

SECRET

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Chapter Thirteen

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More Than Usual Affinity for the Opposite Sex (U)

In 1951, the CIA launched Operation REDCAP, "a systematic and concentrated program of penetration and defection inducement operations directed at Soviet official installations outside the USSR." The new program, expanding on earlier ad hoc efforts to recruit Soviets, had the following objectives:

- Agent recruitment in place for local intelligence and counterintelligence coverage.
- Agent recruitment in place for USSR coverage.
- Immediate defection for intelligence procurement.
- Agent recruitment for return to the USSR under official cover.
- Immediate defection for employment as agent to be dispatched under illegal cover to the USSR.¹ (S)

The new REDCAP program focused on individual Soviets posted outside of Soviet territory; occupied Austria and Germany presented the most fertile soil for inducement operations. "We should," a 1952 paper offered, "know the characteristics, habits, weaknesses, (whether sex or alcohol), places of residence, restaurants they frequent, shops they patronize, names and addresses of their secretaries and mistresses if any. We should eventually be in a

¹ [] Clandestine Services Historical Paper []

[] Copy of this paper is on file at the CIA History Staff and in DO/CE/RPRB files. (S)

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position to find those in real trouble, who of them are fearful of being recalled. Once we spot them, we can timely approach them and win their confidence. We must first find out who of them are in mess, whether they be in embassy, consulate, or purchasing mission. Each must be dealt with on his own merits, in accordance with his character, temperament, mental equipment, and background. They must be approached individually by our best trained men who have all the imagination, personality, ingenuity, and linguistic ability to contact these men after we have found out all we possibly can about them.”² (S)

Sergei Lvovich Shebalin (U)

Approaching Soviet officials in the early 1950s was not an easy matter. Language barriers aside, Soviets posted abroad distrusted Western motives and were warned by their own security services to have no contact with Americans, in particular. In an effort to overcome these obstacles, the Agency employed “cutouts” and friendly liaison services as a means of establishing contact with Russians and other Soviet Bloc personnel. The Agency used four types of approaches: the “cold” approach; the approach based on information that the target desired to live outside of the USSR; the approach that the target was in trouble for political, criminal, or personal reasons; and, finally, the blackmail approach. Cutouts could be useful for each of the four approaches.³ (S)

²Ibid, pp. 14-15. (S)

³Ibid, p. 29. (S)

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Sergei Lvovich Shebalin appeared to be an excellent candidate as a REDCAP cutout. The son of Lev Victorovich Romadanovsky, a Russian Imperial Navy admiral, Shebalin was born Rostislav Lvovich Antonov (his father had changed the family's name after the Russian Revolution) in Leningrad in 1920. He attended schools there and joined the Red Army in 1939. By the time of his capture near Stalingrad in 1942, Shebalin had been promoted to captain and commanded a battery of rocket artillery. Spending only a brief time in German captivity, Shebalin became the adjutant to Andrei Vlasov, a Soviet general who raised the *Russkaya Osvoboditelnaya Armiya*, or Russian Liberation Army (ROA), to fight with the Nazis against the Soviets. In this position, Shebalin was closely connected with Vlasov's efforts to recruit Russians to take up arms against communism.⁴ (S)

In the spring of 1945, Shebalin barely escaped from the Russians and sought refuge behind American lines.⁵ Shebalin avoided forced repatriation by the Americans to the Soviet Union where, no doubt, he would have met a quick death for his anticommunist, pro-Nazi activities.⁶ He moved around southern Germany using various names and made his living on the

⁴For details on the Vlasov and the ROA movement, see Sven Steenberg, *Vlasov*, trans. by Abe Farbstein (New York: Alfred A. Knopf, 1970) and Jurgen Thorwald, *The Illusion: Soviet Soldiers in Hitler's Armies*, trans. by Richard and Clara Winston (New York: Harcourt Brace Jovanovich, 1975) (U)

⁵Shebalin's escape from the Soviets is recounted in Steenberg, pp. 203-211 and Thorwald, pp. 295-299. (U)

⁶In fulfillment of the terms of the Yalta Agreement, the Americans repatriated over a million Russian soldiers who had been German prisoners of war, forced laborers, as well as members of the Vlasov Army to Soviet forces in 1945. By August of that year, the US Army had returned over 90 percent of the Soviet citizens in the American zone in Germany. The remainder, estimated at nearly 40,000, refused to be returned to their homeland. American soldiers forcibly returned these Russians, many of whom were former Vlasov Army members. An unpleasant task, the forced repatriation of thousands of Russians to the Soviet Union by the Western Allies in 1945-46 remains controversial to this day. Earl F. Ziemke, *The US Army in the Occupation of Germany 1944-1946* (Washington, DC: US Army Center of Military History, 1975), pp. 284-291 and 413-421. (U)

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black market.⁷ German and American authorities arrested Shebalin as a White Russian collaborator in 1945 and again in 1946 for using several aliases and having different identity papers. The US Army's Counter Intelligence Corps (CIC) also raided Shebalin's house in Memmingen in the fall of 1948.⁸ (S)

By 1951, Shebalin (he formally took his mother's maiden name as his last name in 1950) came to the CIA's attention. The Agency recruited Shebalin as an agent in June of that year to handle cross-border balloon operations in conjunction with a Russian emigre organization in Germany. The Agency observed that Shebalin "loves adventure and interesting deals" and "loves the black market and plays it with rare skill." Shebalin, in the eyes of his Agency handlers, was "a combination of a sincere anti-Bolshevik and is a black-marketeer."⁹ (S)

Shebalin's recruitment in 1951 coincided perfectly with the startup of REDCAP, the Agency's new defector inducement program. Shebalin, who spoke native Russian and excellent German, was deemed "reliable" and "genuinely anticommunist" after undergoing Agency testing. Prior to his recruitment by CIA, Shebalin had worked for the *Amt Blank*, a predecessor

⁷Among his pseudonyms, Shebalin used the name of Sergei Frohlich in mid-1945. Ironically, the real Sergei Froehlich, a Baltic German, served as Vlasov's German liaison officer. After the war, Froehlich provided information to US intelligence on the activities of Russian emigres in Bavaria, and he later worked for the nascent West German intelligence service. In 1951, Froehlich attempted to recruit Shebalin to work for the Americans and later for the German *Amt Blank*. The two men, who had known each other since 1943, had fairly close ties because of their work together in the Vlasov Army. For further details, see Directorate of Operations Records, Sergei BERNHARDowitsch Froehlich, [redacted]

[redacted] DO Records, and "Froehlich and a Branch of the *Amt Blank*," in [redacted] to [redacted] [redacted] "Meeting with GRALLSPICE on 12 July 1952," 9 August 1952, MIL/8274, (S), in DO Records, [redacted] Box 12, Folder 3, CIA ARC. (S)

⁸Biographical details of Shebalin's life are found in Chief of Station, Karlsruhe to Chief, Foreign Division M and Chief, Foreign Division S, "Transmittal of PRQ Part I for Sergei Lvovich Shebalin," 29 October 1951, MGMA-7327, (S) in DO Records, Sergei Lvovich Shebalin, [redacted] DO Records. Russian informants had told the Army that Shebalin had Soviet propaganda material in his house; instead, the raid revealed several suitcases of vodka that Shebalin planned to sell on the black market. (S)

⁹Chief of Station, Karlsruhe to Chief, FDM, "Transmittal of PRQ, Part II of CACHINNO 4," 31 July 1951, MGMA-6603, (Secret) in Shebalin, [redacted] DO Records. (S)

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to West Germany's ministry of defense.¹⁰ In short, he fit the mold of what the Agency needed in 1951 to launch the REDCAP program. (S)

REDCAP and Shebalin (U)

In late 1951, the Agency decided to send Shebalin to Vienna, Austria, where he would serve as a "contact man" and "spotter in the Vienna Redcap program." Shebalin, who preferred to go to Berlin because of his familiarity with the city during the war, was assigned the following targets:

- Exploration of Vienna black market channels for Redcap possibilities.
- Exploration of the Vienna underworld for possible Redcap contacts.
- Spade work and contact man for specific Austrians already in contact with one or more Soviets.¹¹ (S)

Specifically, the CIA wanted Shebalin to make contact with Soviets dealing in the black market as well as with prostitutes serving Soviet civilian and military personnel in Vienna. Like Berlin, the Allies shared occupation sectors in Vienna—a city located in the heart of the Soviet occupied zone of Austria. Because of the high concentration of Soviet troops around Vienna, the Agency expected that it could readily exploit the city's underworld connections. However, CIA's "attempts to use Vienna prostitutes as possible contacts has thus far fallen through, largely

¹⁰Shebalin may have also worked for the Gehlen Organization, the predecessor to the West German Federal Intelligence Service, when he debriefed returning German prisoners of war about Soviet missile technology. (S)

¹¹Chief of Station, Vienna to Chief, FDM and Chief, FDS, "Project Outline of CATARATA," 5 December 1951, MAV-9998, (S), in DO Records, [] Box 12, Folder 3, CIA ARC. A copy of this same document is also located in Shebalin, [] DO Records. (S)

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because we have been unable to find a reliable Austrian to exploit this possibility.”¹² Shebalin’s own black-market experience in Germany seemed a perfect match for his projected mission in Vienna. (S)

GRALLSPICE (S)

In January 1952, Headquarters approved a proposal of the Vienna Operations Base (VOB) to use Shebalin in its REDCAP program and gave him the new operational cryptonym of GRALLSPICE.¹³ The Agency backstopped Shebalin as a German national working in Vienna as a representative of a German firm purchasing surplus US Army material for resale in Germany. This cover not only allowed Shebalin to work with local black marketeers in some minor money-changing deals, but it gave him the freedom to move about the city.¹⁴ The Agency believed that Shebalin was motivated by several factors, including his anticommunist and anti-Soviet background, his desire to immigrate to the United States, and his own financial self-interest. The Agency paid Shebalin a monthly salary of \$200 plus an additional 1000 Austrian shillings. To cover his housing expenses, Shebalin received another 800 Austrian shillings per month as well as extra funds and supplies for operational purposes. Shebalin’s Russian wife, Tatiana

¹²Ibid. (S)

¹³Cable, Washington to Vienna, 10 January 1952, WASH 22115, (S), and Chief of Station, Vienna to Chief, FDM, “Assignment of Cryptonym,” 14 January 1952, MAV A-10296, (S), in DO Records, [] Box 12, Folder 3, CIA ARC. (S)

¹⁴Shebalin’s cover was periodically updated and expanded during the time that he lived in Vienna and later in Salzburg. He faced continuous scrutiny from Austrian officials due to questions about his travel documents. As an example, [] to [] “Meeting with GRALLSPICE on 16 June 1952 Contact Report No. 4,” 26 June 1952, MIL/7751, (S), in DO Records, [] [] Box 12, Folder 3, CIA ARC. (S)

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Afonasiyevna Raun, whom he married in 1947, remained in Germany with their young daughter because the Agency felt that their presence in Austria would harm Shebalin's cover. Consequently, the Agency also paid a small per diem to provide for Shebalin's family in Germany.¹⁵ (S)

Shebalin's arrival in Austria was less than auspicious and, perhaps, foreshadowed his performance for the CIA; the local police arrested him as he entered Austria. Traveling to Vienna from Munich in mid-April 1952, Shebalin had to pass both German and Austrian border controls. At the Salzburg train station, an Austrian official (who had served with German army intelligence during the war) grew suspicious because Shebalin claimed to be a German merchant, but used outdated US Army travel documents to cross into Austria. The Austrian then opened Shebalin's baggage and discovered a pistol whereupon Shebalin was taken into custody. The Austrian police later released him to the local US Army CIC office in Salzburg who, in turn, handed him over to CIA's Salzburg Operations Base (SOB). Shebalin then returned to Germany to await better documentation.¹⁶ (S)

