

AIR

EGB-A-6532

JUL 27 1953

Chief, EE

Chief of Mission, Frankfurt

INFO: COM

Operational/CALL/CABACK

Progress Report

Ref: EGBA-6533

1. This memo is a history of the [ ] case since the spring of 1952. The conclusion is that Subject is unlikely to be of further operational interest to us, because of his apparent addiction to fabrication. Because Subject is still in contact with CAMLET's shop on an intelligence basis, it is thought that he should be kept under occasional scrutiny from a CE point of view, before we finally turn in an Agent Service Record on him.

2. Following is an account of the history of this case since the spring of 1952.

a. Subject's resignation from USIG. In the spring of 1952, Eduard PEUKER succeeded Erich SCHMIDT as head of the procurement section (ZVK) of USIG, and proceeded to fire all employees thought to be unreliable. Subject claims that he himself, because of his SED-Candidate membership, was "allowed to resign" by PEUKER. Subject at once obtained another job (see EGBA-6534). At this time, as reported in EGBA-16640, Subject was turned over to REDCAP and asked to work on the spotting of defeatable Soviets.

b. The REDCAP period. Subject was run by REDCAP for four months, May through August 1952, with no results except for furnishing REDCAP with an introduction to [ ]. The main theme of this period was Subject's alleged effort to defect an alleged Soviet official of USIG (identified in EGBA-6533 para 1). When Subject repeatedly failed to produce this individual in West Berlin, he was finally dropped by REDCAP. We have since then found out from other Sources that the alleged Soviet is in reality a Russian émigré employed at USIG in a low-level capacity, and living on the German economy. There may be some question as to whether Subject was aware of the true citizenship status of this prospect, but it is certain that Subject was lying for the most part concerning his attempts to defect him.

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c. The Polish interlude. Subject was introduced to [ ] on 27 August 1952, to look into his statement that he was going on an official trip to Poland (see ECBA-185 for an account of this). However, the promised Polish engineer never materialized, and the matter was soon dropped.

d. Subject's attempt to recontact us. Some time in early March 1953, Subject, no longer having a valid BOB phone number, approached U.S. Headquarters in West Berlin with a request to be put in touch with Mr. [ ] ( [ ] ). I took advantage of this opportunity to accompany [ ] in meeting Subject, on 16 March 1953. Subject stated that he was at the end of his nerves, and wanted to know whether we could help him in moving to West Berlin, particularly so that his ailing wife would not have to live in a refugee camp during the processing period. I asked Subject a few questions about the above-mentioned alleged Soviet at USIG, and he insisted that the man was a Soviet official, who had been transferred to Leipzig. Since I had information to the effect that the man was not a Soviet citizen, and in fact was still working in USIG Hq, I indicated my lack of interest to [ ], who then informed Subject that we were not in a position to assist him, since he had not dealt honestly with us. Subject then asked if there was not something he could do for us in the intelligence way in East Berlin. We asked him for concrete suggestions, of which he had none, whereupon we said good-bye and left.

e. Subject's contact with CAMLET's shop. A month later, CAMLET passed us an apparently genuine document stemming from Subject, and concerned with USIG (it was forwarded as XGB-2136). When pressed by [ ], CAMLET admitted that the source was Subject, whereupon I decided to have another try at him.

f. My resumption of contact with Subject. I then had a letter delivered to Subject's house through the [ ] chain, inviting him to come to West Berlin for a talk. He showed up on schedule on 12 May 1953. I spoke with Subject very briefly on this occasion, asking him whether he thought he could recruit someone in USIG. He stated at once that he thought he could recruit the man noted in ECBA-6533 para 2. (Note: The latter is very probably the sub-source of XGB-2136). I then told him that he would have to clear up the matter of the alleged Soviet official at USIG before we could do business with each other. I told him to find some pretext to go to the reception desk at USIG, where he would find this so-called Soviet citizen serving as reception clerk. I concluded by saying that he need not return for the next contact if he was still of the opinion that the man was a Soviet official.

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3. My first lengthy contact with Subject took place on 26 May 1953, at one of our temporary safe houses. On this occasion, I obtained the supplementary FBI info which is being forwarded concurrently. In addition, the following points were discussed:

a. Persons whom Subject could probably recruit for us. These persons are identified in ECBA-6533.

b. I then brought up the matter of Subject's report on three drivers employed at USIG, forwarded as ECBA-14025. I had taken the trouble to do a little checking on the above drivers, and found the following pertinent entry in the 1943 Berlin City Directory:

Max SKORA, driver, Berlin-Wilmersdorf, Schoelerpark 19.

I then had a quick police file check made on the foregoing name, through [redacted] [redacted]. This check showed that the driver Max SKORA, born 26 February 1901 in Haguenau, Alsas, has been living in Wilmersdorf since 1934, and is still living there; and that he has been employed since 1946 in various West Berlin trucking firms.

I then asked Subject whether he could tell me anything of the present status of these three drivers, including SEORATZ (which was the variant reported in ECBA-14205). Subject immediately corrected me, saying the name was SKORA. I then informed Subject that I was aware that Max SKORA was a driver who had never been employed in East Berlin. Subject got quite red at this point, and gave the opinion after a bit that the driver he had reported might be the brother of the above. In other words, it was clear to Subject that I had discovered his duplicity in this instance. The meeting broke up with Subject swearing he did not know that the Subject of ECBA-6533 para 1 was not a Soviet official, and stating that he would produce him in West Berlin for me soonest.

c. Before the meeting broke up, I quizzed Subject on the background of his move to East Berlin in 1950. He stated that, after a period of unemployment in West Berlin in 1949-1950, he arranged an exchange of apartments with a resident of East Berlin, and moved with his family to Berlin-Weissensee. This was before he had any prospect of employment in the east. He claims that he then applied for work in the USIG motor pool, a few blocks from his new residence, and was instead given a job in the Supply Section (ZVE) of USIG. After obtaining his job, he joined the SED.

4. The next scheduled appointment with Subject was for 2 June 1953, but Subject failed to show, and has never contacted this base since that time.

5. In the meantime, [ ] informs us that Subject continues to visit CAMLET's intelligence officer for the purpose of selling intelligence. It is my opinion that Subject at the very least is a fabricator and swindler, whose main stock in trade consists in digging up a small amount of genuine material, often in documentary form and padding it with additional fanciful material in order to extract the highest possible price for his labors. It is the opinion of [ ] that Subject is a heavy drinker, and this might be one explanation for his continued intelligence-peddling activities. As concrete evidence of this padding, please refer to MCBA-14025, in which Subject states that SKORATZ, HERZBERG, and BALDER are the drivers respectively of KRUTKO, GALANOV, and ASTASKOV of USIG. We have quite full personnel records of German personnel at USIG, and no such names as the above appear on any of them. We also have a full roster of USIG vehicle license numbers, and none of them corresponds with those alleged by Subject in the above memo. For the record, it is our understanding that KRUTKO's driver is:

Wilhelm F. SCHKE, born 14 January 1926 in Neu-Ditschein; resident in Berlin-O-112, Scharnweberstr. 24; working for USIG since 25 October 1946.

The real danger is of course that he is at the same time working as a low-level informant for hostile intelligence. It should be noted that MCBA-10791 gives documentary evidence (submitted to us by Subject himself) that Subject was given the task by the SED of making connections with people residing in West Berlin.

6. As stated above, we intend to make no further use of [ ] but propose to monitor through [ ] the material submitted by him to CAMLET.

Approved by:

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