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CLASSIFICATION

TO : Chief, Foreign Division *M* DATE: 17 February 1950
FROM : Chief of Station, Karlsruhe *1/20*
SUBJECT: *Germany* *Germany* *Germany*
Germany *Germany* *Germany*
REF : ML-N-3212

What follows is by no means the complete story of IIA or its personnel or operations. It is in the nature of a preliminary survey of material on which further study is to be based. It is hoped, however, that sufficient new material is at hand in the present report to enable a tentative assessment of IIA's capabilities and potentialities to determine whether they are of positive value or an element of danger.

1. Budget:
In December 1949 Organization IIA received DM 60,000. In January 1950, the sum was DM 56,000. Organization IIA receives DM's only; no foreign currencies are issued. In addition, supplementary one-time payments are sent to accomplish specific missions. For example, the tapped courier line in the Ruhr made mention of one *Gunter GUNDSMIDT* being the chief of all illegal (KP or Cominform?) work in the Ruhr; independently, a field organization of IIA reported that a man named *Gunter Lutz* travels between Frankfurt and Saarbruechen, and it was further mentioned that the man had recently attended some meeting in Budapest. To further clarify the person and actions of *ESMER* and to permit ICO to explore the tantalizing possibility of *GUNDSMIDT* and *Gunter ESMER* being identical (and thus serving as a check on the questionable Ruhr material), ICO on 10 February 1950 sent IIA the sum of DM 1,000.

2. Locations (far from complete, extracted from ML-1-1017):
a. *REIDL* headquarters is in Karlsruhe at Cervigstrasse 36. This is a typical, older Karlsruhe apartment house. The ground floor apartment (four rooms) and another two or three rooms two flights up are used by *REIDL*. This address is also the location of the Rolladen Fabrik *KIMMERLE* (blinds and shutters) and the workshops are actually in the courtyard of the apartment house. Since the firm does considerable business, the physical cover for IIA's headquarters is quite adequate. The business requirements also account for the rather liberal space allotment. The ground floor apartment also forms the living quarters of *REIDL* and his mistress, *Frieda KIMMERLE*, who is also on the COBUM pay roll as official hostess of IIA.

b. Regensburg, Pfaffeningerstrasse 109. Field office and billets.

REINHEIDER
REIDL
See body of report
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c. Munich-Milach, Vogelshtrasse 3 and 11. Field office and A billets. Presumably the location of the southern wing of IIA's BV 2601.

Rein Oskar @PRULE

d. Esselsheim, Langenburgerstrasse 35, field office and billets. This is near Bad Mergentheim, Wuertemberg-Baden, and is the field office of RISCHER (BV 2603), the CE man of IIA.

3. Although the official COMSEC figure on the T/O strength of IIA amounts to 217 people, the totals reached by undersigned, on the basis of information from the paragraphs below, amount to 250 people. Within this round sum are 80 so-called staff personnel, which accounts for IIA headquarters' and field units' office personnel, typists, card file clerks, drivers, couriers, handymen, etc. In addition, IIA has 86 agents in Western Germany and 32 in Eastern Germany. Further, other "carded sources" but not in agent status amount to 36 in Western Germany and 12 in Eastern Germany.

4. Organisation IIA's headquarters staff (from NOL-A-1084):

Legend true names

a. LEIDL	<i>Dito</i>	Chief
b. <i>Dr.</i> <u>HAASE</u> (<u>DELIUS-WAGNER</u>)		Deputy
c. NESS		CE staff officer
d. HERTNER		Personnel section
e. TROFF		Administration
f. <u>RISCHER</u> (of NOL-A-1191)		CE staff officer
g. <u>SOHRMUE</u>		Card filer
h. STUMPF		Typist
i. BRUNO		Courier
j. GUB		Operational Briefing
k. HUGLER		Training officer
l. LENZ		Driver
m. <u>PREISSLER</u>		Driver
n. <u>HANDEL</u>		Handy man
o. <u>KROEMER</u> (real name)		Hostess
p. <u>ROFF</u>		Typist

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On 16 January 1950, at a meeting at LEIDL's headquarters in Karlsruhe, KLAUSSNER, who is officially in charge of COEHN's CI work, stated that this regional group's targets should be as follows: KP couriers, KP activities in the Bundesregierung stemming from the British Zone, the KP in the Ruhr; further, that the targets for this and other regional groups should be extended eastward to include Eastern German CI work, especially NDB and the political police.

