

AIR

ICE-A-10267

Chief, PCB

Chief, Berlin Operations Base

CALL/CADORN/Operational

LIPPER/GRYER/CARL T-1/CARL T-2

INFO: L, HQ, BOMB, CADRAIR

*cc to PP/G
Routed: DA
EE/FI
EE/FI.8/2*

Ref: ~~SECRET~~-6982

1. Action will be taken along lines recommended in reference cable.
2. Ref. para 2. We do not share your opinion that CASSET-2's "multiple AI connections" pose a problem. We have some reason for believing that his contacts with CIC have ceased, but cannot state this for a fact. Within the agency, both KEGON and EUPIN have an equity in CASSET-2. This aspect, however, has been thoroughly and satisfactorily coordinated here and gives no further rise for concern.
3. A more serious aspect of the existing confusion is the fact that ~~ALPHA~~ KEGON is sinking sizeable funds into CASSET-1's last known enterprise in the editorial part of which CASSET-2 plays a pivotal part. We surmise that some of the money we contribute is going into CASSET-1's intelligence collection effort which we are told has been preempted by LIPPER. We further believe that CARL T-2 may have been using KEGON assets developed with finances contributed to WAGLE, specifically a sizeable part of the distribution apparatus, as a recruitment and intelligence collection reservoir. Inasmuch as CASSET-2 is knowledgeable to most of KEGON's transactions with CARL T-1, we are thus faced with what amounts to a KEGON penetration of one of our most important operations in this field. While this does not necessarily affect the operational security of the project as a whole or detract from its accomplishments, we do not savour the idea of financing LIPPER's efforts by proxy as it were. Nor does it strike us as particularly sound practice to give an avowed LIPPER agent untrammelled access to the assets of a KEGON financed distribution net.
4. None of the issues raised in this memorandum are particularly pressing or serious. We would, however, like to arrive with you at certain joint conclusions which may prevent future mishaps. With this purpose in mind, we would recommend that you obtain from LIPPER a clear statement as to the nature of their relationship with CARL T-2 and regarding the objectives it is designed to attain, provided this can be done without mention of KEGON's specific interests.

slp:bjt

Distribution:

- 2 - PCB (Direct): ~~3~~ (Direct)
- 3-COM: 1 - Subst - CADRAIR
- 1 - SOB

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SOURCE/METHOD/EXEMPTION 3828
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

SECRET
SECURITY INFORMATION

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5. In view of ZIPPER's claim upon GARLET-2's services and also because we strongly doubt whether headquarters would ever be prepared to clear him for full operational use we have decided to desist from further exploitation of his contacts unless they are turned over to us with no strings attached. We shall also continue to accept delivery of GARLET's information reports. All this, however, does not still our misgivings about the ZIPPER/GARLET-2 relationship as regards TPOASIS, a problem, which calls for a great deal more reflection and which may have to be solved by clamping upon the TPOASIS distribution net a system of tight and exclusive HUBARK control.

6. We would appreciate your keeping us posted on further developments in this case, since prosecution tells us that it should be considered for frank closed. We are in particular interested in obtaining from you copies of all intelligence reports which can be clearly attributed to GARLET-2 as a source.

Date of origin: 11 December 1952

Approved by: