately evaluated as such, has affected U.S. national estimates or the estimates of other Western nations, but OSO does believe that it has certainly influenced them to some degree. The fact that so little is known about the problem within the U.S. Government serves to make it the more acute, and emphasizes the vital need for the establishment on a Government-wide basis of a secure, commonly understood, and efficient system of source evaluation.

CHIANG

1948-Present



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Case C: Misinformation from Brussels

1. Since the war, Brussels has vied with Vienna for the dubious distinction of being the leading place of origin of misinformation deliberately invented to serve a political purpose, slanted and sensationalized for financial gain, or "planted" for deception purposes by the Soviet Government. The major share of the misinformation emanating from Brussels is attributed by OSO to a White Russian group headed by Basil OREKHOV, who edits an emigre periodical called Chassovoi (The Sentinel). His collaborators, only a few of whom can be discussed in this paper, are located in Great Britain, Spain, France, Sweden and several African and Near Eastern countries. Other purveyors of spurious information in Brussels are Andre MOYEN, alias Captain FREDDY, sensationalist writer and intelligence peddler; and Augustin Pedro URRACA Rendueles, generally known as PEDRO, a Spanish intelligence representative. All of them trade material back and forth, and disseminate it independently to representatives of those Western intelligence services who are still willing to deal with them despite a six-year record of unreliability. The largest and best-organized single element in the Brussels picture is the OREKHOV group.

Background of OREKHOV

2. Basil (Vasili Vasilyevich) OREKHOV was born in Orel, Russia, in 1896, became a captain in the Imperial Russian Army, and served during the Revolution and the Civil Wars in the White armies of DENKIN and WRANGEL. He left Russia in 1920 with WRANGEL's army, lived in Turkey for a short time and then in France, and since 1934 has resided in Brussels. He founded Chassovoi with the aid of General WRANGEL.

3. As early as 1934, OREKHOV alleged that he had intelligence sources within the USSR, among Red Army officers who were preparing for the overthrow of the Soviet Government. So far as is known, the identities of these sources were never disclosed, and the rapid loss of confidence in OREKHOV on the part of the French, Polish and other intelligence agencies receiving his reports at that time suggests that he was unable to demonstrate the validity of his claims.

4. During World War II, OREKHOV served as an agent of the Abwehr in Switzerland. In consequence he was investigated by the Belgian services after Germany's collapse and briefly imprisoned on charges of collaboration. He escaped punishment, however, after pleading that he had secretly worked to disrupt the activities of units of the Vlassov Army in France.

5. In May 1947, OREKHOV resumed the publication of Chassovoi, which had been interrupted during the German occupation, and became one of the founders and leaders of the Centre National Russe (CNR), organized for the stated purpose of welding together all Russian exile groups in order to establish a Russian national army and overthrow the Soviet regime. The

CNR's program bears a striking resemblance to that of the Ligne Interieure, which operated under proven Soviet direction within the largest White Russian emigre group of the 1930's, the General Russian Military Union (ROVS). Evidence of Soviet penetration of the CNR is available, but it comes from dubious sources. Whether or not the Soviets have succeeded in achieving penetration of the CNR at a high enough level to control its activities is thus open to speculation, although it is known that such control is a primary objective of Soviet Intelligence.

OREKHOV Information

6. Various prominent members of the CNR have trafficked widely in propaganda and intelligence material, through both overt and covert information channels, and alleged first-hand information on the USSR, Soviet intentions, and Soviet activities abroad is being disseminated by the group. Generally this information is sensational in character, and frequently it purports to name chief Soviet agents and collaborators in various countries. Recently, its subject matter has tended to relate particularly to countries in North and Equatorial Africa and the Middle East. Thus, during 1950, CNR-OREKHOV reports have dealt with allegations concerning Soviet plans for military invasion of Africa, Soviet subversive activity in Ethiopia and Communist infiltration in French West Africa. Typical examples of unconfirmed and, with little doubt, fabricated reports are those on the "Lutte des Jeunesses contre l'Imperialisme Colonial," described as a link between the Cominform and the Colonial Section of the Soviet Politburo, and on the "Suvorov Plan," concerning Soviet military operations in Western Europe.

7. Duplicates of this type of report have been received by most of the intelligence services of the Western powers through Russian emigre groups everywhere. The material originates in OREKHOV's Brussels group. There is little doubt that this group is primarily motivated by a real desire to overthrow the Stalinist regime in Russia, and to replace it with a neo-Czarist type of government in which the pre-1917 elite would be returned to power. Within this framework, individual members of the group vie for Allied support in their efforts to maneuver themselves into important positions among the emigres and thus assure themselves of positions of leadership upon their eventual return to Russia.

8. However, Soviet Intelligence, White Russian emigre politics and the need to keep emigre organizations financially solvent are not the only considerations involved; Belgian industrial and colonial interests also are implicated. With the approval of Baron Paul de LAUNOIT, one of Belgium's most powerful industrial figures, who controls the Societe de Bruxelles pour la Finance et l'Industrie (BRUFINA) with its large colonial holdings, Marcel DeROOVER, a BRUFINA executive of Latvian origin, has created a private intelligence and security service. DeROOVER employs OREKHOV and "Captain FREDDY" as intelligence agents, and contributes \$500 a month toward the support of Chassovoi. OREKHOV's intelligence material reflects a strong tendency to overemphasize the role of Soviet and Communist influence in the nationalist movements in Belgian- and French-controlled African territories.

9. Until the spring of 1949, apart from repeated attempts to obtain direct U.S. support, OREKHOV and his group were closely associated with British intelligence. Five independent source designations, superficially indicating five independent operations, were used by the British to disseminate internally, and to the U.S. Government, the product of the OREKHOV group. In December 1948, OREKHOV presented to British Intelligence a report predicting outbreak of war in Iran. It was considered of such importance and reliability by the British that they requested the chief OSO representative [] to transmit it directly and immediately to the Director of Central Intelligence. OSO was told only that it came from a source with high-level Soviet military contacts. The report named a date for the planned Soviet invasion and described the proposed Soviet O/B. It received considerable attention until inquiry revealed OREKHOV as its source. Questioned about the manner in which he had obtained the information, OREKHOV claimed that he had received it directly from an informant in Copenhagen, who in turn had secured it in the USSR. It was later established that the report was completely false, and OREKHOV admitted to the British that he had composed it because he needed money. A study was prepared by OSO on OREKHOV and his contacts and, according to British statements made thereafter, all but one of his operations were terminated. One high-ranking British intelligence officer privately characterized OREKHOV's material to an American colleague as "eyewash."

OREKHOV Approaches to U.S. Intelligence

10. With OREKHOV's voluminous material, which purported to represent world-wide coverage of Soviet activities, continuing to reach the U.S. Government through the channels outlined in the attached chart, OSO's interest was concentrated on the group's claims to possess intelligence resources inside Soviet Russia. These claims had been repeatedly pressed, beginning in 1947, by several of OREKHOV's associates, notably by Madame Helene WITTOUCK, nee Princess SCHERBATOV, the socially prominent wife of a Belgian industrialist. Mme. WITTOUCK is a key figure in the Centre National Russe. During World War II, she assisted Russian prisoners of war in Belgium and received the thanks of the Soviet authorities for her work. Mme. WITTOUCK has claimed that many of her ex-prisoner friends, since repatriated to Russia, are engaged in espionage and anti-Soviet resistance, and have remained in touch with her. OSO, however, has never lost sight of the obvious fact that Mme. WITTOUCK's alleged Soviet Russian friends must be at least as well known to the Soviet security services as to Mme. WITTOUCK.

11. In 1947, Mme. WITTOUCK produced an alleged official of the Soviet steel industry for interview at the U.S. Embassy in Brussels. Later, in discussions with OSO representatives, she said that her sources included: (1) a contact in Leningrad, a former Communist and lieutenant in the Red Army with whom she communicated via a "young man on a boat from Leningrad"; (2) a Russian engineer who would furnish information on atomic industries in the USSR, but only on the condition that the U.S. give financial aid to the CNR; (3) through OREKHOV, various unidentified generals and colonels in Upper Silesia; and (4) again through

OREKHOV, an officer of an Estonian ship who could provide information on the disposition of Soviet airborne troops in the Baltic countries. None of these claims was substantiated.

12. In March 1948, Nicholas S. VOYEVODSKI, well-to-do British national of White Russian origin - a resident of Spain and a friend of Franco - came to the United States to plead the cause of the CNR. In discussions with a CIA representative, VOYEVODSKI stated, among other things, that he was in a position to place the U.S. Embassy in Moscow in contact with a high-ranking Soviet military official who was a key figure in the military underground in the USSR. VOYEVODSKI was unable to substantiate his claims and, in view of their known OREKHOV background, CIA declined his services. In May 1948, he went to Germany and offered to U.S. Intelligence, through High Commissioner John J. McCloy, to have the CNR sponsor clandestine missions to the Soviet Union and the Balkan satellite countries. Finally, in April 1951, he attempted to approach General Eisenhower in the hope of selling his alleged anti-Soviet resistance movement to SHAPE.

13. In 1950, a former Czarist naval officer, Boris M. CHETVERUKHIN, Finnish citizen and owner of a Swedish arms-manufacturing firm, approached the U.S. Naval Attache in Stockholm with an offer to produce, in return for financial support, valuable information obtained from contacts behind the Iron Curtain. He refused to identify the contacts, but implied that he was in communication with one of the largest "underground centrals" in Europe, located in Brussels. This "central" turned out to be the OREKHOV group. CHETVERUKHIN's connection with OREKHOV was later confirmed by his role as a "letter drop" in one operation in which OSO attempted to use OREKHOV and his alleged facilities.

OSO Tests of OREKHOV's Claims

14. In November 1949, OSO obtained through liaison with Belgian intelligence services what was alleged to be the complete production resulting from OREKHOV's world-wide intelligence coverage since June 1948. It consisted of five large photostated volumes containing numerous duplications of reports previously received through other channels, and was thus of considerable assistance in identifying the OREKHOV dissemination channels described in this summary. None of the information proved to be of intelligence value.

15. In September 1950, OREKHOV himself made a determined and persuasive bid for U.S. financial support by once more asserting, to the U.S. Ambassador in Belgium, his claims of possessing intelligence sources inside the USSR as well as in the satellite nations. He requested support particularly for an operation which would involve the sending of two agents through Finland to Leningrad. OSO decided to investigate OREKHOV's claims directly. In discussions with him it became apparent that, while he claimed to have candidates on hand for the trip to Leningrad, he had neither the facilities nor the knowledge necessary for documenting and equipping them, nor could he put them in touch

with persons able to help them cross the Finnish-Russian border. Inasmuch as he proposed to leave these crucial operational details to OSO, OSO decided to drop the operation. OREKHOV, however, was given the opportunity to select from among the sources at his disposal one with whom contact could more easily be established and from whom significant information could be expected.

16. In response, OREKHOV summarized his whole operational potential, claiming that he was able to contact: (a) a Russian general in the military underground within the USSR; (b) the Ukrainian resistance movement; (c) an operational underground in the USSR with 8,000 members and with agents in high posts in the Soviet armed forces and foreign service, as well as in Soviet industry and transportation; (d) two men in the office of the Soviet Military Attache in London; (e) Bulgarian Government circles; (f) the Czechoslovakian Ministry of Information; (g) two officers in the Soviet garrison at Constanza, Rumania; (h) Estonian fishermen trading between the Baltic states and Sweden, with accomplices among Soviet customs officials; and (i) a Red Army major in Leningrad. He recommended the last named as the source for an operation which would be feasible as well as profitable and indicated that a courier was available in the person of a ship's doctor on a Soviet vessel plying between Leningrad and British ports.

17. From liaison with the British services, OSO knew that OREKHOV had claimed to be in contact with agents in Leningrad through a doctor on a Soviet ship. Investigation rapidly determined that, despite OREKHOV's assurances to OSO that he was opening up a wholly new and independent channel, he was in fact inviting OSO to share in an existing British-sponsored operation. A test of the courier run was completed, however, and three letters were received from the alleged agent in Leningrad. They proved to be of no intelligence value, and they did not attempt to answer the simple test questions which had been posed by OSO as an indispensable demonstration of good faith. Handwriting analysis indicated that the letters may have been written by OREKHOV himself.

18. To the best of OSO's knowledge, this was the only serious attempt made to verify the OREKHOV group's claims to impressive intelligence sources in Soviet and Soviet-controlled territory. Despite the fact that an analyst in CIA's Office of Reports and Estimates had characterized the OREKHOV material as a "fantastic mingling of fact and fancy," the material continued to attract the attention of CIA itself as well as of the Departments of State and Defense, not only at posts in Europe, but in such distant places as Dakar, Tangier, Rabat, Accra, Addis Ababa and Istanbul. British, French, Belgian and Spanish intelligence services also kept on receiving it. In one instance, information believed to have originated in the Spanish Intelligence Service appeared in OREKHOV reports, was furnished to British Intelligence, was disseminated to the French through Col. OLLIVIER (a free-lance French intelligence operative), and, finally, appeared in Greek Foreign Office reports.

19. The effect on U.S. and foreign intelligence estimates of the multiple receipt of OREKHOV material has probably been limited because such material carries its own characteristic warning signals of sensationalism and is generally

viewed with caution by experienced intelligence analysts. Moreover, the members of the OREKHOV group have become so well known to all intelligence services (including, one must assume, the Soviet) that the group's product and projected operations are no longer likely to be trusted.

"Captain FREDDY"

20. Other Brussels paper mills have an informal business relationship with OREKHOV's, but without any apparent organizational connection. The most prominent is that of Andre MOYEN, better known under the pseudonym "Captain FREDDY." MOYEN was born in Belgium in 1914 and worked for both British and Belgian intelligence and for OSS during World War II. After the war he was accused of collaboration with the Germans in Belgium, but this charge could not be proved. In 1948, however, he was expelled from France on charges of conducting intelligence activities for a foreign power.

21. During MOYEN's service under OSS, his controlling officer concluded that MOYEN's basic motives were an intense hatred of Communism and an indiscriminating zeal for the collection of intelligence. MOYEN's very sensational "information" on Soviet activities consists largely of exhumed espionage stories of the war period. While the bulk of OREKHOV's reports concern Soviet and Communist activities behind the Iron Curtain and in countries far removed from OREKHOV's home base in Belgium, MOYEN's ostensible targets are mostly limited to Western Europe and the Belgian Congo but are more varied as to subject. Any topic which presents possibilities of sensationalism or scandal inspires MOYEN, and he is known to write inaccurate and derogatory reports even on his supposed friends, including the American and Belgian intelligence services, as well as on his enemies, the Communists. He apparently exchanges material on the latter with OREKHOV; and for example, he is believed to have based a prediction made to the American Air Attache in Switzerland in August 1950, that the Soviets would invade Iran in October or November, on a similar report of OREKHOV mentioned above.

22. Supposedly secret reports by MOYEN - for instance, reports on the parachuting of arms by the Soviets into Belgium in the summer of 1948 and on Soviet espionage and sabotage in the Congo - have been proven by OSO to be wholly false. A typical example of MOYEN sensationalism is the story, given wide circulation by the United Press in December 1949, which concerned a top-secret, fifty-page report alleged to have been made to the Belgian Government by an agent of the Belgian State Security Service after a three-month, on-the-spot study of Soviet espionage in the Belgian Congo. Investigation revealed that no such official report existed, that the information had no basis in fact and that the story was undoubtedly the product of MOYEN's imagination.

23. MOYEN furnished copies of most of his material to the office of the U.S. Military Attache at Brussels until the latter discontinued its relations with him, in December 1949, at the request of the Belgian Surete, which has made

repeated attempts to curb MOYEN's activities by depriving him to his outlets. He has since made several efforts to renew his contact with the same office and has approached the American Air Attache at Berne, despite the fact that he states that he is also sending intelligence reports directly to the Pentagon under the code name "SPA." It is believed that all "Captain FREDDY" reports forwarded to the Department of the Army by the Military Attache at Brussels have carried a low evaluation or a by-line indicating the source's reputation for unreliability.

24. The French, Belgian, Swiss and Dutch intelligence services continue to receive MOYEN's product but, except for the Swiss Air Intelligence Service, apparently give it the low evaluation that MOYEN's reputation for unreliability merits. MOYEN reports have also been disseminated by the British, who themselves have received the reports through multiple channels; by PEDRO (see below); and by Col. OLLIVIER, the free-lance French intelligence operative mentioned above. Some of the same information handed to intelligence services as "secret" material has appeared, under MOYEN's pen-names "Capt. FREDDY, OSS agent" and "Cincinnatus," in the Belgian sensational magazine Europe-Amerique and in the weeklies Septembre and Pourquoi Pas.

25. No positive identification of MOYEN's original sources is possible. Despite official Belgian warnings of his unreliability, BRUFINA employs him to investigate the personnel of its various subsidiaries, and he has planted informants among BRUFINA workers as a check upon Communist infiltration. He claims, in addition, to have a private network of agents established in the Belgian Congo, operating independently of the Belgian Surete de l'Etat, and has implied that his activities are supported by the Union Miniere du Haut Katanga. Whatever actual sources MOYEN may have, however, they appear incapable of providing items of intelligence value.

URRACA

26. Augustin Pedro URRACA Rendueles, best known in international intelligence circles as the source of the "Pedro" reports, has been attached to the Spanish Legation in Brussels since 1946 as a Spanish Intelligence representative. In this capacity, he has served as a channel for the flow of OREKHOV and MOYEN reports, which he labels as such, into the office of the U.S. Military Attache at Brussels. He has been a member of the Spanish domestic security service for 20-odd years, and was Police Attache of the Spanish Embassy in Paris from February 1942 until mid-1945. During World War II, URRACA collaborated closely with the Abwehr in France, and is said to have been second-in-command of the Falange in Paris. He was condemned to death in absentia by a French tribunal in 1948.

27. Sometime in 1946, URRACA began to provide the office of the Military Attache in Brussels with reports on Soviet and Communist activities in Europe. URRACA's reports, some evaluated as highly as B-2, were brought to the attention of OSO representatives and found to be largely inaccurate. Investigation led

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to the conclusion that URRACA's material was deliberately "planted," probably by Franco agents. A report to this effect was transmitted to the office of the Military Attache in Brussels.

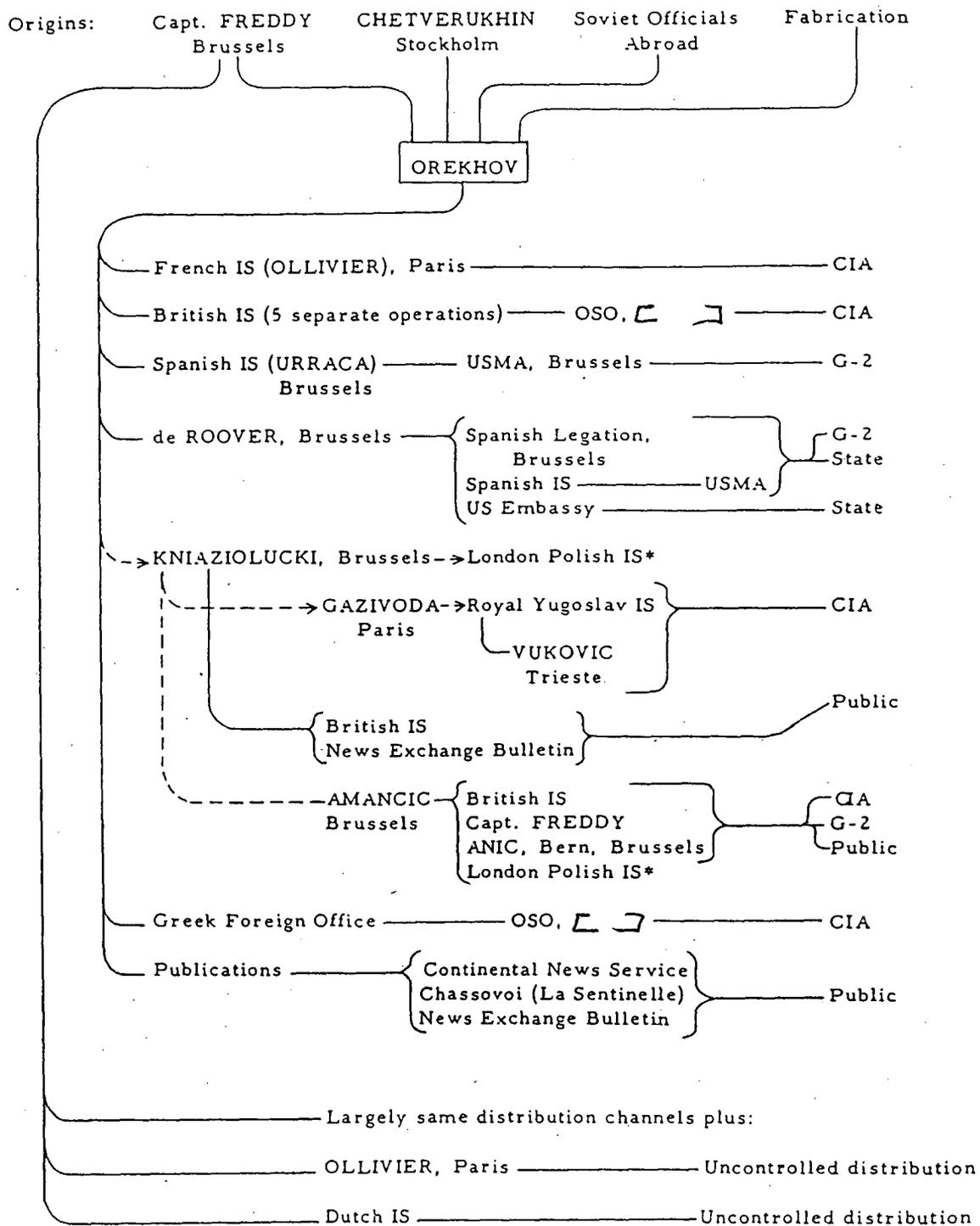
28. As an official representative of one of Generalissimo FRANCO's services, URRACA is undoubtedly motivated by strong anti-Communist loyalties. It is not known whether he actually believes the OREKHOV and MOYEN reports to be reliable or whether he deliberately circulates false and inflammatory reports concerning Communist plans in the hope of widening the gap between the United States and the Soviet Union.

29. Little information is available concerning URRACA's sources. He maintains official liaison with the Belgian Surete on behalf of Spanish Intelligence and, in 1949, he was reportedly paying OREKHOV a salary of 10,000 Belgian francs a month. He receives MOYEN's reports directly, through OREKHOV and also probably through Col. OLLIVIER.

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OREKHOV

1946-1950



* See separate chart on London Polish Services.

Case D: The London Polish Intelligence Services

1. The pro-Communist Polish Government of National Unity was formed in Warsaw in June 1945 and was recognized by the Western Powers. Its predecessor, the Polish Government-in-Exile in London, continued to function, however, and to maintain diplomatic relations with Spain, the Vatican, Cuba and Lebanon. Polish political parties in London joined the exiled government in opposing the Warsaw regime, and, with the aid of the latter's Ministry of Interior and Ministry of National Defense, continued to maintain clandestine contact with the people of Poland. Thus, from 1945 until the present there have been, in effect, several Polish intelligence organizations which have received and distributed information on Poland. These organizations have been of two types: (a) political and (b) military.

2. The political parties are ultimately dependent upon the masses in Poland for support, and therefore must keep in touch with these people at any cost. It is known that three of these parties - namely, the Freedom and Independence Party (WiN), the Nationalist Party, and the Polish Socialist Party - maintain more or less regular courier contact with Poland. At the same time, the former Polish Ministry of Defense in London still maintains an actively operating G-2 section headed by General Stanislaw KOPANSKI, who is responsible to the Inspector General of the Polish Armed Forces in Exile, General Wladyslaw ANDERS.

3. General ANDERS is not recognized by all the Polish exiled factions as their leader, but his position within Polish emigre circles is strong because of the following he has among former Polish army men who have emigrated to South America, Canada, the United States, France, Italy, Belgium, and other countries. These veterans have formed an organization known as the Association of Polish Combatants (SKP) which, according to ANDERS, has a total membership of 180,000 including 90,000 residing in Great Britain. It should be noted that this number is more than twice the military-strength-in-exile claimed by all other East European emigre groups combined.

4. Because of this emigre military potential and in view of the Polish war record on the side of the Western Powers, the London Polish military intelligence service and its product are regarded with a respect which has served to enhance the prestige of General ANDERS and the London government among the Western Powers, as well as to further strengthen their position among the emigres. The sincerely patriotic motives of General ANDERS and his group and their willingness to make great sacrifices in order to free their country cannot be questioned.

5. The approach of the military service to the problem of intelligence collection is quite professional, but that of the political parties is clearly subordinated to improving their position among the Poles (both within Poland and abroad) and the Western Powers. As a matter of fact, the political parties make no particular effort to disguise either the bias contained in the party intelligence product or their efforts to use it to influence Western governments and public opinion.

6. The political parties seek to tap, for all kinds of information, the mass of their former (pre-1945) members who are still in Poland, while the intelligence service of General ANDERS endeavors to use former ANDERS Army men who have returned to Poland. From a careful examination of the various sources which have come to our attention, it can be said that most of the intelligence produced by both the military service and the political parties does not come directly from such resident Polish sources, developed through clandestine operations by the London Polish G-2 or by the couriers who serve the political parties, but is obtained from one or more of the following: (a) refugees who maintain overt contact, through the mails, with friends and relatives inside Poland; (b) escapees from Poland; (c) friends who travel abroad on Warsaw Government official or quasi-official business; and (d) other official or quasi-official travelers who are approached when abroad by the Polish emigres. It can be reliably stated that even though approximately 48,000 ANDERS Army men have returned to Poland since 1945, the General at present can depend upon a mere handful for information from this area. In most cases this material is first placed at the disposal of the British Intelligence Services as a result of the close personal ties formed during World War II.

7. Polish representatives in the various Western capitals, in order to consolidate their relations with the governments of the countries in which they reside and with other friendly governments, including that of the United States, have furnished, through a great diversity of channels, information on Poland received from the London Polish Government ministries and from London Polish political parties. These reports were collected by CIA and carefully checked against similar ones from other sources in order to determine their ultimate source. It was soon discovered that whole sections of reports, and in some instances complete reports, obtained from exile Polish organizations were being made available to United States officials through numerous other channels. The attached chart illustrates the flow of this intelligence during this time. It is assumed that the same pattern still prevails. These reports covered military, industrial and sociological aspects of life in Poland. In most cases the reports were not disseminated, but instead were used as a basis for comparison with items received from the British Intelligence Services, the State Department, the Army, Navy, and Air Force Intelligence Services.

