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DISPATCH NO. EGLW-226

SECRET
SECURITY INFORMATION CLASSIFICATION

TO Chief of Mission, Frankfurt
Attn: Chief of Base, Pullach/C

FROM Chief, EE

DATE OCT 5 1953 #72

DIST	Action	Info
<u>25</u>		
<u>25.0</u>		

SUBJECT { GENERAL Operational
SPECIFIC UJ DREADFUL

REF: EGLA-5203

KAPOK

INDEXED:
[Handwritten signature]

1. We are sympathetic with your desire to wind up this annoying case as soon as possible, but would like to bring up certain possibilities that you may either have overlooked or considered and found reasons for rejecting.

2. By now there appear to be sufficient indications to justify an assumption that something is amiss with UJ DREADFUL, and we are inclined to believe the worst. On the other hand, the line of reaction to the case taken by UTILITY is so atypical as to lead us to suspect that we may not be getting the full benefit of his thinking.

3. While we admit that this is pure speculation, is it not within the bounds of possibility that UTILITY may himself have strong suspicions about UJ DREADFUL but intends to play along with him as an excellent channel through which to pass perhaps really important deception material to the opposition at some later date. The Germans were quite successful in this type operation in WW II, particularly on the Eastern front. UTILITY could easily reason that whatever high-level personality or organizational information UJ DREADFUL possesses has already been passed, and if UJ DREADFUL is kept screened from sensitive material in the future, there is little more to be lost. UJ DREADFUL has not now nor has he had (excluding BOHEMIA) any operations worthy of note, and his control agent (if he has one) would certainly allow the low level type operations that UJ DREADFUL now engages in to run unobscured to protect what he considered a high-level long range penetration of the GIS. Following this line of reasoning, with nothing to lose, UJ DREADFUL becomes a potential asset as a rather reliable channel through which to feed whatever information UTILITY deems appropriate.

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the other way around. The best German agent source was actually a Russian deception op'n.

Upshone
Kander
Klatt

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SECURITY INFORMATION CLASSIFICATION

FORM NO. 51-28
JUN 1949

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2006

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== K A P O K ==

*to handle CE
will have to work closely with
a close examination of Dreadful
my part from dist. of UJ Dreadful study
ASIS*

UTILITY's reluctance to cut us in on this (again speculation) could be explained by (a) desire for security, (b) lack of respect for KUBARK policy re "spielmaterial", (c) fear that KUBARK will request participation in going D/A cases after contractual agreements.

4. Although POB has been informed that UJ DREADFUL has been given a clean bill of health, it is difficult for us to believe that this reflects ZIPPER's true attitude. Particularly hard to reconcile is UTILITY's long standing position against persons formerly held by the Soviets, even without additional aggravating circumstances. We prefer to believe that the case is being given serious CE consideration by the ZIPPERITES involved. *Klauber just the other day said he wished this case were resolved one way or the other.*

*That is the way
I'd much prefer
44*

5. ZIPPER's present course of action, which appears to be to do nothing, makes sense (if security is not appreciably further affected) in that it gives them time to conduct a lengthy, secure investigation of UJ DREADFUL and ascertain his allegiance, and if enemy controlled, provides them with at least a D/A. ZIPPER may also, of course, be concerned that disclosure of an enemy penetration at UJ DREADFUL's level at this time might engender a lack of confidence and create a morale problem among other ZIPPERITES, to say nothing of the political capital which would be made by UTILITY's competitors in Bonn if such a case were leaked at this time.

6. We know, certainly, that the foregoing speculation may have no basis in fact and realize that you are in a much better position to analyze the possible security implications, etc. The possibilities outlined, however, could fit the case, and we would appreciate your comments. If there appears to be any basis in fact in our analysis, and if the security implications do not appear excessive, then any confrontation of UJ DREADFUL at this time would appear unwise. So also, there would appear to be little to gain by cultivation of UJ DREADFUL by a POB case officer. As an alternate we would suggest that UTILITY be informed that KUBARK is not satisfied that UJ DREADFUL is clean, but we recognize that a major portion of the possible damage is done. Provided UJ DREADFUL can be kept isolated from sensitive activities, KUBARK would countenance his continued employment as a possible deception channel or D/A. In the meantime, a careful and thorough investigation should be continued.

*What about the cost & futility
of CSW meanwhile?
44*

*through what
channels & authorities,
exactly? 44*

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== K A P O K ==

7. We believe, as you do, that UTILITY will react strongly to any insistence on a showdown in this case, and should he refuse outright, it seems unlikely that FOB would jeopardize the present delicate relationships with an ultimatum. If, of course, you decide that considerations of security are paramount, certainly one of the courses of action suggested by you in your reference is in order, and the ramifications inherent in each are so similar that we leave the choice to you. We feel it worth mentioning that any showdown at this time will probably involve unpleasant publicity, both within ZIPPER, and, as is likely, outside of ZIPPER.

Distribution:
3-Fullach (Direct)
3-Frankfurt

30 September 1953

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