b. BY 2601/Sued: chief, Franz WROSCHEK (of MLI-A-48, Annex "B", for personnel.) Headquarters, Coburg. Deputy chief, BERGMANN, with offices in Munich. Staff of 12 persons, 3 interrogators, 4 agents in Western Germany, 23 sources in Western Germany and 1 in the East. Geographical area covered is Bavaria and Wuertemberg-Baden. Activities include, first of all, a border police network all along the Bavarian border. Connected with border activity, a network is being built at Cham, Oberpfalz, on the Czech border, which includes contacts and connections into CSE. Next, in the Munich area, attention is paid to illegal KP activities (through JOSEF WIRSCH, important KPD functionary, Bavaria), especially the Hispanier veterans' activities (through an agent who was himself with THAKMANN, still receives invitations to Eastern German veterans' meetings.) In and around Munich, another major interest is the security checking of services personnel for Nikolaus and the external security of the Nikolaus Compound. BY 2601 is also entrusted with security clearance of contemplated COEHN agent personnel living in Bavaria and Wuertemberg-Baden. Activities of the GSS in Wuertemberg are watched, but without noticeable success. Finally, the three interrogators mentioned in the T/O form an interrogation group in Jugsburg; the interrogators themselves are Russo-Germans (one is OSWALD), and they stress interrogations of returned PW's of CI interest (Antifa, etc.) These interrogators also supply the information which results in the KLAUSSNER reports.

c. BY 2602/Berlin: chief, KUBO. A staff of 10, with 3 sources in the Soviet Zone of Germany. KLAUSSNER has expressed dissatisfaction with the production of the field office and its general lack of activity. Legitimately, it should cover the Ministry of the Interior, the RES, Eastern Zone and Berlin Volkspolizei. Minor work is accomplished in identifying Russian agents and informers. KLAUSSNER suggested as a starter that BY 2602 intensify efforts to tape the Volkerrat Vice President MATERN, pre-Hitler KP functionary of Koenigsberg, later a Gestapo-SD agent, now probably a Russian agent. This field agency operates on a monthly budget of DM 4,000.

d. BY 2603: RISCHKE (of MLI-A-1191). Staff of 7 persons. Headquarters are located in Koenigsberg, near Bad Mergentheim. The new CI regional office of Organization 114, destined to take over cases from other regional agencies when it is clear that they include lines going directly to the Russians. RISCHKE is now assisting BY 2601 in setting up its Cham network; see "b" above. Further, if American higher headquarters believe that a case like that of Joseph Wilhelm BAYER (of MLI-A-1166) should be kept alive, it will be turned over to RISCHKE for exploitation.

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SV (Sonderverbanden) COMBOS: The Russian group of SWIN (of MIL-1-355). Staff of 7 persons, 6 agents, 1 exiled source. The group has been told to drop minor targets, NW-like activities which produce 'surprises' of espionage without tangible proof. Having concentrated on the Soviet Mission in Frankfurt, the group has been instructed to concentrate on the Soviet Mission in Baden-Baden, etc. The group also performs special interrogations of Russian deserters, etc. Recent special interrogations have included, for example, the case of Armin KOHL, Russian deserter, of MIL-A-1259a. In another case, SWIN's agent, Theodor KAPLAN (of MIL-A-357 and 34, not sent to Washington) was involved in an episode in Munich, identifying US Army deserters wanted to defect to the Russians.

SV COMBOS: The COMBOS Hungarian group of Paul BOOSKY & SIMON. A staff of 3 persons, with 3 agents. Members of this group include Stefan BELL and Hilary WALKER. This group previously remained loosely and irregularly in and out of Austria (of MIL-W-3226). By COMBOS edict, none of them may now operate outside Germany or undertake trips to Austria without prior COMBOS clearance in each instance. The group's chief activity now is surveillance of Hungarian shipping and illegal shipping on the Danube as seen from Passau, via the Hungarian Lloyd Hungarians. (In the past, Ferry FIMMADIS and Paul SCHACH have been involved with this group, especially in the SHONS case, of ULR-0555, MIL-131; further, also Johannes BOHM & HERBER of MIL-131, who is now member of Wolfgang Kommanditgesellschaft, Munich, cover organization of FIS and Paul ROSSMANN of Emmerich in American Zone, Germany.)

SV KILL: The COMBOS Polish group under Gleb GONNY & GONNY. GONNY is the sole staff member, and he has 6 agents. GONNY, who is Ukrainian, first offered his services to the Germans in Kiev during the war, was used by KSHI, was interpreter for General DKO. This group has been attempting a penetration of the Polish consulate in Munich, and, inasmuch as agent Edmund SCHWENGER trying to and succeeding in recruiting two GTO covermen with AIS to several Polish hangings also relating about his connections with AIS to several Polish hangings around the premises. ROSEN (of MIL-A-17) was also an old agent on this project. However, both since this is strictly GTO's mission and since COMBOS results have not been outstanding, RIBSCH has been called upon to correct the conditions here and to transfer the attention of the COMBOS group to the Polish Consulate in Berlin. The Polish colony in the Ruhr was also suggested as an alternate and possibly fruitful field. The purpose for COMBOS in surveillance of Polish Consulate is the identity of COMBOS agents and projects remaining into Poland. A new security of COMBOS agents and projects remaining into Poland. A new marginal activity of this group has been reported in Warsaw and sponsored within the Chopin Committee, recently founded in Warsaw and sponsored in Germany by General FRANZ; the committee has been able to gather a group of intellectuals and non-communists to sponsor its work in Western Germany, but to date the investigations have not revealed any intelligence activity coupled with contacts of Chopin's basis.

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- b. IV (Unterwerfung) Oberheim: This consists of Dr. HASE, with one agent, this unit, geographically, works in the French Zone, Sued Baden and Nord Westphalen. In addition to following traces of the Lapelle remnants on the Rhodanus, the main activity is in following up the contribution of IP courier lines into Switzerland, especially between Lorrain and Basel.
- i. IV III: A positive intelligence group with one staff member - LEIDL's brother - and 27 agents and 6 carded sources in Eastern Germany, LEIDL's brother, who is an oil expert, supplies reports from his group on the German works, industrial espionage, etc. The group is only in III, because of the family relationship. The group of Karl Heinz GEBHARDT, with 13 sub-agents, probably falls into this IV.
- j. Polizeielle Berlin: Two men, both with police background, as interrogatory and investigators, used in investigating any ODEM flags which turn up in Berlin.
7. The above gives in bare outline the organizational structure of Organization III. It does not cover all its activities or contacts. For example, in addition to the above, LEIDL has personal contacts to various Western German Länder governmental (especially Ministry of Interior) and high police contacts. We have mentioned III's role in ODEM agent vetting, but it is still a moot question how much Western German police circles are contacted for file checks on ODEM's behalf. It is also Organization III which is entrusted with carrying out field investigations on personnel in the CONSUL field submitted to ODEM for checking; checks of this nature are handled on a priority basis.
- a. Similarly, KLAUSNER has requested the top echelon of Organization III to save down all material about Karl Lapelle personalities, their present whereabouts and activities (precipitated by current intelligence hints reaching ODEM that many of these people are around, hold Karl Lapelle relatives meetings, hold important radio posts, and are involved in IP activities). Likewise, the names, addresses, and present activities of all former veterans were requested by KLAUSNER, together with indications of other intelligence services they might now be utilized by according to his, the member employed by the British, for example, would give ODEM an indication of the scope of British intelligence coverage in Germany!
- b. The significance and scope of Organization III's contacts in the CONSUL field are as yet unclear. It is definite, however, that LEIDL cases have been common. For example, MI-4-772 was largely ODEM material supplied by III. Although TRINER did not so admit.
- c. Previous mention has been made of LEIDL's and Dr. HASE's disclosure to the undersigned in August-September 1949 of the readiness of Kordheim-Neustadt industrialists to finance a German group for carrying out economic espionage. (At the time, a copy of the report to be prepared for TRINER on this topic was promised to the undersigned; but it has never been received. The nature of the meeting with LEIDL and HASE

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was no methodos that it was considered best not to bring up the topic with BRUNN directly.) That such activities have been subsequently continued is revealed in OGMN's statement that Organization IIIA was interviewed in an Industrial Security Service (Duischer Wirtschaft-Schutzbureau) to be set up in Westtemberg-Baden. In this instance, ex-police official Walter of Stuttgart (of KM-3-1169) first exploited leads supplied by IIIA and then decided to cut OGMN out of the picture.

4. Lastly, for the purposes of this preliminary survey, Organization IIIA is interested in OGMN's agent training schools, during the latter half of 1949. IKNDL and HAISE were in frequent conference with the training staff to set up a special training course for CI officers attached to the various OGMN field organizations. This course is now given at one of OGMN's schools (the other is at Innsbruck in Tyrol, Keesen, with Wilhelm Wirtgen as chief instructor (of Innsbruck, KM-3-116).

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