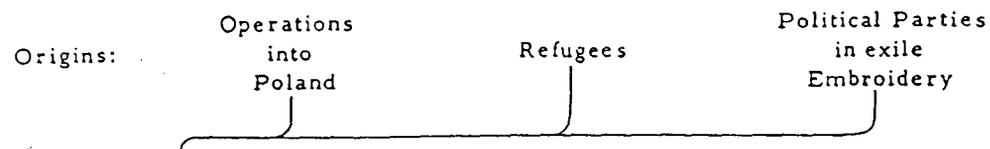
8. A report on Polish Internal Security organizations of 1946, for example, was first received from the U.S. Military Attache in The Hague in April 1946, through Army channels. Substantially the same information, based on a report from the Naval Attache in Paris, was disseminated in December 1946 by ONI. The same information was again featured in reports obtained in Palestine in 1947 from a Polish emigre and was disseminated anew by the British Security Services in September 1947. The same report was picked up in Italy during February 1948 from a source in touch with London Polish representatives in Rome, while a summary of it was furnished in August 1949 by a member of the French Intelligence Service. Meanwhile the same material was obtained from London Polish sources referred to above.

9. In general, the information derived from Polish intelligence sources in exile may be broken down into two classifications: (a) basically truthful material which is embellished and disseminated by the Poles, primarily in the form of propaganda, and (b) material that is fabricated or contains only incomplete elements of truth and is sold for personal profit. About 90% of the reports received by CIA fall into the first classification, the remainder into the second. It should be added that certain reports from Polish sources have been regarded with suspicion as possible Soviet deception. Information on the ultimate sources of these reports, however, has been virtually unobtainable, consequently proof is not available. The O/B information obtained from General ANDERS' intelligence organization on Soviet Forces in Eastern Germany and on Warsaw Polish armed forces is evaluated by G-2 as ranging from "fair" to "good," but on the Red Army O/B in Poland as "poor." G-2, in its "Order of Battle Summary of Foreign Ground Forces" dated 1 January 1951, accepted the presence in Poland of only two Red Army combat divisions, whereas General ANDERS' O/B report for 1950 dated 11 December 1950 had estimated the number to be eleven.

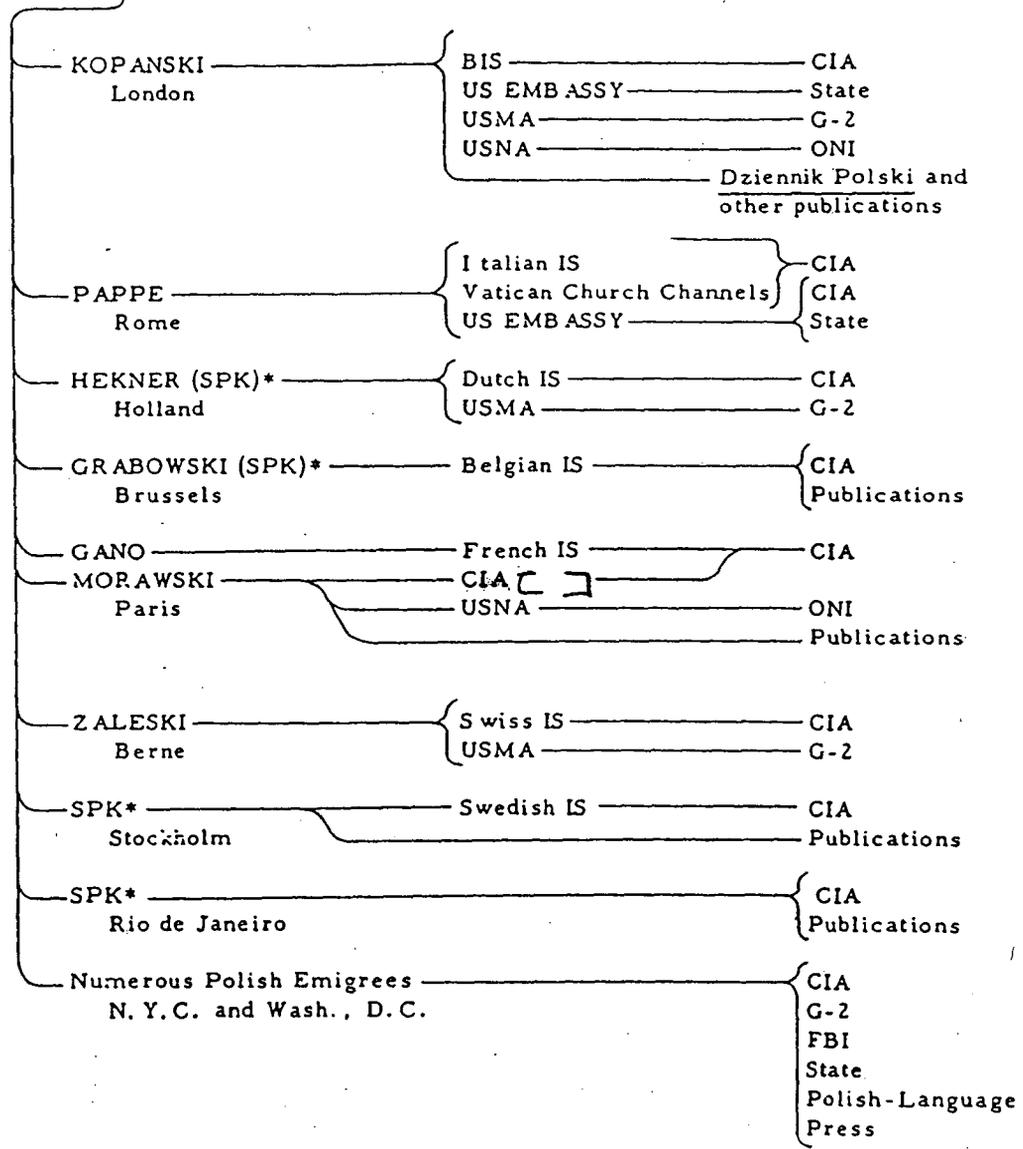
10. Quite apart from any official connection with the London Polish group, individual Polish emigres have, in the multiple-distribution process, inevitably contributed to the intelligence product in personal ways. Several instances of fabrication or suspected fabrication are on record; one which concerned a report on the "Slav Comintern in Switzerland" was received through several channels in September 1947, while another which dealt with the formation of Russian-controlled "U Cells" allegedly functioning among Polish Missions abroad was received through numerous channels between 1946 and 1948.

LONDON POLISH SERVICES

1945-51



LONDON POLISH INTELLIGENCE SERVICES: Represented by:



*Stowarzyszenie Polskich Kombatantow
(Association of Polish Combatants)

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Case E: The JEVDJEVIC Case

1. Dobroslav JEVDJEVIC is the leader of a group of Yugoslav emigres in Italy who provide anti-Tito intelligence material to the Italian Government and to the governments of other Western nations, including the United States. He was born in 1895 of Serb-Montenegrin origin, and has spent most of his life engaging in Yugoslav extreme-nationalist activities.

2. JEVDJEVIC began his career in 1918 by becoming associated with a Fascist organization which was opposed to the regime of King Alexander. From late 1918 to 1939 he cooperated with one dominant faction after another in Yugoslavia and acquired the reputation of being willing to sell himself to any political group in return for personal favors or advancement. In 1935 he served under Premier JEVVIC as propaganda chief of the Yugoslav Government. In 1941 he became a Chetnik leader under General MIHAJLOVIC, working closely with the Italian forces which were occupying the Dalmatia-Herzegovina area. He was widely known for his pro-Italian sympathies and MIHAJLOVIC himself is reported to have remarked, jokingly, that "JEVDJEVIC is an Italian who likes Serbs." Among the Italians cultivated by JEVDJEVIC during this period was Achille MARAZZA, who, after the war became a leader of the Italian Christian Democratic Party and Minister of Labor in the Italian Cabinet. Early in 1944, JEVDJEVIC fled to Trieste and eventually settled in Italy in order to avoid repatriation to Yugoslavia and trial by the Tito government as a war criminal and collaborator.

3. As soon as the war was over, JEVDJEVIC became prominent as an opportunistic leader in Yugoslav emigre politics and intrigue. In 1946 he sponsored the formation in Rome of the Serbian National Committee and, with the aid of the above-mentioned Achille MARAZZA, published at Eboli a Serbian-language newspaper, *Srbske Novine*, which followed a pan-Serb and anti-Croat line. He broadened his sphere of influence further by establishing contact with Italian neo-Fascist groups, as well as with an anti-Communist group of refugees known as the "Committee of Nations Oppressed by Russia."

4. At the same time, JEVDJEVIC began collecting military and political information on Yugoslavia from refugees arriving in Italy via Trieste, and from other Yugoslav emigre groups in Trieste, Greece and Italy. By 1949 he had allegedly developed a channel into Slovenia through Trieste, large nets of informants and propagandists in Italy, and intelligence collection centers in Greece, Albania and Bulgaria. Except for the Italian complex, these facilities are believed by OSO to have been exaggerated if not entirely fictitious.

5. The first customer for JEVDJEVIC's intelligence material was the Italian Service, which reportedly used him as an informant in 1946 and 1947, after he had been introduced to it by other emigres who were already under its control. By 1949 his material was also being received by the Italian Ministry of the Interior as well as by the U.S. CIC and the British FSS in Trieste, and by French intelligence services in Rome and Paris.

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6. Apart from JEVDJEVIC's direct dissemination to Western intelligence services in Trieste and Italy, his material has received wide, uncontrolled dissemination through his contacts with other Yugoslav emigre groups than his own. For example, he exchanges information with Miro DIDEK, self-styled intelligence representative in Rome of the Croat emigre leader Vlado MACEK, and with Monsignor JURETIC, a representative of MACEK in Switzerland. The multiple dissemination given to material entering these channels is shown on the chart attached to an accompanying paper, "The MACEK-KREK Group." JEVDJEVIC's correspondents in the United States include Constantine FOTIC, former Royal Yugoslav Ambassador to the U.S., and Momcilo DJUJIC, a former Chetnik general who worked with the Italians in Dalmatia during the war and who is now living in Chicago. DJUJIC has been passing JEVDJEVIC's material to CIA in the United States. Finally, JEVDJEVIC is in close touch with the exiled Yugoslav Royalist movement and provides the Italian intelligence services with information gathered by Yugoslav Royalist intelligence networks in Italy.

7. JEVDJEVIC now lives in Rome under the alias "Enrico SERRAO," belongs to the "Association of Free Journalists of Central-Eastern Europe," and publishes a confidential periodical called the Royal Yugoslav Intelligence Bulletin, which is ostensibly sponsored by Yugoslav emigres. He gives copies of this bulletin, along with his regular intelligence reports, to the Italian intelligence services and contributes articles to various newspapers, including the Serb nationalist Srbobran, published in Pittsburgh, Pennsylvania.

8. OSO receives JEVDJEVIC's material through covert sources. In addition, intelligence items believed to have originated with JEVDJEVIC have occasionally been received from OO and other U.S. Government agencies which have obtained them through one or another of the various channels mentioned above. OSO believes that his current rate of production is approximately eight reports per month and that about half of the reports which he introduces into any one channel are duplicates of those which have been directed into another. In general, JEVDJEVIC's material is believed to be a mixture of outright fabrication, exaggeration (particularly with regard to anti-Tito resistance inside Yugoslavia), speculation, and basically true information which, however, is slanted against the present Yugoslav Government.

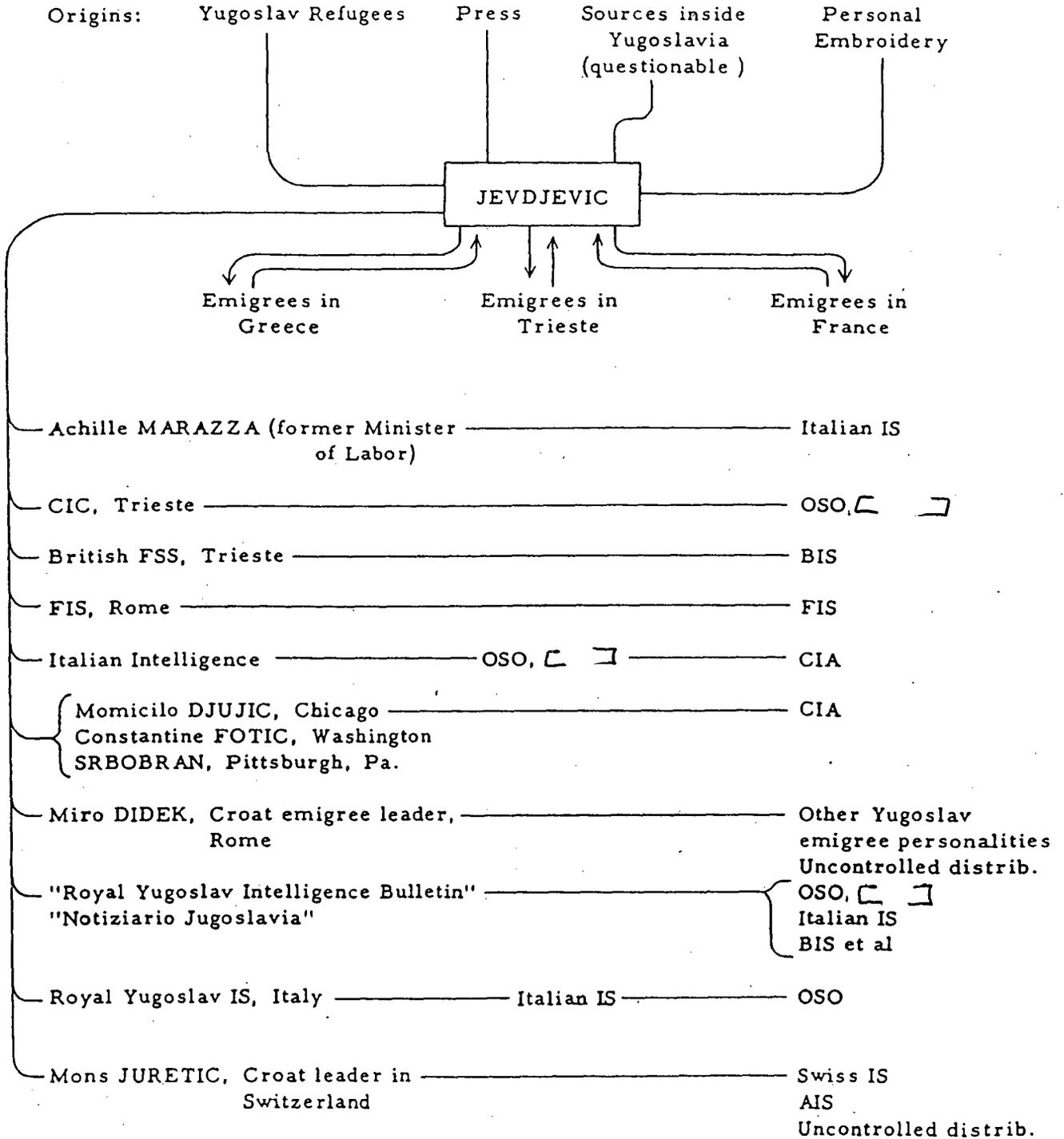
9. Less than two percent of all intelligence identified by OSO as the product of JEVDJEVIC's group has been disseminated by OSO to other U.S. Government agencies, and none has been given to a foreign government.