Shebalin in Vienna (U)

¹⁵Chief of Station, Vienna to Chief, FDM and Chief, FDS, "Project Outline of CATARATA," 5 December 1951, MAV-9998, (S), and [redacted] to John H. Richardson, "GRALLSPICE," 11 September 1952, MIL/8673, (S), both documents located in DO Records, [redacted], Box 12, Folder 3, CIA ARC. A copy of a contract, dated 15 September 1953, signed by Shebalin is located in DO Records, [redacted], Box 13, Folder 3, CIA ARC. (S)

¹⁶Chief of Station, Vienna to Chief, Eastern Europe, "GRALLSPICE Search by Austrian Customs and Detention by Austrian Criminal Police in Salzburg," 30 April 1952, MAV-11159, (S), in DO Records, [redacted], Box 12, Folder 3, CIA ARC. See also Cable, Salzburg to Vienna, 16 April 1952, (S) in Shebalin, [redacted], DO Records. (S)

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Shebalin's arrest compounded earlier delays, and he did not arrive in Vienna until early June 1952 when he flew from Munich to the Austrian capital. At his first meeting with [redacted]

[redacted], his case officer in Vienna, the two men discussed how Shebalin would operate in Vienna and his general targets. During the conversation, Shebalin proposed that he could approach Russians in Vienna by pretending to be an Austrian door-to-door salesman peddling wares, including lipstick and nylon stockings, to wives in the Soviet housing areas. Likewise, Shebalin felt that he could make the acquaintance of Soviets by frequenting certain Viennese cafes. When the subject of illicit liaisons between Soviet officers and Austrian women came up, Shebalin, according to his case officer, expressed "real enthusiasm."¹⁷ (S)

In a follow-on meeting, [redacted] and Shebalin expanded on the idea of using Austrian women as bait to entice Soviet personnel. In his notes after one meeting, [redacted] wrote:

GRALLSPICE was in complete agreement that the exploitation of Soviet-mistress relationships had by far the best chance for success. He said that he did not feel that the use of prostitutes was particularly worthwhile. The difficulty of spotting such Soviet-Austrian mistress relationships was discussed, and [redacted] pointed out that such spotting was the function of the entire AIS [American Intelligence Service] in the Vienna area and that occasional success could be expected. (S)

Shebalin thought that "it might be sounder to recruit a number of girls with the proper mental and physical attributes and then to assist them to establish contact with selected Soviets."

¹⁷ [redacted] to [redacted] "Contact Report #1 - GRALLSPICE, 5 June 1952," 16 June 1952, MIL/7623, (S) in DO Records, [redacted] Box 12, Folder 3, CIA ARC. (S)

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Both [] and Shebalin felt that this approach offered "an excellent chance for success" and was "ideal if suitable girls could be discovered."¹⁸ (S)

Shebalin proposed that he enroll in a summer school as "an excellent opportunity to allow him to come into normal contact with Austrian girls, who might be of operational use, and also to establish a circle of Austrian friends on a level most likely to be operationally productive."¹⁹ In fact, Shebalin had already made the acquaintance of an Austrian-born woman, the wife of an American soldier in Vienna, who lived above Shebalin's apartment. At hearing this news, [] : decided to have Shebalin change apartments to avoid becoming too familiar with the residents.²⁰ (S)

In a review of Shebalin's first weeks in Vienna, [] commented that he "appears to be an exceedingly valuable asset for our REDCAP operations in Vienna." Shebalin's knowledge of the Soviet mentality, his attention to detail, and his willingness to approach targets, whether Austrian women or black market operators, all highlighted his importance to American intelligence. His operational deployment had progressed slowly because [] wanted to resolve Shebalin's cover problems and to get to know his strengths and weaknesses more closely.²¹ (S)

Through the summer of 1952, [] and Shebalin grappled with various ideas as to how to gain access to Russians in Vienna. The proposals ranged from mailing provocative

