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DISPATCH	CLASSIFICATION SECRET	DISPATCH SYMBOL AND NO. OSMA-7100
TO INFO Chief, W&E		HEADQUARTERS FILE NO. C - 3
FROM Chief of Station, C SIP		DATE 6 March 1959
SUBJECT LIAISON/Operations Via Application of Otto SKORZENY		RE: "433" - (CHECK "X" ONE)
		<input type="checkbox"/> MARKED FOR INDEXING
ACTION REQUIRED		<input checked="" type="checkbox"/> NO INDEXING REQUIRED
		INDEXING CAN BE JUDGED BY QUALIFIED HQ. DESK ONLY

REFERENCES:
 A. OSMA-7911, 23 April 1958
 B. OSMA-3947, 5 February 1957
 C. OSMA-659, 26 August 1953

1. During the past year and a half the writer and other members of the Embassy have had various social contacts with SKORZENY. Last year SKORZENY furnished the writer some information on police intelligence contacts in Vienna which had come to his attention and whom he thought might be useful. This was in connection with an interview held between SKORZENY, the writer and [redacted] during the latter's visit to Madrid wherein [redacted] requested assistance in obtaining German contacts in South America. SKORZENY was very helpful in providing a list and recently has been contacted again by the writer in response to a request received from [redacted] of NEA for names of German business contacts in the Middle East for the ARGIGOLO project.

2. In view of the serious Spanish economic situation and lack of foreign exchange, SKORZENY's business as a steel manufacturing representative has been sharply reduced. He is in contact with various American businessmen among other nationalities and is desirous of making a visit to these firms and generally getting acquainted with the American business scene. He told the writer that he would like to apply for a visa and obviously does not want to make application if he is to be denied same. The writer checked into the matter with the Consul General and in reading SKORZENY's file in the Consulate ascertained that in 1956 an advisory opinion was made by the Department that in the event of such a request SKORZENY would not be eligible for a U.S. visa due to "a large amount of unconfirmed reports of intelligence peddling, sale of Spanish arms to Egypt, formation of neo-Nazi groups and planning a coup d'etat in Germany". Hence section 212 (A) paragraphs 27 and 28 were quoted as the basis for denying Subject a visa should he apply. The above Departmental directive was based on a letter dated 24 August 1956 to [redacted] Chief of Security (KUDOVE including two memorandums (not sent Embassy) containing a note regarding SKORZENY's alleged travel in 1956 to Morocco to visit one Victor KELLER, a Swiss national detained for espionage in the French Moroccan zone and a statement that SKORZENY had made a trip to Vienna, Austria and was seen at that time contacting Lothar RAFAEL, head of the Administration of Soviet Industry in Austria.

3. A review of the Consular files on Subject aside from the above allegations revealed nothing which could be construed as grounds for denying a tourist visa to Subject. The writer has reviewed in detail the KUBARK files at the Station and found in them a considerable amount of unconfirmed allegations, many of which are contradictory. The allegations on his activity in North Africa are contradictory. On the one hand it is claimed that he was on the General Staff of the Moroccan Liberation Army; he sold weapons to Morocco; and he had received an offer from the Arab League to liberate King Mohammed V from his captivity by the French in Corsica (this latter allegation having been taken from a French newspaper). On the other hand their files report that the Moroccan Government is highly suspicious of Subject. It seems ridiculous that the Moroccans would report to foreign governments as suspect a person who is their confidant. Regarding the allegation that SKORZENY trained commando troops in Egypt to be used against the British, this story had its origin in the "Daily Sketch" newspaper in London and SKORZENY brought suit against this newspaper in 1954 for 20,000 pounds and was awarded damages of 2,000 pounds plus a retraction of the story.

NAZI WAR CRIMES DISCLOSURE ACT

- EXEMPTIONS Section 2(b)
 (1) (A) Privacy
 (2) (B) Methods/Source
 (2) (G) Foreign Relations

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4. In view of the welter of conflicting reports and articles written about SKORZENY which is not unusual with famous individuals, it was believed advisable to interrogate SKORZENY personally and hear his side of the story. Accordingly an interview was arranged by the writer on the basis of a visa application and the following information was obtained regarding his background.

5. From 1945 to 1948 SKORZENY was in an American prison camp in Germany. He was released by the Americans in 1948 having been absolved of any war crimes or guilt and turned over to the German authorities. From April 1948 to July 1948 he was held in the German prison camp. After three months he stated he became bored with the whole internment situation and had no trouble escaping. He was de-Nazified by the German courts in absentia in 1952. He was found not guilty of any war crimes or criminal acts and the court costs of approximately 10,000 D. marks which others must pay themselves were paid by the German Government. He lived from July 1948 to May 1949 in Germany under various assumed names and false papers during which time he published his book and was able to live from the income of this book for some time. He stated that the German illustrated magazine "Quick" did a series of advance articles which paid him 30,000 D. marks. "Toth Verlag" paid him 30,000 D. marks for his book and the Figaro Publishing Company paid him 6,000,000 French francs.

6. Friends of his in the French police told him they had information that the Russians were planning to kidnap him since they were interested in obtaining information which he had during his service in the German Army. He was offered asylum by Pierre BERTEAUX in France. BERTEAUX was then one of the heads of the French police or "Surete" and in May of 1949 SKORZENY and his wife went to Paris where they lived with BERTEAUX for some time. In March of 1950 SKORZENY returned to Germany where he stayed until September 1950. During this time he made arrangements with the various German firms which he now represents and established his business contacts prior to his departure for Spain.

7. In September of 1950 the SKORZENYs arrived in Spain where he immediately contacted Mr. Hudson Smith who was then the chief of the Allied Commission for German Affairs in Spain. He obtained a Spanish Nansen passport for stateless persons under the name of Rolf Otto SKORZENY STEINBAUER since STEINBAUER was one of the aliases he had lived under while hiding from the German authorities following his escape from prison camp. He continued with that name since he had been in correspondence with people from Germany, France and others who were afraid to correspond with him under his true name since it would immediately call attention to their connection with this notorious and wanted individual. He made many trips back and forth to Spain and Germany to develop his business as an engineer consultant and representative for German steel firms. SKORZENY stated that he had to work very hard during this period and was successful in his business.

8. Shortly after his arrival in Spain he had become interested in setting up a cadre of German officers in Spain in order that there might be an organization ready in the event of war with Russia which could be prepared for mass evacuations from Western Europe and have troops prepared for the defense of the West. This had the approval of the Spanish military. SKORZENY stated he proceeded with this activity evenings and in his spare time since he could not afford to devote any more time to it. It was a plan which had been discussed with German Generals GUDERIAN, SPEIDEL and WINK. The Spanish military, including General MUÑOZ Grandes, thought well of the idea and sent a commission to Germany to discuss the matter. (One of this commission was the former wartime Spanish military attache in Paris.) When SPEIDEL was approached and saw that his discussions with SKORZENY had reached an official basis with the Spaniards, he became frightened of allied recommitations of possible neo-Nazi activity and denied any knowledge of it. The Spanish commission then returned to Spain without bothering to contact the other Generals GUDERIAN and WINK and reproached SKORZENY for misleading them. SKORZENY stated that he had witnessed his discussions and an agreement with General SPEIDEL and obtained written certification of this from another member of the group, which he presented to MUÑOZ Grandes. It exonerated him from this reproach, but by this time and in view of SPEIDEL's attitude SKORZENY lost interest, dropped the matter and continued with his personal business.

9. Regarding intelligence-peddling activities, SKORZENY claims that he has never received any remuneration for any intelligence or information he has given to anybody. In the first place, he stated his concern in the past years with his steel business has taken his entire time and he could not neglect it.

FORM 10-57 53a (40)	USE PREVIOUS EDITION. REPLACE FORMS 51-28, 51-28A AND 51-29 WHICH ARE OBSOLETE.	CLASSIFICATION SECRET	<input checked="" type="checkbox"/> CONTINUED	PAGE NO. 2
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<p>to dabble in trying to sell whatever information he has received from various other contacts and friends from his former army career. He stated that from 1954 through 1958 he has handled 20% of all the Brown, Raymond and Walsh European purchases for the United States air bases here which have amounted to contracts of \$2,000,000.00. In supplying sub-contractors with German steel and other materials for the bases he has handled contracts totaling about \$1,000,000.00. In 1952 and extending over a five year period he obtained contracts amounting to \$6,000,000.00 with the Spanish railroads (Renfe) for purchases from "Studien-gemeinschaft Spanien" which is made up of Krupp, Forre Stahl, Stahl Union, Otto Wolf - Cologne and Kloeckner & Co. Aside from these contracts Subject has supplied industrial steel to numerous other smaller clients from the various firms he represents which he claims has kept him and his wife extremely busy with little time for anything else.</p>			
<p>10. Concerning the intelligence information which the Subject furnished Military Attache, Major Robert Bleck, this information was given on a gratuitous basis as a possibility of sources which Americans might be able to use. He stated that this was his <u>only intelligence activity</u> and this misfired to his own misfortune. He stated he resolved at the time to never try to help again since the information he furnished the Americans was divulged to the subject concerned and as a result SKORZENY was prohibited from returning to Germany for a period of two years. SKORZENY explained this as follows:</p>			
<p>11. During the latter part of his army career he was privy to considerable counter-espionage information of the <u>Rotekapella Soviet espionage group in Germany</u>. The German radio intercept station would copy the transmission of Rotekapella broadcasts from their secret transmitter in Switzerland and attempt to decipher the traffic. The deciphering was finally accomplished but always about six months late so that the German Wehrmacht was never able to derive much use from their intercepts. However, they did ascertain that someone very close to Hitler and the High General Staff was forwarding their movements to the Red Army. The broken codes revealed that movements reported by the Rotekapella net to Moscow were exactly as they had been planned by the High General Staff about six months earlier and accounted for many German defeats. At the close of the war acquaintances of SKORZENY who had charge of deciphering this back traffic of intercepted code continued to play with the decipherings which revealed considerable interesting information. Some of this information as well as other up to date, but unconfirmed, reports came to SKORZENY's knowledge on the basis of his wide acquaintanceship with many ex-officers in various postwar positions. He passed this to Major BIECK for his possible interest and information. It was about this time, which was two years prior to the Otto JOHN defection from the German security service to the East, that SKORZENY reported JOHN as a member of the Rotekapella and as undoubtedly still in contact with Soviets. (This information was passed to KUBARK and in turn was passed to Otto JOHN by the KUBARK case officer at that time as an example of ridiculous intelligence report. [] verified this to the writer since they were both in Bonn at the time and knew JOHN's case officer.) Six weeks later SKORZENY was prohibited by the German authorities to re-enter Germany and SKORZENY himself received a report that his information had landed on Otto JOHN's desk. Mr. Hudson SMITH of the Allied Commission of German Affairs in Spain refused to authorize a German visa to SKORZENY on the basis of his Hansen passport listing SKORZENY as a German instead of an Austrian and other details. This remained in effect for two years until after Otto JOHN finally did defect to the Soviet Zone and the restriction order against SKORZENY's entry to West Germany was rescinded. He stated this action almost cost him his business since it cut him from his firms and his wife had to step into an almost constant travel status to keep up contacts. Since that time Subject stated he has not been interested in nor passed any information of intelligence interest to anybody until April of 1958 when he got word from two of his former officers now in Vienna who reported access to the Russian Embassy and desired to contact Americans. This he reported to the writer as noted in Reference A, with considerable hesitancy and concern that the subjects concerned might not be blown.</p>			
<p>12. Regarding the allegations of Subject's dealing in arms traffic to Egypt, Morocco and others, SKORZENY without reservation denied having at any time been in the arms traffic. He said he has been aware of it and knows the person in Spain who has been selling arms to Egyptians and others as one Mr. MALLETT who represents the Piasencia Arms, Bofors, and Orlikon of Switzerland. SKORZENY stated that he also represents the Orlikon Manufacturing Company in that he sold to the Spanish Government three machines for making munitions, but this is the</p>			
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<p>closest he has ever come to selling any weapons.</p>		
<p>13. Regarding the report that Subject had contact with Lothar RAPFEL in Vienna, Chief of the Soviet Industrial Administration for Austria, it was ascertained that since the termination of the war Subject has not been in Austria. In the first place he was not de-Nazified in Austria until last year. Secondly, the Czechoslovakian Government had an extradition order out for him which could have meant his deportation to Czechoslovakia to answer some trumped-up charges of his burning a village, several hundred rapings and murdering of townspeople and during the war. (He stated that this charge was ridiculous because the only two times he was in Czechoslovakia was once in a hospital recovering from a wound and another time in a staff car making a hurried trip, neither time within 300 miles of the village named in the indictment.) It was not until October 1958 when these charges were dropped and the final de-Nazification proceedings were completed in Austria that he applied for and received an Austrian passport issued 9 February 1954 which he now carries. He stated the only two passports he was ever issued are the Nansen Stateless passport and his present Austrian passport. Hence the report of his meeting a Soviet official in Vienna is as unfounded as Reference B which states that SKORZENY was in New York in 1956 and that he had moved from Madrid to Casablanca a few years ago.</p>		
<p>14. With regard to the numerous reports of his North African and Egyptian machinations, SKORZENY reported the following: On a business trip in 1953 he visited Egypt registering at the Semiramis Hotel and almost immediately the police called and invited him to meet General MAGIB who at that time was the head of the government. At this time they were having a parade to celebrate the removal of King FARUK and he was invited to witness the parade with the other dignitaries. He sat between MAGIB and the Grand MUFTI of Jerusalem on a raised platform above all the Diplomatic Corps which undoubtedly started many wild rumors flying. He stated he exchanged approximately ten words with MAGIB, and that, plus meeting NASSAR who then was second in command was the extent of his official dealings with the Egyptian Government at that time. In 1954 he made a second trip to Africa, this time through Angola, Belgian Congo, Kenya, Sudan and Egypt. The purpose of this trip was also to represent the Otto Wolf concern of Cologne with the serious intention of accepting the exclusive representation of Wolf in Angola and settling there. After looking the place over, SKORZENY and his wife decided against it and returned to Spain. During this second trip he had an interview in Cairo with NASSAR who offered him the job of being his personal economic and military advisor. At this time Dr. VOSS and German paratroopers and other officers were there assisting NASSAR. SKORZENY quickly determined that there were factions within the German units which were at odds with each other and he declined NASSAR's offer not wishing to become involved in the matter. He had also received an offer from the Syrian Government to become their military advisor which he refused. He was in Cairo approximately ten days and the entire trip throughout Africa lasted six weeks which is hardly enough time to train any troops.</p>		
<p>15. With respect to his dealings and travels in Morocco, Subject gave the following information on this: In 1954 he made a ten day trip to Tetuan, Ceuta, Tangier and Xauen. This was in connection with visiting iron mines in these areas as well as to sell his automobile in Xauen. He was accompanied by his wife at the time. He has since visited Melilla two or three times to visit the Rif mines for the purpose of purchasing ore for Biecker and Co. at Essen, Germany. On these trips he was accompanied by a German geologist, Dr. KLEIN of the Hugo Stinnes Company. At no time has he had any dealings with any political or governmental group in Morocco. He believes that most of the reports alleging his intelligence and military activity in that area stem from the wild French journalism that he had been hired to kidnap King Mohammed V from his French abductors in Corsica. This was probably also the reason the French moved the King from Corsica to Madagascar.</p>		
<p>16. Another trip abroad which SKORZENY reported was one to South America in 1955 when he went to Argentina with KRUPP for the purpose of planning a locomotive and railroad car factory there. However, they found the slow planning of the Argentines as well as other conditions were not conducive to its fulfillment and the project was dropped.</p>		
<p>17. Concerning his relationship with the Gehlan organization, Subject stated that he has never been at odds with them. He has many friends in the organization which include former Waffen S.S. officers who are his friends today.</p>		
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18. The writer inquired of SKORZENY about an agreement between General Guderian and himself which was noted in the file that they would not help the United States and what the background was for such an agreement. SKORZENY replied that directly after the war upon his release from the American prison camp, he and other prominent German figures expected to be contacted by allied officials to enlist their help in the future government and/or defense of Germany. At this time GUDERIAN and he agreed that they would not accept any propositions unless they were given "Gleichberechtigung" or equal authority with the Allies. That is, they did not want to be treated as second rate, dominated and vanquished soldiers, but would insist upon dealing in these matters as equal partners with allied officials. SKORZENY reported that in late 1948 while he was living under an assumed name in Germany, friends told him of an American who was trying to contact him, but to whom they did not divulge SKORZENY's whereabouts. This attempt continued through various acquaintances of SKORZENY until January 1949 when he finally agreed to meet with him. This individual introduced himself as Mr. MARTIN of the United States Department of State. SKORZENY stated he doubted that this was his real name or that he worked for the Department of State. He met him one evening at 8 o'clock and they talked throughout the night until 10 o'clock the following morning. The purpose of this discussion was a request by MARTIN for SKORZENY to build up an organization with a three-fold purpose, namely:

- A. Intelligence gathering from Eastern Europe and Soviet Russia,
- B. Establishment of an underground system for the return to the West of shot-down flyers and
- C. Organize sabotage in the Soviet Bloc.

SKORZENY ultimately turned down the offer on the basis that he could not in his own conscience become a mercenary for the Americans when his comrades were being unjustly held according to his opinion in American prison camps. It was this matter of "Gleichberechtigung" or equal standing which deterred his acceptance.

19. SKORZENY reported he represents the following industries:

Stalberger Zink, Aachen
 Coutinho, Caro & Co., Dusseldorf, Hamburg, London, Paris, Cairo, Rome,
 Vienna, Antwerp, New York
 Neukircher Eisenwerke, Neukirchen/Saar
 Buderfus'sche Eisenwerke, Wetzlar
 Hugo Stinnes Muhlheim/Ruhr
 Vereinigte Armaturen Co., Mannheim
 Bopp & Raither, Mannheim

Subject has listed his income from sales for these firms during his past eight years in Spain as approximately \$200,000.00 or roughly \$25,000.00 a year. From this income he maintains an office and three employees which costs him approximately \$1,000.00 per month. He states that he has had to work hard to build up this business and has done it without resorting to the usual Spanish tactics of bribing officials for import licenses. He does not desire to stoop to that level and feels his name means more to him than that.

20. From this interview SKORZENY observed that according to the line of questioning the writer undoubtedly had information which had been at one time or another gained from newspapers since he recognized almost all questions from articles he has read. He stated he has considerably more accounts much more lurid in nature, which he has clipped out or which have been sent him by friends from various press outlets throughout the world. At one time he showed the writer a stack of scrap book clippings almost two feet thick, both favorable and unfavorable.

21. SKORZENY proposes, if granted a visa, to visit the following:

- A. The John and Laughlin Steel Mills at Pittsburg, Pennsylvania. His contact there is Mr. Park Turner, Export Manager;
- B. Mr. A. L. Meadows of the All American Hotel Company at Dallas, Texas;
- C. Mr. M. K. Hart, President of the National Economic Council whose correspondence he has shown the writer.

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