10. Since JEVDJEVIC's information appears to reach U.S. Government agencies through numerous seemingly-independent channels, OSO believes that false and misleading information on Yugoslavia may have become available, without proper qualification, to the offices responsible for preparing U.S. national estimates. The danger inherent in this uncontrolled dissemination of the JEVDJEVIC reports consists in the possibility that some of them may be erroneously accepted as confirmation of others, causing the recipient to arrive at an exaggerated estimate of anti-Tito activities inside Yugoslavia.

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~~SECRET CONTROL~~
U.S. OFFICIALS ONLY
JEVDJEVIC

1946 - present



Case F:

The MACEK-KREK Group

Background

1. From the end of World War II through 1949, a large number of reports on Yugoslavia were distributed to all major Western intelligence services by Slovene and Croatian emigres who had fled to Western Europe during and after the war and found temporary refuge chiefly in Switzerland, Italy, Austria, and France. Although they did not develop a formal, centralized organization for either political or intelligence purposes, these emigres were bound together by a common hatred of the Tito regime and by a common need for Western support for the eventual return to power of their political parties in Yugoslavia. Two major political groups were represented among them: the Croat Peasant Party of Dr. Vlado MACEK, who was first in Paris and later came to the United States, and the Slovenian Republican Party headed by Dr. Miha KREK, who reached the United States after spending several years in Rome. The political aims of these groups were not solely responsible for the widespread sale of material on Yugoslavia; a large proportion of it was distributed by individuals whose principal motive was self-support.

2. These Slovene-Croatian intelligence producers claimed almost invariably that they had reliable agent networks in operation in Yugoslavia. Their real sources, however, appear to have been refugees arriving in Trieste, Italy and Austria, and some of their reports were simply based on press articles and on previous knowledge of conditions in Yugoslavia. A characteristic report would include a small amount of real, if not new, information expanded to acceptable length for distribution and eventual sale. Many reports are believed to have been complete fabrications.

3. In the absence of central direction regulating their collection and dissemination efforts, the intelligence originators and intermediaries sold material not only to as many Western customers as they could find in the countries in which they were residing, but sent the same material indiscriminately to compatriots in neighboring countries who embellished and disseminated it still further. A limited amount of centralized control existed in Switzerland, where a Colonel VAUHNİK was informally recognized by the Slovene-Croatian colony as its chief in intelligence matters. VAUHNİK, formerly Yugoslav Military Attache in Berlin and an accomplished reports writer, received information from groups in Italy, Trieste and Austria, as well as from refugees in Carinthian DP camps with whom he had direct contact, and "processed" it for dissemination to British intelligence officers in Berne. At the same time, he gave copies to other emigres, such as Dr. RODMAN in Zurich, for sale to U.S. and French representatives, and Monsignor JURETIC at Fribourg, for transmittal to the U.S. Legation at Berne. The Swiss intelligence services received reports from these two men as well as from VAUHNİK, and probably also from other less important emigres. Monsignor JURETIC, besides distributing reports in Switzerland, forwarded through Vatican

and MACEK Party channels information which eventually reached other European nations and the United States. It is believed that France, in particular, received much of the material distributed by VAUHNİK via JURETIC during the time MACEK was in Paris.

4. By 1950 the large-scale production of intelligence by Slovene and Croatian emigres had ceased as a result of the dispersal of its originators and distributors to other Western countries, including the United States.

OSO Experience and that of other U.S. Agencies

5. OSO's principal observation of Slovene-Croatian emigre intelligence production and dissemination was in Switzerland. However, OSO offices were also concerned with them, between 1946 and 1950, in Trieste, Italy and Austria. The reports reached the U.S. Government not only via OSO but also through CIC in Trieste, Austria and Italy; through G-2 in Trieste and Austria; through the State Department in Switzerland and Washington; and through the FBI and CIA's Office of Operations at various points in the United States.

6. In September 1946, OSO in Switzerland gave the British a report obtained from RODMAN which the British recognized as identical with one that they had received earlier from VAUHNİK. Material subsequently transmitted to OSO by the Swiss showed that the latter also were receiving the same information - frequently carbon copies of the same reports. In addition, a series of FBI reports on Yugoslavia, forwarded to Europe for evaluation early in 1948, turned out to have originated with the VAUHNİK group. The high degree of unreliability of the Slovene-Croatian emigre reports finally became evident when OSO and other U.S. agencies began to receive first-hand information from Yugoslavia after Tito's break with Moscow.

7. On one occasion, an OSO representative in Switzerland was asked whether he would be willing to pay 2000 Swiss francs in gold for a report on plans of new Yugoslav coastal fortifications, especially those of the Bocca di Cattaro area. RODMAN had long claimed that he had an agent working in naval installations at Bocca di Cattaro, with whom a courier, running between Ljubljana and southern Yugoslavia, was in touch. This agent was supposedly the prime source of the information in question. OSO showed an interest in acquiring the material but refused to make a commitment until samples could be examined. After many promises, postponements and lurid descriptions of the dangers and difficulties involved, a long report containing beautifully-drawn maps and charts and complicated appendices was finally presented to OSO with the explanation that it was not quite what had originally been promised, since the agent in Bocca had not been able to make contact every time with the courier. Nevertheless, some information had been received from him and was combined in this report with information from other agents reporting on the same and related subjects. Even cursory examination of the document showed it to be a study of the Yugoslav military and naval situation which probably prevailed several years earlier.

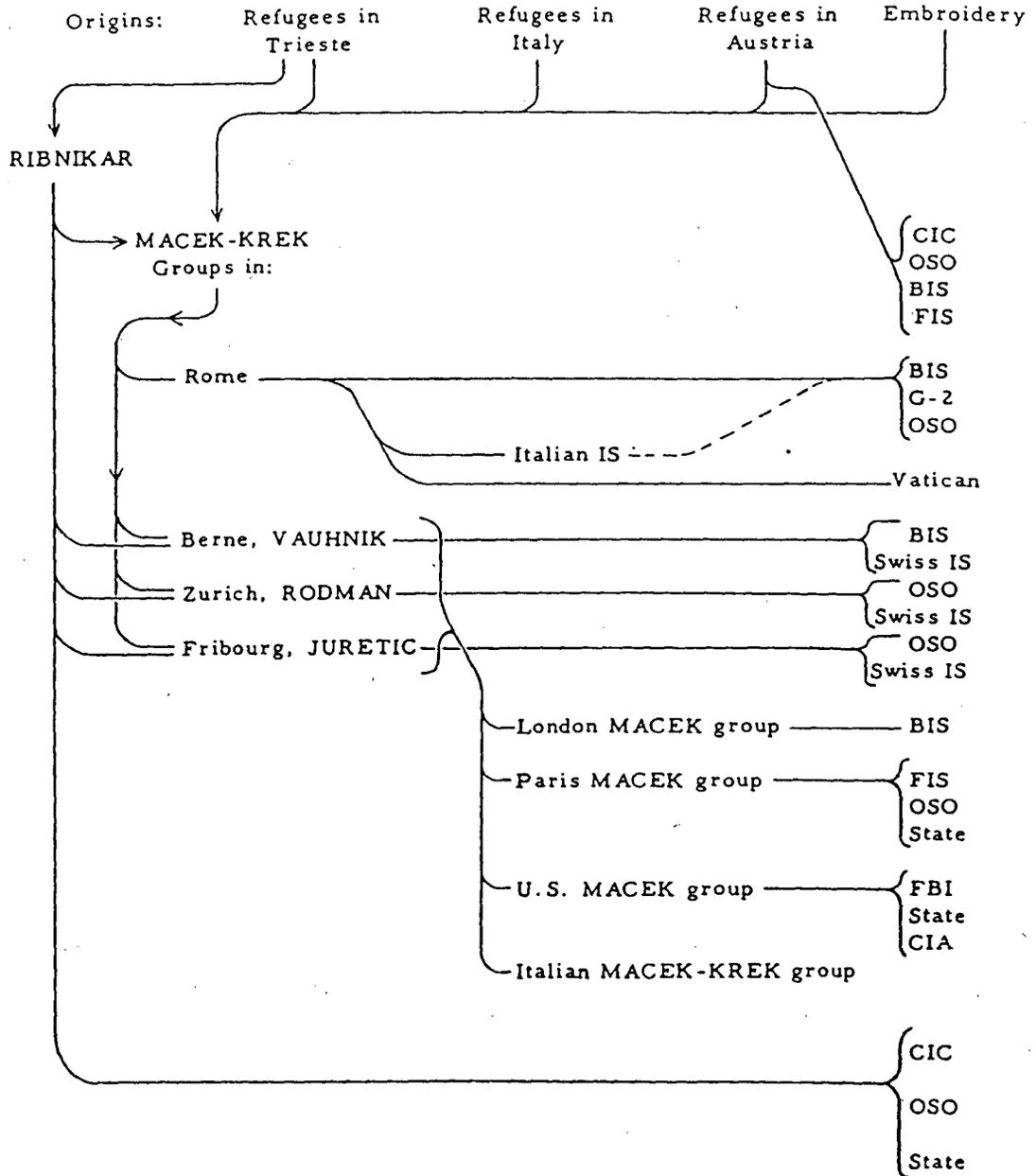
It was prepared, presumably by VAUHNİK, out of all sorts of odd bits of intelligence his group had received up to the time of its production. OSO refused to buy the report, but it is not known whether or not it was offered subsequently to any other prospective customer.

Conclusions

8. OSO does not know how much of the MACEK-KREK-VAUHNİK "intelligence" on Yugoslavia found its way into the reservoir of basic intelligence upon which national estimates are based in part. It is certain that some of it must have done so, and equally certain that a great deal of it must have been accepted at one time or another by other Western nations. Despite the fact that OSO and British Intelligence had cause as early as 1946 to suspect fabrication and the danger of false confirmation in connection with the Slovene-Croatian emigre intelligence paper mill, the latter was able, because of its many complex and uncontrolled dissemination channels and the inadequate exchange of source information among various U.S. and West European intelligence agencies who were purchasing the material, to pass it on successfully for several years thereafter.

CROAT-SLOVENE EMIGRE MILL

1946-49



Case G: The SCATTOLINI Case

Background

1. Shortly after the liberation of Rome by the Allies in 1944, Filippo SETACCIOLI and Virgilio SCATTOLINI established a new information service on the Vatican which eventually developed into a widespread "news service."

2. Prior to embarking upon this venture SETACCIOLI had been associated with two advertising firms in Rome while SCATTOLINI had written plays and pornography. Some time before World War II, SCATTOLINI began to issue a news bulletin which served German and Japanese clients, among others. In 1939 he ostensibly abandoned his anti-Vatican leanings and became a member of the staff of the Vatican's official daily, the Osservatore Romano, and he was jailed briefly, in June 1944, for anti-fascist activities.

3. Under an agreement concluded by SETACCIOLI with SCATTOLINI the latter, who claimed to have an important Vatican contact, was to collect highly sensitive items of information, including actual texts of Vatican communications. SETACCIOLI, for his part, agreed to serve as the "cut-out" and to disseminate the information among Allied newspapermen, with the assistance of his friend Reynolds PACKARD, the UP representative in Rome.

4. The daily "news service" which resulted from the foregoing agreement soon numbered among its subscribers the New York Times, the UP, Agence France Presse, and La Nacion of Argentina. By January 1945, it had found new clients in the British, American and Polish Embassies, and in the TASS News Agency.

OSS Experience

5. In December 1944 SETACCIOLI was picked up and interrogated by the Counterespionage Branch of OSS. He was allowed to continue his work in an effort not only to determine the sources of his information but also to identify other intelligence elements in the operation. It was soon discovered that the Secret Intelligence Branch of OSS in Italy had already retained SCATTOLINI in order to exploit his Vatican coverage. The lack of coordination displayed by these two branches of OSS was due to their independent methods of operating overseas. This and similar incidents led to the subsequent merger of the branches and their overseas operations.

6. Fundamentally, the Secret Intelligence Branch, which was responsible for positive intelligence coverage, based its evaluation of SCATTOLINI's material on reports analysis. The Counterespionage Branch (assisted by the U.S. Representative to the Holy See) established in the course of its operational investigation that much of the material was fabricated and was slanted to serve political purposes. Adequate authority was lacking at the time to reconcile both sets of facts at an operational level.

7. OSS's successor organization, SSU, received several SCATTOLINI items at Berne in 1946 which were later traced to an Italian intelligence officer. In the same year, French Intelligence received SCATTOLINI material which SSU proved to have originated in the Italian Military Intelligence Service.

OSO Experience

8. In 1947, OSO in Vienna received "high level Vatican intelligence" which turned out to be SCATTOLINI material received through an agent of Italian Military Intelligence.

9. At the request of OSO, SCATTOLINI was arrested by Italian Counter-espionage authorities, in September 1947, and under interrogation revealed the widespread dissemination of his material. He made the statement, which is believed to be entirely without foundation, that a special section under the Vatican Secretariat of State was set up to fabricate information and circulate it through Jesuit channels. Following his release, he told OSO that "Italian Intelligence" was supplying "false Vatican information" to U.S. Military Intelligence. Throughout the development of the case, OSS and OSO Counterespionage personnel accumulated evidence that former members of the Fascist regime, who had been taken over by Italian intelligence agencies, participated in the transmission, if not in the manufacture, of SCATTOLINI material in the pursuit of their own varied interests.

10. Another explanation of the material's background was suggested by the Italian Communist Party's use of so-called "Vatican documents" in its anti-clerical campaign preceding the crucial national elections of 1948. These "documents" were traced back to SCATTOLINI, and the Osservatore Romano denounced them as fabrications. SETACCIOLI was arrested and detained for a short time but his whereabouts since 1948 is unknown, while SCATTOLINI was last reported in 1949 to be writing a book about his experiences in the Vatican.

Conclusions

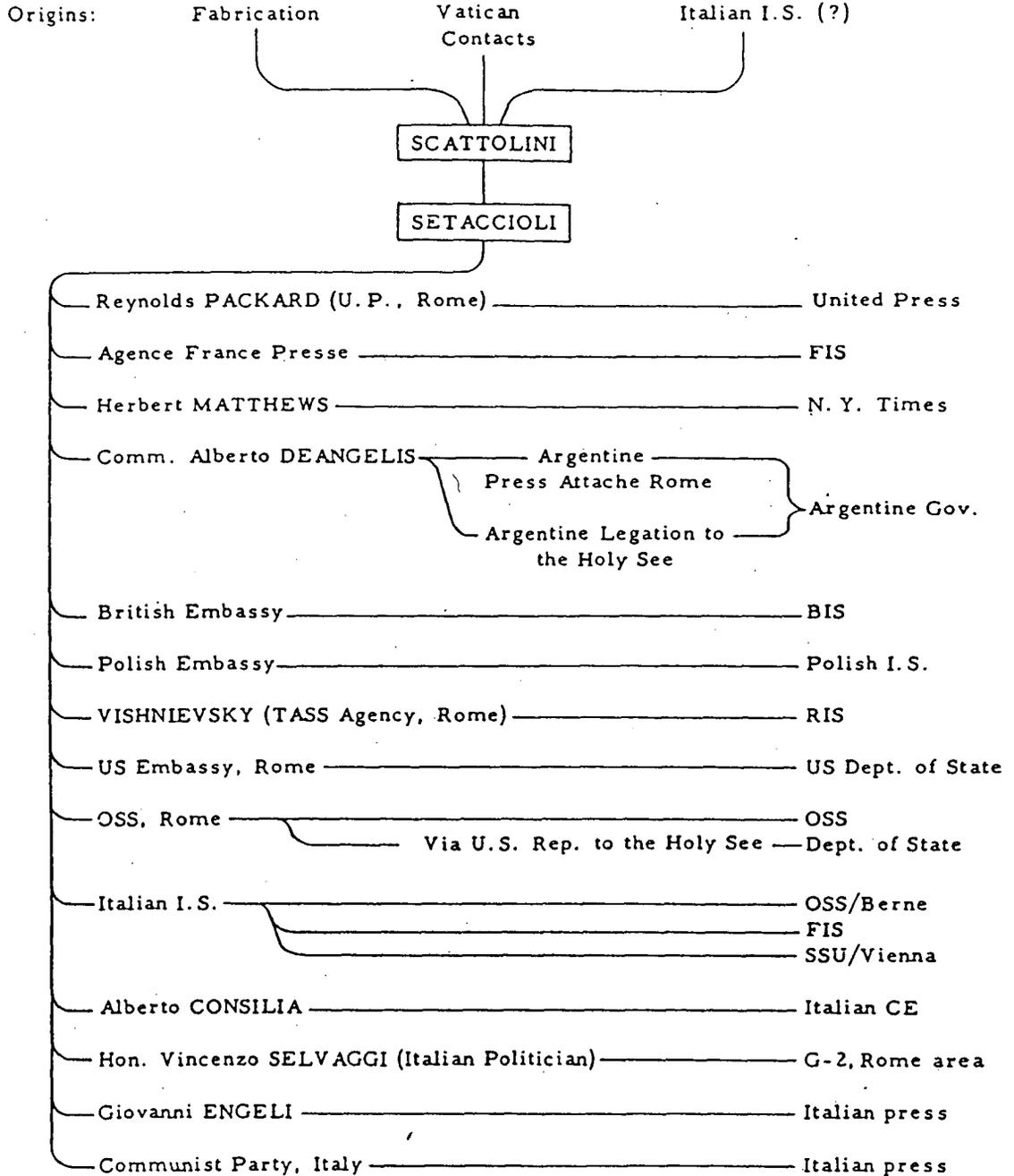
11. Between September and December 1945, OSS received 435 reports from SETACCIOLI. An analysis of this material, made before operational investigation in the field had revealed the bad faith of SCATTOLINI, demonstrated

that 35% was partially true, that 16% was definitely false, and that the remainder could not be judged. Later admissions by both agents indicate that fabrication and embroidery of overt information accounted for an even larger share of the information received. SCATTOLINI's real motives were never satisfactorily established. OSO believes that he may have been engaged in political intrigue on behalf of Italian Fascist elements, the Italian Communist Party, or possibly other principals, but that, in any case, he was probably prompted by the desire to exploit, for his own financial profit, the gullibility of the various intelligence customers who were in the area at that time.

12. The Department of State and other U.S. Government agencies received SCATTOLINI material through OSS-CIG channels. From the evidence which OSO can piece together at this date, it is believed that the material did contribute to misinforming and confusing U.S. Government officials responsible for analyzing Vatican foreign policy during the period involved. Since the material was also received by several smaller Allied countries with lesser capabilities for intelligence evaluation, it is assumed that it had even more serious effect on their estimates of Vatican policies.

SCATTOLINI

1944-48



Case H: The TREMPER-RIESS-ASENDORF Fabrication

1. In August 1950, the OSO station in Berlin received from one of its covert sources a thirty-page document purporting to be the draft of a peace treaty which the Soviets were ready to offer to a united Germany after the October 1950 elections in the Soviet Zone. The OSO agent stated that he had obtained the document from an unidentified journalist who, in turn, had claimed to have gotten it from a translator in the Foreign Office of the East German Government. At about the same time, an exact duplicate of the document was received by the U.S. Embassy in The Hague from a "Berlin correspondent of a Dutch newspaper." Another was offered by an American newspaperman of German origin, Curt RIESS, for a considerable sum, to a State Department representative in Berlin.
2. Investigation of the document by OSO in Berlin revealed it to be a poorly fabricated product of an intelligence-peddling combine with which OSO had had considerable experience since the end of the war.
3. Between February and June 1947, OSO employed as an agent in Berlin a German journalist named Willi TREMPER. In time it was discovered that he was resorting to the fabrication of information as a means of augmenting his income. His confession was obtained and, in October 1947, he was tried and sentenced by a Berlin Military Government Summary Court to eight months' imprisonment on the charge of "knowingly making any false statement orally or in writing, to any member of or person acting under the authority of the Allied Forces, in a matter of official concern..." (Berlin Military Government Ordinance). To OSO's knowledge, this is the only case on record in which an intelligence fabricator was tried and convicted for his offense.
4. After serving his term, TREMPER studiously avoided OSO representatives and associated himself with another newspaperman, one Werner ASENDORF, then Berlin Representative of the Central China News Bureau.
5. In May 1948, an article appeared in the New York Times, under the by-line of Curt RIESS, asserting that a General SCHARNOV had arrived in Berlin from Moscow earlier that year in order to assume the direction of Soviet policy in Eastern Germany. His tasks were allegedly to force the Allies out of Berlin by 30 June and to purge Soviet leaders in Germany who were not hewing to the Party line. In April 1948, similar information concerning General SCHARNOV had reached ONI in Berlin, and subsequently it was received by the U.S. Embassy in Prague and by S-2, Berlin. The same item appeared in Berlin newspapers during the month of June.
6. OSO in Berlin identified the intelligence report about "General SCHARNOV" as having been invented by TREMPER and distributed by ASENDORF, and traced most of the Berlin newspaper stories on the same subject to Curt RIESS. Other American intelligence agencies in Berlin were advised of

TREMPER's and ASENDORF's records. However, in August 1950, OSO Headquarters was advised by the Berlin station that TREMPER was currently serving as an informant for ONI in Berlin.

Background

7. Willi TREMPER, who had worked as a photographer for the German Propaganda Ministry during the war, was a police reporter on a Berlin daily newspaper when OSO first encountered him.

8. Curt RIESS, born in Germany in 1902, edited a Berlin tabloid before 1933, went to Paris when Hitler came to power in Germany, and continued his newspaper work there until his arrival in the United States in 1940. He became known in this country as a free-lance writer of sensational material concerning Hitler Germany, much of it invented. His application for a position with OSS in 1944 was disapproved on security grounds. He has since returned to Europe as a free-lance writer and as the Berlin representative of Transradio Press of New York. His reputation among journalists is low, and Berlin representatives of OSO reported in August 1951 that his accreditation as an American correspondent had been withdrawn.

9. Besides working for the Central China News Bureau, Werner ASENDORF - a Hitler Youth leader before Germany's collapse - has been Curt RIESS' business manager in Berlin.

10. The TREMPER-RIESS-ASENDORF combine is only part of a sizeable community of sensational newspaper writers in Berlin who have been selling truths, half-truths and falsehoods, undistinguishable from one another, to the highest bidders, whether intelligence services, news services or newspapers.

Conclusions

11. This case illustrates the manner in which U.S. intelligence agencies can be duped by irresponsible newsmen, including some of American nationality, whose basic motives do not include a desire to stick to facts. A functioning system of source control would have prevented the acceptance of intelligence reports from the TREMPER-RIESS-ASENDORF complex after TREMPER's unreliability had been established by one American agency, OSO, in 1947.

Case I:

The VUCETIC Case

1. Marko VUCETIC, a Yugoslav national born in Istanbul in 1894, was recruited by OSO in Trieste in August 1948 and furnished information on Yugoslavia until late 1950. He had previously been an agent of SSU. During World War I he had served in the Austrian Army until captured by the Russians and recruited for service in the First Serb Division against the Germans. After the war he settled in Odessa, where he remained for sixteen years, until his business was confiscated by the Communists. He then returned to Istanbul and from there moved to Trieste, where he married a wealthy resident and became a successful wine merchant.

2. OSO has been unable to determine the exact extent of VUCETIC's intelligence activities before he was employed by OSO in 1948. He is believed, however, to have served as an informant for several intelligence services at various times, and his employment by the Italian Military Intelligence Service (SIM) at some date prior to 1946 has been confirmed by an officer of that service.

3. On the recommendation of the same SIM officer, SSU established contact with VUCETIC in the summer of 1946. The information he supplied during the few months of his association with SSU was considered to be reliable.

4. In renewing contact with VUCETIC on behalf of American Intelligence interests in 1948, the OSO [] had as its principal objective the creation of an agent network designed to penetrate Yugoslavia through Zone B of Trieste. VUCETIC agreed to work for OSO, stating that he had contacts in Yugoslavia who could obtain intelligence on military, economic and political subjects as well as on the activities, both inside Yugoslavia and in Trieste, of the Yugoslav police and the internal security service (UDB). He refused to reveal the identities of any of his informants, giving as his reason the fear that their lives might be endangered by an American security leak. He had maintained this stand consistently and effectively during his previous association with SSU.

5. VUCETIC's initial reports were received with great interest by U.S. intelligence consumer agencies. However, when they were neither confirmed by other sources nor clarified through the submission of additional details requested by customers - details which could be verified by on-the-spot investigations - incredulity became apparent in customer evaluations.

6. Meanwhile, OSO's efforts to assess VUCETIC's actual operational assets were being hindered by his continuous refusal to identify his sources. The OSO [] was given added cause for suspicion by the fact that, while VUCETIC had not accepted a salary from SSU, he now took money "for distribution among his informants," but refused to sign receipts for it. However, a re-examination by the Trieste office of his apparent motivation, both past and present, did not suggest any reason why he might have changed from a sincere

Yugoslav nationalist, anxious to serve the anti-Communist cause, to a fabricator of intelligence reports for financial gain. The large income he derived from his wine business had not diminished, and he continued to express a desire to emigrate eventually to the United States, where he has a brother living in San Francisco.

7. Nevertheless, as the operation progressed, it became increasingly apparent that VUCETIC's information could not be disseminated without clarification of its ultimate sources. Faced with this fact, VUCETIC very reluctantly supplied the identities of several collaborators, whom he described as follows:

- (a) An official of Technoprom, a Yugoslav firm with an office in Milan, who was also an unwilling agent of the UDB.
- (b) An inspector of mines employed by the Ministry of Mines in Belgrade.
- (c) A merchant in Ljubljana.
- (d) A correspondent of Tanjug, the official Yugoslav press agency.
- (e) Two sleeping-car conductors, one on the Sofia-Trieste line and the other on the Belgrade-Trieste line, who served as couriers.

8. All the names submitted were checked but without conclusive results. It was noted, however, in the course of a review of VUCETIC's material made by OSO Headquarters, that many of the reports alleged to have been supplied by the newly identified informants contained information to which those sources could hardly have had access. The OSO [] also noted that, taken as a whole, the VUCETIC material did not look like a collection of intelligence reports from independent sub-sources, but rather had the appearance of a flow of information which had been carefully planned along certain lines of interest. Neither the field office nor Headquarters could yet identify the exact interests which might have prompted the reports.

9. In December 1949 and January 1950, OSO Headquarters made a final, exhaustive study of VUCETIC reports material and operational data. This time many discrepancies were noted. For example, one informant who had been identified by VUCETIC as operating within Yugoslavia was discovered to have left for Argentina. Confronted with the results of the study, VUCETIC alleged that he had deliberately mixed up the data on his informants in order to protect them from harm through an accidental disclosure of identities.

10. One important admission was made by VUCETIC at this time. He stated that he gave his raw reports to a resident of Trieste for translation and that, since he did not always read them beforehand, he could not be certain that

the translator made no changes or amendments. The translator was eventually identified as a known agent of an Italian intelligence service. VUCETIC stoutly maintained that he believed him to be an honest man who merely translated reports in return for needed money.

11. Because of this new insight, OSO again studied certain facts in VUCETIC's background, including his former association with Italian Intelligence and his "wine-purchasing trips" to Padua (where an Italian counterespionage center is located), and came to the tentative conclusion that at least some of the VUCETIC reports had been "planted" by an Italian intelligence service. VUCETIC was given a lie-detector test and thoroughly interrogated and, while the results were not in all respects conclusive, they enabled OSO to arrive at the following evaluation: (a) VUCETIC did have some true sources; (b) his apparent understanding of his agent function was in reality a sense of cunning whetted by an appetite for engaging in intelligence activities; (c) he was prompted by a combination of a sincere desire to help his American friends against Communism and a wish, perhaps fortified by Italian pressure, to accommodate his Italian hosts by providing them with funds for other intelligence operations.

12. Because of their apparent importance, all but seven of the 87 reports received from VUCETIC were disseminated by OSO to the Departments of State, Army, Navy and Air Force, as well as to various CIA offices. None, however, was given to a foreign government. The political reports, which constituted the largest group, usually contained sufficient truth to make the whole appear convincing. They were sometimes confirmed, in a general sense, by other sources. The element in them which eventually led to the suspicion that they had been "planted" by an Italian service was a consistent criticism of the Tito regime and of the Slovenes in particular, coupled with a conspicuous lack of criticism of Italian methods, aims or ambitions in connection with Yugoslavia. The general slant of these reports was such as to make them appear to confirm official Italian allegations and charges.

13. Upon discovering the apparent part played in the VUCETIC operation by Italian Intelligence, OSO sent memoranda to all agencies to which it had previously disseminated VUCETIC material, identifying each VUCETIC report by number and informing the other agencies that the information was now believed to have been the product of a foreign government. The identity of this government was furnished orally to individual analysts in appropriate customer agencies.

14. The VUCETIC operation appears to have been a deception effort perpetrated against American Intelligence by Italian Intelligence for the purpose of influencing U.S. estimates concerning Yugoslavia and Trieste to the advantage of Italian Government interests. The reserve which U.S. intelligence consumer agencies early adopted towards the VUCETIC material probably prevented its having much, if any, actual effect on U.S. estimates.

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15. The VUCETIC case has a certain "salvage value" in the retrospective identification by U.S. consumer agencies of the type of information which the Italian Government would like the U.S. Government to believe. Such knowledge can be applied by U.S. estimators to similar material whenever and wherever it appears.

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Case J:

The CH'EN Fabrication

1. In March 1951, one CH'EN Chung-i approached the U.S Consulate General in Hong Kong, representing himself as a member of a dissident (anti-Stalinist) Chinese Communist Party group called the CCP Democratic Revolutionary Alliance, and requested certain limited aid from the United States to help his organization's activities. This information was reported in detail to the Department of State and to OSO Headquarters:

2. CH'EN described himself as follows: a native of Wuhu, he had joined the CCP in 1938 and done political work for the Party during the Japanese occupation of China. From 1946 to 1949 he attended Shanghai Law School, where he carried on political activities among the students. In 1949 he served as a political commissar in the crossing of the Yangtze River by the Chinese Communists. Later, on behalf of the Communists, he conducted investigations of KMT and other persons in Nanking and Shanghai.

3. According to CH'EN, dissatisfaction with MAO Tse-tung's leadership of the CCP began in 1937, and in August 1950, feeling a war between the Soviet Union and the United States to be imminent, dissatisfied CCP members decided to establish an organization. The resulting Alliance, CH'EN alleged, opposed the doctrine that the end justifies the means, deplored the cruelties being inflicted on the Chinese people and believed that a reformed CCP should seek a less painful way to change capitalist into socialist society. CH'EN represented himself as head of the Alliance's Overseas Department and said that his job in Hong Kong was to establish a propaganda organization and a "Chinese Peoples Democratic Revolutionary Front," as well as incidentally to pass on to the U.S. Government information obtained by Alliance members. He requested money only in return for specific services, such as the writing of a story of his experiences for USIS; however, he later accepted larger sums.

4. In view of the potential importance of a "Titoist" movement in China, the Department of State requested that CIA look into the matter with a view to possible support of CH'EN's activities. Limited CIA financial aid was given to CH'EN beginning at the end of May 1951.

5. OSO received four reports from CH'EN between late June and early August 1951. These purported to deal with top-level Chinese Communist policy decisions regarding the Malik cease-fire proposal, and with the Chinese Communist attitude toward the cease-fire talks. They were of a general nature, and the predictions which they contained were carefully qualified. In view of the significance of the subject, however, the reports were disseminated by OSO to the Departments of State, Army, Navy and Air Force, as well as to the Far East Command. (At the same time, because of the difficulty of evaluating the source and because of State Department knowledge of and interest in the case, OIR was

informed of the source's true identity. OCI was also notified.) It is not known what further dissemination was made by these agencies, or whether the reports were incorporated in national estimates. They were not distributed to any foreign governments by OSO.

6. In mid-June 1951, two associates of CH'EN voluntarily informed the Consul General at Hong Kong of their relationship with CH'EN, stating that they had reached the conclusion that he was a clever opportunist who had attempted to deceive first the Chinese Nationalists and later the Americans for financial gain. They also stated that he was fabricating reports on the subject of U.S. intelligence activities for the Communist Public Security Bureau in Canton. Furthermore, following the issuance by CH'EN of a manifesto stating the aims of his alleged group, OSO received a reliable report citing the opinion of a well-known Chinese political figure - a former Communist - to the effect that the manifesto was a KMT fabrication, similar to one KMT officials had asked the author of this opinion to promulgate some time earlier. This report was disseminated to the agencies which had received CH'EN's four reports, and the latter, whose source had previously been given only a general by-line on the dissemination form, were now identified to all customers as the ostensible product of the "Chinese Communist Democratic Revolutionary Alliance."

7. There have been no identified duplications of CH'EN's reports in material received by OSO from Chinese Nationalist intelligence agencies. This fact would suggest that the CH'ANG government, ever eager to disseminate acceptable information (see "The Chinese Nationalist Services"), was quick to discern the hoax - if, indeed, it did receive material from CH'EN. The latter asserted that the Alliance which he represented had been in contact with Nationalist intelligence agents on the mainland since November 1950, aiding them operationally, and that it had supplied the Nationalist Government with information on Communist agents in Formosa and on Peiping strategy toward the island. The statements by CH'EN's former associates confirm his contention that he received financial support from Nationalist agents in Hong Kong, but add that the latter broke off relations with him after a short time, when he failed to supply details about his organization. No mention was made of the transmittal of information to the Nationalists in Hong Kong.

8. The CH'EN case appears to be a clear-cut instance of an imposter seeking to purvey wholly fabricated information for personal gain. As such, it has limited ramifications in itself but is characteristic of one type of problem which is constantly faced by intelligence collection and user agencies. Around the world, a dozen mercenary schemes of this sort may be claiming attention at any given time, and not all will be detected as readily as that of CH'EN. While, unlike cases of politically-motivated deception, they can be dismissed as soon as they and the damage they have already caused are recognized, they may meanwhile have cost U.S. agencies much wasted time and effort and, at worst, have resulted in erroneous policy decisions of consequence.

Case K: The LIN Fabrications

Background

1. LIN Chin-Su has been selling information to OSO representatives in Hong Kong since early 1951. He was connected during World War II with SACO (a Sino-American intelligence organization headed by Admiral Miles) and had been reported to be an agent of one of the Chinese Nationalist intelligence services. He claims to have been earning a living by dealing in intelligence for eighteen years.

2. LIN also claims to be accepted in Chinese Communist circles as a fellow Communist and thus to have access to the information he reports, but this has not been verified. Among his alleged sources are anti-Communist guerrillas in China and agents in Shanghai, Hankow and the Kwangtung-Hunan border area; penetrations of the Marine Office, Hong Kong, and the South China Bureau of the Chinese Communist Party; and persons having access to information from Communist radio stations in Hong Kong, Fukien and Kwangsi. The material received to date from LIN has not confirmed the actual existence of these sources.

3. At the end of June 1951, when OSO was getting many reports from various sources on Chinese Communist attitudes and intentions with regard to the Malik cease-fire proposals, LIN furnished related information purporting to emanate from secret high-level conferences between Soviet and Chinese leaders in Peiping. OSO has not been able, on the basis of available operational data, to establish that LIN actually had access to such information.

OSO and Other U.S. Experience

4. OSO's attention was drawn to LIN's material in Hong Kong in September 1950 through a U.S. G-2 representative who had obtained some of it from a French Consular officer. The OSO representative expressed doubts about the information and did not enter into the operation at that time.

5. In January 1951, following a direct approach by LIN to the G-2 officer in Hong Kong, OSO began to purchase LIN's information at the request of G-2, U.S. Army, but the G-2 officer in Hong Kong continued to act as the intermediary.

6. Between 1 April and 30 June 1951, LIN submitted approximately 150 reports covering a wide geographical area and a variety of subjects, principally in the counterespionage, political and O/B fields. A thorough check of this material led to the belief that LIN's operation was not based on first-hand sources in Communist-controlled territory and involved possible fabrications. Numerous reports seemed to duplicate material from Chinese Nationalist intelligence agencies, and it developed that British, French, Chinese Nationalist and American intelligence services were receiving a suspiciously similar product.

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7. After several instances of false confirmation apparently had occurred as a result of G-2's independent receipt of LIN's reports from the G-2 officer in Hong Kong, OSO stopped disseminating the material and currently attaches very little value to the product of the LIN operation.

Conclusions

8. The multiple dissemination of reports by LIN may have resulted in false confirmation in the evaluations made by the ultimate consumers of the "information" in the various countries which have been receiving his product. American estimates have probably not been seriously affected, since LIN's product has been regarded with suspicion from the outset.

9. LIN's unwillingness to supply adequate descriptions of his sources, and the results of an investigation of his operational claims, have led OSO to the conclusion that most of his reports are fabrications.

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Case L: The "Politburo Minutes" Case

Background and OSO Experience

1. In February 1947, Nicolas SVIDIN, a White Russian emigre living in Brussels, approached a member of the Belgian Surete de l'Etat. He claimed to represent a "high Soviet official and chief of the NKVD in Belgium" and offered to sell, at a substantial price, the stenographic transcript of the minutes of a joint meeting allegedly held by the Soviet Politburo with Soviet military chiefs in January 1947. These "minutes" discussed Soviet secret weapons, including the atom bomb, and referred to a high-ranking U.S. Army officer as a source of information which the Soviets were currently acquiring. SVIDIN was known to belong to the Union of Soviet Patriots (UPS), a Soviet-sponsored organization of emigres in Belgium, and had been used by the Surete since 1946 as an informant on UPS matters. His police record revealed several offenses, chiefly of a minor nature.

2. The Belgian service, interested but unable to meet SVIDIN's asking price, invited OSO to participate in the operation. OSO representatives were told that SVIDIN had refused to identify the "high Soviet official," but that the Belgian Surete believed him to be Nikolai SKOBELEV, First Secretary of the Soviet Embassy in Brussels and responsible for Embassy liaison with UPS. SKOBELEV had long been suspected by the Surete of being an MGB official. Because of earlier reports of shady financial dealings involving SKOBELEV, and because SVIDIN's terms included the stipulation that asylum in North or South America be guaranteed for the "Soviet official," as well as for himself, in the event of discovery by Soviet Intelligence, the Belgians believed that SKOBELEV was seeking to sell material through SVIDIN in order to acquire funds preparatory to deserting to the West. It was assumed also that SVIDIN's motives were purely mercenary, although he claimed that he was motivated solely by his hatred of the Soviets.

3. OSO made arrangements to purchase the document and, on 6 March 1947, it was delivered by SVIDIN to an OSO representative. Experts at Headquarters recognized it at once as an amateurish fabrication which, in their opinion, may have been produced at the Soviet Embassy in Brussels.

4. When SVIDIN was confronted with the discovery that his document was worthless, he identified SKOBELEV as his principal and further stated that the source of the document was SKOBELEV's nephew, a stenographer in the Politburo offices in Moscow who had sent the document to SKOBELEV by diplomatic courier.

5. All efforts to substantiate the allegation that SKOBELEV was involved in this transaction proved fruitless. The Belgians accepted further material from SVIDIN, primarily in order to confirm SKOBELEV's involvement and to trap SVIDIN into revealing the true identity of his collaborators, if he had any. SVIDIN subsequently produced other documents purporting to be copies of directives from

Moscow which were allegedly obtained by an employee of the Soviet Embassy in Paris, who had passed them on to SKOBELEV. The Belgians, however, were never able to determine the actual source of any of the documents. OSO did not disseminate either the document that it purchased or any of the SVIDIN material received through the Belgian Intelligence Service.

6. SVIDIN next came to OSO's attention in May 1948 when he attempted, under an alias, to sell to Swedish representatives in Brussels the same document that OSO had bought in 1947. The OSO [] determined from an analysis of the alleged channel that the operation was undoubtedly a fraud, and this was confirmed by OSO Headquarters. OSO informed the Swedes of SVIDIN's unreliability and requested their cooperation in trapping SVIDIN, but they declined to do so for fear of possible embarrassment.

7. During 1948, OSO learned that SVIDIN, under several aliases, was attempting to peddle various documents to the intelligence services of Norway, Switzerland, Portugal, the United Kingdom, and The Netherlands. Several of these services are believed to have purchased SVIDIN's worthless material, probably out of ignorance resulting from inadequate liaison facilities or from failure to use existing facilities.

8. SVIDIN was last reported, in June 1950, to be in jail in Belgium for having attempted to sell non-existent typewriters.

9. SKOBELEV is at present First Secretary of the Soviet Embassy in Berne. OSO has notified Swiss intelligence of his background.

Conclusions

10. It is possible that SVIDIN was the real author of the "Soviet documents" which he purveyed but, even if he was, it is believed that he must have had either the deliberate or the unwitting assistance of SKOBELEV or other persons who had access to information obtained from the Soviet Embassy at Brussels.

11. In view of the subject matter, the fact that the alleged sources occupied official positions through which they could obtain such material, and OSO's belief that access to information from the Soviet Embassy was required in the preparation of the documents, it is believed that the possibility of deliberate Soviet fabrication cannot be ruled out. If the documents were of Soviet origin, the motive behind them may have been (a) to obtain revenue for Soviet intelligence activities; (b) to discover the extent of liaison among the various Western intelligence services; or (c) to deceive and confuse the Western nations. In the SVIDIN case, deception appears unlikely in view of the inferior quality of the fabrication. However, the case does serve to emphasize that a channel such as SVIDIN's could be used successfully by the Soviets for the purpose of deceiving Western intelligence services with well-constructed, seemingly authentic documents allegedly produced by sources who, like SKOBELEV's "nephew," could be expected to have access to the information supplied.

*
what if the US
Army office?
could have been
solely to blacken
him.

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12. U.S. estimates were not affected by SVIDIN's material unless it reached U.S. customers through channels of which OSO is not aware. OSO does not know whether the SVIDIN documents had any effect on the estimates of the other countries which purchased them.

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Case M: The THEP Fabrication

1. A chart purporting to describe Soviet activities in Thailand was received in November 1950 by the OSO [redacted] through the U.S. Embassy. This chart had been given to the Bangkok manager of Pan American Airways by one of his employees named THEP Vilaihongse, and had been accompanied by an offer to place an agent network at the disposal of the Americans for the purpose of conducting surveillance operations against Soviet officials in Bangkok. In response to questions formulated by the OSO representative and transmitted to THEP by the Pan American manager, THEP stated that he controlled a large number of anti-Communist Indochinese agents, but he did not identify them individually. Although THEP professed that he was not interested in money, he requested "support" of quite substantial proportions as a prerequisite to the operations of his alleged group.

2. The OSO representative's examination of the chart revealed that its contents came primarily from overt and inaccurate sources and that it appeared to be the work of someone who lacked intelligence experience or contacts. Because of its obvious worthlessness, no dissemination of THEP's information was made in Bangkok or by OSO Headquarters.

3. An investigation of THEP by OSO [redacted] revealed that he was a Lao by birth, about twenty-five years old, quick-witted and intelligent, and well thought of by his employers at the Pan American office. He appeared to be constantly worried about his financial situation, and in the habit of requesting the advice of all his acquaintances as to means of increasing his income. He was also given to bursts of patriotic feeling, during which he would assert his willingness to work for Laos against the Communists without regard for recompense. As a result of this investigation and of the analysis of the chart, OSO decided not to make use of THEP or of any further material which he might offer.

4. In February 1951, the OSO office at Saigon received a report from a local representative of the French Intelligence Service about a Russian who had allegedly visited Bangkok and called on two Soviet commercial firms which were strongly suspected of being Soviet espionage centers. Similar information had appeared on THEP's chart. No other OSO source had or has ever heard of the individual in question, however, and he is believed to be non-existent.

5. In March 1951, OSO Headquarters was given an exact duplicate of THEP's chart by G-2, Washington, which had received it from G-2, Tokyo. A detailed analysis, pointing out inaccuracies and inconsistencies, was made for G-2 by OSO. At about the same time, the Military Attache in Bangkok had shown the local OSO representative another copy of the same material and had been given a similar judgment. G-2 later received through the British Mission in Tokyo an evaluation of the chart which was in accord with OSO's findings.

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6. Also in March 1951, CIA's Office of Operations disseminated a report containing approximately the same information and attributed it to a source in Tokyo described as "an employee of a U.S. airline in the Far East." Subsequently, OO stated that an American in Tokyo, cited by name, wished to return to Bangkok, where he had formerly been assigned, and was offering to American intelligence the fruits of his useful contacts in Thailand. This man, who mentioned THEP as one of his sources, was thus identified as the source of the OO report.

7. Although the THEP material passed through many hands and involved a number of American intelligence offices in the Far East and in Washington, causing a certain amount of confusion and wasted effort, it did not, to OSO's knowledge, become incorporated in U.S. national estimates. This was because the material itself was analyzed and found to be spurious, rather than because of any automatic checking on the source. Had THEP simultaneously released a variety of reports, some of them credible, through several different channels, the result could well have been the widespread use of his material by U.S. consumer agencies.

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Case N: The HENROTIN (USSA) Fabrication

Background

1. On 31 March 1949, Roberto HENROTIN de SANTARES attempted to sell to the American Embassy at Buenos Aires copies of a number of Argentine Police reports. He described himself as a French citizen, born 13 January 1900, who had been sent by the Vichy Government on an economic mission to Argentina in 1941. He subsequently resigned his official connection and remained in Buenos Aires, where he was jailed in 1948 for the fraudulent importation of trucks. HENROTIN claimed that he had translated some documents for the Argentine Federal Police while under arrest on this charge. His offer to sell copies of these documents was declined by the American Embassy.

2. At Montevideo, on 24 February 1950, HENROTIN left with a high-ranking Uruguayan official three documents purporting to be part of a series which had originated in the Soviet Legation in Montevideo. HENROTIN said that he had obtained them through a French Communist in Uruguay. The documents ostensibly consisted of instructions from the UNION SOVIETICA DE SUD AMERICA (USSA), Zone 2, to Communist leaders throughout South America. (HENROTIN stated afterwards that one document in this series had also been given to the Bolivian Minister at Montevideo.)

3. In May 1950, President Peron of Argentina asked an American businessman in Buenos Aires to take twelve of these same USSA documents to the United States and, because of their great importance, bring them to the attention of the proper Government officials.

OSO Experience

4. Between February and May 1950, nearly all the South American offices of OSO were flooded with HENROTIN documents, which were received from covert sources as well as through local State Department officials. The consensus of the OSO field representatives concerned was that the documents were fabrications, and this was confirmed when a thorough analysis was made by experts on Communism at OSO Headquarters.

5. HENROTIN was arrested by Uruguayan authorities, on 19 July 1950, on suspicion of espionage for the Argentine Government. Under interrogation he admitted that he had fabricated the USSA reports and also confessed that he was employed by the Argentine Federal Police, on a regular monthly salary, to report on Communist and anti-Peron activities in Uruguay, as well as to observe the activities of political exiles from Argentina. He was deported in August 1950 from Uruguay to France.

6. In May 1951 the American Ambassador in Peru received, from the Ecuadorian Ambassador, two of the USSA documents earlier identified by OSO as spurious but OSO does not know when or how they reached the Ecuadorian Ambassador.

Conclusions

7. Although reports on the alleged plan of the USSA were disseminated by OSO to the Department of State and to CIA's Office of Research and Reports, they probably did not affect U.S. estimates, since fabrication was suspected immediately by all U.S. recipients.

8. The HENROTIN material has had considerable influence on the programs of certain South American governments for dealing with the Communists. Several Latin American Presidents purchased the documents and Peron apparently believed them to be authentic.

9. While HENROTIN admitted his status as a paid agent of the Argentine Federal Police, there has been no indication that specific pro-Peron political motives were behind the fabrication of the USSA documents.

Case O: The Case of the "Soviet-Czech Uranium Treaty"

1. Early in August 1950, OSO reported the text of a Czechoslovak-Soviet treaty which granted to the USSR extraterritorial administrative rights for fifteen years in the uranium deposit areas of Czechoslovakia. The treaty extended mining concessions already granted for the Jachymov mines to the entire territory of Czechoslovakia, not excepting defense areas. The Czechoslovak Government undertook to provide security facilities, labor (including technicians), and equipment, and agreed to future frontier revisions ranging up to three miles in favor of the East German mining areas.

2. After examining the document, OSI of CIA evaluated it A-1. OSO investigation in the field revealed, however, that it was a fabrication, and customer agencies were notified to this effect early in September 1950. British Intelligence, which had also received the document, then conceded that the "responsible (British) department at first believed that this report might not be without foundation."

3. The author and distributor of the "uranium treaty" report was Bohumil SVOBODA, a clever young Czech mining engineer who had escaped from Czechoslovakia to the U.S. Zone of Germany in October 1948. OSO learned about him from a Czech refugee in the United States who had received seemingly valuable information from SVOBODA through an intermediary, via the open mail. OSO in Germany was accordingly instructed to determine, on the spot, the extent of SVOBODA's potential contribution to intelligence. OSO representatives used Czech emigre cover when they approached him at the beginning of July 1950.

4. SVOBODA stated that after his escape from Czechoslovakia he was interrogated at the European Command Interrogation Center (ECIC) near Frankfurt, Germany. Released when ECIC had exhausted his information, he was taken over by a British-sponsored intelligence group. SVOBODA revealed to the British essentially the same information he had previously presented to ECIC. He told OSO that he was still procuring information for this British group, but agreed to submit his reports to the OSO representatives as well as to the British, in return for money to pay his couriers.

5. SVOBODA's first reports were in line with his knowledge of conditions at the Jachymov mines and were thus accepted as information which, at the least, he conceivably might have obtained from more recently arrived Czech refugees.

6. Then SVOBODA produced the uranium treaty, which called for close investigation. By means of Government-wide checks, it was discovered that SVOBODA had capitalized on his treaty information through numerous other American intelligence channels. OO of CIA received it from a Czech emigre in this country who claimed to have obtained it "from Czechoslovakia through

clandestine channels," and disseminated it on 14 August 1950. A CIC informant in Germany passed it on to his superiors. The FBI received it from one of its "confidential and reliable sources." La Nation Belge, a Brussels daily, printed extracts from it, crediting Agence France Presse. The U.S. Air Attache in Paris, digging into this press report, discovered that the Secretary General of the Free Czechoslovakian Council was its source and that he had allegedly received it from "Catholic circles inside CSR." The British, of course, received their copy directly from SVOBODA.

7. Unaware of the OSO investigation, and encouraged by the response to the information he had given, SVOBODA extended his coverage. He claimed to have sources, which he named, in the Czechoslovak Ministries of Interior and Industry, the Moscow Central Planning Institute, the Soviet Atomic Institute, the Soviet Department of Industry, the staff of General ZHUKOV, MVD stations in Russia, and the Hungarian, Rumanian, and Bulgarian armies. He topped off his performance with a report on Chinese Communist invasion plans for Formosa. At this point OSO gave up circumstantial investigation and used the lie detector on SVOBODA, who promptly confessed to having fabricated all his reports with the exception of those initially given to ECIC after his arrival from Czechoslovakia.

8. The background of SVOBODA's "intelligence operation" turned out to be simple enough. In September 1949 the British group, which had exploited his knowledge after ECIC had discharged him, had once more exhausted his usefulness. He lost his comfortable board and lodgings and found himself in an overcrowded DP camp with no paying job. It occurred to him that the British group for which he had worked had apparently done little to check on his information; so he contacted it again and began to develop his imaginary operations by reaching first back to his old stamping ground at the Jachymov mines, then a bit further into the Prague Ministries, then to the Kremlin, and finally to China. He explained that the names he mentioned as his sources were either people he once knew in Czechoslovakia, or those whose names he had heard on the air or read in the papers. He had never obtained information from any of them.

9. In the less than two months that SVOBODA was in contact with OSO representatives he produced 76 reports. Very few of these received dissemination in view of their doubtful origin, and only the "uranium treaty" report caused concern at higher government levels.

10. This report also prompted a British investigation and the closing of their part of the operation.

11. OSO interrogation and lie-detector treatment revealed that monetary motives alone were behind SVOBODA's fabrications. His patriotic statements concerning the help he wanted to give the Czech cause in exile can be dismissed, but it is very significant that he managed to distribute his spurious product largely with the help of well-meaning Czech emigre politicians, who not only helped him to disseminate the "information" but enabled him to conceal its real source.

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12. The case further demonstrates that analysis of the product alone is apt to be unsatisfactory in the case of well-fabricated material. Without field investigation and ultimate interrogation of SVOBODA, analysts might have remained under the impression that the "Czechoslovak-Soviet uranium treaty" was a fact.

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Case P: The Case of the "Soviet-Austrian State Treaty"

1. In January 1950, OSO's station in Austria came into possession of a document containing far-reaching implications for U.S. Foreign policy. It purported to be an aide-memoire from the Soviet Foreign Ministry to the Austrian Political Representative in Moscow setting forth conditions for a separate State Treaty between the Soviet Union and Austria, and implied unmistakably that the Austrian Government was secretly negotiating such a treaty with the USSR. While U.S. diplomats probed into the assurances of Austrian Cabinet Ministers that no such negotiations were taking place, OSO representatives in the field, after months of investigation, discovered that the document was fabricated. To this day, however, the key question - who wrote the "aide-memoire"? - remains unanswered.

2. The agent who supplied the document under consideration, known for the purposes of this summary as HANS, was (and still is) an employee of the Austrian Foreign Office. HANS had been born in the German-speaking part of Czechoslovakia in 1920 and educated in Czechoslovakian schools. In 1941 he was drafted into the German Army, but deserted after service in Denmark and Italy and was recruited by OSS from a PW camp. He jumped into Austria with an OSS parachute agent team in 1944, was captured by the Gestapo, interrogated, and sentenced to death, but managed to escape during the confusion of the German collapse. Upon returning to American-held territory he was re-employed by OSS, serving as an agent in Austria until 1946, when he entered newspaper work. In December 1948, he obtained employment in the Austrian Foreign Office. Learning of HANS' new position from a wartime OSS team-mate known as FRITZ (who, as an Austrian newspaperman, had continued in the service of SSU and OSO), OSO decided to attempt to recruit HANS in order to exploit his access to dispatches from Austrian officials in the USSR and satellite countries. When approached by OSO, HANS claimed to be willing and eager to serve, Western-oriented, active in Austrian conservative politics, and in need of money.

3. HANS began furnishing information to OSO in November 1949. A few original Foreign Office documents were followed by reports which he had allegedly culled in shorthand from material summarized, in the course of his normal duties, for the briefing of the Austrian Foreign Minister. O/B observations purportedly extracted from the reports of Austrian representatives in satellite countries had aroused OSO interest but had not yet been subjected to close Headquarters scrutiny when, on 19 January 1950, HANS reported the aforementioned "State Treaty." This information was disseminated by OSO with a B-2 evaluation. Two days later G-2, USFA, cabled to Washington information which was very similar in content, although not identical, to that received from HANS. It had been obtained from an Austrian right-wing politician who was considered to be "usually reliable." Immediate efforts to ascertain whether true or false confirmation was involved resulted in apparent substantiation of the

material's validity. Soon afterwards, British Intelligence representatives in Austria reported similar information obtained from one of their own sources, and by the end of January 1950 similar rumors had been received through numerous official and unofficial channels of the Western Powers occupying Austria.

4. It took nearly a year of interrogations, handwriting and typewriter analysis, and physical surveillance to determine that all the reports on the "Soviet-Austrian State Treaty" flowed from the document originally produced by HANS and had "leaked" into the various channels which have been indicated as a result of indiscretions committed by FRITZ. These facts were revealed only when sufficient evidence had been accumulated to enable OSO to submit FRITZ to a lie-detector test.

5. Shortly after receipt of the "State Treaty aide-memoire" from HANS, OSO, through an independent channel, was given an opportunity to compare the HANS material with reports actually written by the same Austrian officials who had allegedly written the reports summarized by HANS for the briefing of the Foreign Minister and for delivery to OSO. Comparison of the two reports series and close analysis of HANS' material then revealed that his reports, while containing an occasional excerpt from a Foreign Office document, were largely the product of his own imagination. They were characterized, in general, by frequent errors in German syntax and vocabulary (clearly a result of his Czech schooling) and the O/B reports contained errors in geographical and military fact, which had become more numerous as HANS had stepped up his production to the rate of a report every day.

6. The "aide-memoire," however, which had attracted the attention of high officials of the U.S. Government, was written in flawless German, certainly by someone other than HANS. On the other hand, close examination revealed that it contained contradictions in substance.

7. In October 1950, OSO field representatives were able to obtain HANS' confession to having fabricated nearly all the material which he had given OSO, but his confession was "too complete" because he claimed to have written the "aide-memoire" itself. Since he is believed to be incapable of such a feat, it is admitted that the true author of this document has not yet been discovered. Unfortunately, it had not been possible for OSO representatives operating under cover to put enough pressure directly on HANS to solve the case, since such action would have implied an embarrassing admission to the Austrian Government that agents of the U.S. Government were using Austrian officials in espionage operations.

8. The political motives which may have inspired the "State Treaty" hoax are obscure. None of the parties which could possibly have been involved, including the Soviet Intelligence Service, Soviet Occupation Headquarters, the Communist Party of Austria, or any responsible Austrian political group, could plausibly have expected to gain from a necessarily short-lived maneuver of this

kind. Sufficient factual evidence had been accumulated to dismiss the possibility of official Austrian sponsorship. It was established that there had been no collusion between HANS and FRITZ. Pending identification of the document's author, the most reasonable explanation which OSO can advance is that some personally ambitious representative of the Austrian right-wing opposition party, the Union of Independents, may have hoped by planting the document with a U.S. intelligence agency to provoke an Austrian Government crisis, in the course of which the incumbent Foreign Minister would be unseated.

9. It is some consolation to note that Soviet Intelligence, shortly after the perpetration of the "Soviet-Austrian State Treaty" hoax, was the victim of a similar scheme. An Austrian intelligence peddler advised CIC in May 1951 that from March to November 1950 he had been instrumental in transmitting to Soviet Intelligence fabricated shorthand summaries of official Austrian Foreign Office documents, in particular a report on separate treaty negotiations between the Western Allies and Austria. The Soviets finally ceased paying for this production when the Austrian fabricators foisted upon them the purported minutes of a conversation between the Austrian Chancellor and General SVIRIDOV.

10. HANS is presumably still peddling fabricated information. His current customers are not known to OSO but, at the latest count, 32 intelligence agencies of various nations, not counting emigre or other unofficial groups, were operating independently of one another in Vienna alone.

Case Q: The VASILIADES Fabrication

1. Antonios VASILIADES was born in 1904 on the Greek island of Mytilene. During the Axis occupation of his country, he served as commanding officer of a sabotage regiment of ELAS (underground resistance forces) and provided Allied intelligence officers with information on German movements. In 1947 he claimed to hold several high-ranking positions in the Greek Communist Party (KKE), as well as in the National Liberation Front (EAM), a Communist-sponsored organization.

2. In March 1947, OSO learned through a covert source in Athens that VASILIADES had become disillusioned with the Communist cause and was supplying information to the Greek Government through General Napoleon ZERVAS, Minister of Public Order. The subjects covered in VASILIADES' reports were the KKE, Communist-front organizations, Cominform activities in Greece, and Communist Parties of other countries. OSO made arrangements to receive copies of these reports but, since they were obtained without either VASILIADES' or ZERVAS' knowledge, could not learn the evaluation ZERVAS gave them.

3. In May 1947, in view of the possibility that ZERVAS might not long occupy his ministerial office (he in fact relinquished it in September), OSO established direct contact with VASILIADES in order to be assured of the continuing receipt of his material. VASILIADES accepted an offer of collaboration with "U.S. intelligence" in return for a sizeable salary and stated that, in addition to obtaining information through personal observation of his fellow Communists, he also planned to establish a network of informants in the KKE and its satellite organizations.

4. In July 1947, OSO began to suspect that VASILIADES might be padding his reports with fictitious information, because other sources did not confirm the large number of arrivals and departures of Communists from other countries which VASILIADES reported in detail. Test questions were then put to VASILIADES, but with inconclusive results, as he refused to answer some of the questions and gave indignant, evasive answers to others. OSO began to doubt his claims that he held high positions in the KKE, especially after an investigation revealed that his name did not appear on any list of Greek Communists available to various other OSO sources.

5. When a thorough investigation failed to establish the reliability of VASILIADES' information, he was subjected to direct interrogation. Many of his replies to the questions posed were at variance with information he had previously reported. He finally confessed that he had been embroidering the truth with imaginary incidents and fictitious characters in order to make the reports appear more important. Although he maintained that only about 30% of his material had been fabricated, he was proved to be such an inveterate liar that no credence could be given to any of it. Such of his information as was true probably did come

from his personal contact with the KKE or EAM, but this contact was on a much lower level than his reports implied. His motive for engaging in intelligence activities, described by him as purely patriotic, is now believed by OSO to have been primarily financial, but also in part psychological: that is, he derived a feeling of self-importance from his acceptance by the Americans as a trusted and daring collaborator.

6. During the thirteen months of VASILIADES' association with OSO he submitted approximately 332 reports, about one-third of which were disseminated by OSO to other U.S. Government agencies. None was transmitted to a foreign government. The only instance known to OSO of supposed "confirmation" of the material supplied by VASILIADES dealt with the subject of International Brigades which had allegedly been sent to Greece to aid the Communist guerrillas. VASILIADES had probably been aware of the rumors about such brigades which had gained currency in 1947, capitalizing on them to provide the Americans with reports of likely acceptability.

7. The VASILIADES material was initially well received by analysts in U.S. agencies. However, the fact that it quickly became suspect to customers when it was not confirmed by intelligence from other sources suggests to OSO that probably little or none of it became incorporated in U.S. national estimates.

8. VASILIADES was only one of many sources who reported on the existence of International Brigades in Greece. In late 1947 and early 1948, representatives of CIA and the Department of State held a series of conferences which resulted in the decision that, despite apparent confirmation from sources in many areas, there was no evidence to support any of the reports on this subject.

Case R: The AMOSS Fabrication Effort

Background

1. Ulius F. AMOSS, an American citizen, attempted unsuccessfully in 1948 and 1949 to pass unreliable intelligence material to U.S. military and naval intelligence officers in London. AMOSS was born in St. Louis, Missouri, on 28 July 1895. From 1922 to 1927 he was Chief of the American YMCA Mission to Greece. In May 1942 he joined OSS as a Lieutenant-colonel. He was stationed in Cairo as a specialist in Greek affairs until late in 1943, when he was released from OSS and joined the U.S. Ninth Air Force.

2. For a short time after the war, AMOSS published in London and Washington a periodical called the Report Letter which purported to be a summary of foreign intelligence material. In November 1950, he began the publication of two periodicals, British Services of Intelligence and International Service of Information, designed for circulation in England and the United States, respectively.

3. AMOSS contends that his information is obtained from numerous reliable agent networks inside Russia and its satellites. This claim is not substantiated by the quality of his information, and he is not believed to have any true sources. It is possible that he receives material from a group of Russian emigres in England who sponsor the weekly publication East Europe and Soviet Russia, in which AMOSS has claimed to have an interest. Some of the articles featured in the AMOSS periodicals mentioned above are believed to have been written by his wife, Veronica GROGAN AMOSS, an English woman who was employed by the Psychological Warfare Division of MI-6 in Cairo, where AMOSS met her during World War II.

4. AMOSS' sole motive is believed to be to make money, as evidenced by his remark to two American officers in London, in 1949, that his "reports" are subscribed to by "a whole lot of damn fools who are paying two hundred dollars a year for (them)."

OSO Experience and that of Other U.S. Intelligence Agencies

5. In November 1948, the U.S. Military Attache in London asked local OSO representatives if AMOSS was known to them. The request was made on behalf of General HALL, U.S. Army, Berlin, to whom AMOSS had offered intelligence information, giving the impression that he was a member of CIA. The OSO representative, after checking with Headquarters, assured the Military Attache that AMOSS was not connected with CIA and was considered unlikely to have access to information of intelligence value.

6. Three months later the U.S. Air Attache in London made a similar request to OSO and was informed of AMOSS' unreliability.

7. In June 1949, AMOSS passed some reports to a U.S. Naval Intelligence officer in London, this time implying that he was connected with U.S. Air Force intelligence. In reply to the naval officer's request for an evaluation, OSO stated that AMOSS had a reputation in Washington as an incompetent dabbler in intelligence, that the Director of Air Force intelligence disclaimed any connection with AMOSS, and that CIA considered his material worthless.

8. In February 1951, OSO received from CIA's Office of Operations a report attributed to AMOSS and his "correspondents behind the Iron Curtain," and entitled "Aircraft Production: USSR/Czechoslovakia." OSO evaluated the report as containing some false statements, some dubious but unverifiable data and some true information which could have been obtained from the press or from refugees and returned prisoners of war.

Conclusions

9.

Whatever the reason for the checks, the fact remains that they did result in avoiding wasted time and effort by American intelligence personnel, as well as in preventing the incorporation of worthless material into U.S. intelligence files.