¹⁸ [] to [] "Meeting with GRALLSPICE, 9 June 1952 Contact Report No. 2," 26 June 1952, MIL/7750, (S), in DO Records, [] Box 12, Folder 3, CIA ARC. (S)

¹⁹ [] to [] "Meeting with GRALLSPICE on 12 June 1952 Contact Report 3," 26 June 1952, MIL/7754, (S), in DO Records, [] Box 12, Folder 3, CIA ARC. (S)

²⁰ [] to [] "Meeting with GRALLSPICE, 23 June 1952, Contact Report No. 6," 27 June 1952, MIL/7765, (S), in DO Records, [] Box 12, Folder 3, CIA ARC. (S)

²¹ Chief of Station, Vienna to Chief, EE, "GRALLSPICE Progress Report, June 1952," 27 June 1952, MAVA-11586, (S), in DO Records, [] Box 12, Folder 3, CIA ARC. (S)

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letters to a Soviet officer in the hope that the fabricated information would fall into the hands of the Russian intelligence service. Faced with the incriminating evidence as spelled out in the letters, the officer would be left with no choice but to defect or “that we will have the secondary satisfaction of knowing that the officer’s next post probably will be Siberia.” Another plan proposed to invite a Soviet officer to an American billet or safehouse, place him in an incriminating position, and then have Shebalin, dressed as a Soviet officer, enter the room and place the real Soviet under arrest. At which point, the real Soviet’s American host would call the US Army Military Police and have Shebalin, still posing as a Russian intelligence officer, arrested for trespassing in the American *Bezirk* in Vienna. At this point, the American host would offer all assistance to the Soviet target, still shaken from his near escape with the MGB (predecessor to the KGB). [] commented on these plans that “although it may seem a bit fanciful and perhaps Hollywoodish . . . it allows us to utilize the most important weakness inherent in the Soviet system—the fear of just such a situation which is always possible.”²² (S)

A New Case Officer (U)

In the meantime, Shebalin placed advertisements in Viennese newspapers looking for a female Russian language tutor and a maid while he spent his time getting to know the city and its inhabitants. He discovered that a large number of young Soviet women lived in Vienna, “many

²² [] to [] “Approaches to Soviets,” 13 August 1952, MIL/8294, (S), DO Records, [], Box 12, Folder 3, CIA ARC. (S)

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of whom seem to be very bored and capable of being picked up.”²³ Shebalin also interviewed an Austrian prostitute about the habits of her Soviet and American customers, and he visited the *Weises Kreuz*, one of Vienna’s “*Stunden* hotels” where the woman conducted her business.²⁴ (S)

In late August 1952, [redacted] turned over control of Shebalin to a new case officer. [redacted], had just arrived in Vienna from an assignment in Germany. The two men immediately hit it off because [redacted] spoke both excellent Russian and German. [redacted] bid farewell to Shebalin and advised him to be patient because “the development of secure defection-type operations necessitated a great amount of planning and checking, recruiting, and training before actual results could be expected.”²⁵ (S)

Like [redacted], [redacted] faced similar problems of how to get REDCAP off the ground in Vienna and to employ Shebalin effectively. [redacted] determined that it would be better to bring women from the American zones of Germany or Austria to Vienna to target Soviets in the city. The women, who would be taught basic Russian, would be brought to the city “legally or quasi-legally for briefing and carrying out their mission.” [redacted] would provide the female agents with Prostitute Registration Cards using the names of actual Viennese prostitutes. As far as targeting Soviet officials in the Soviet zone of Vienna, [redacted] believed that it would be more secure to go after already-existent clandestine Soviet-Austrian liaisons because introducing outside female prostitutes would attract too much attention. Shebalin, as the go-between, would recruit the women at such gatherings as the Vienna *Messe*, or Trade Fair, or through newspaper

²³ [redacted] to [redacted] “Meeting with GRALLSPICE on 11 August 1952,” 21 August 1952, MIL/8347, (S), DO Records, [redacted] Box 12, Folder 3, CIA ARC. (S)

²⁴ [redacted] to [redacted] “Meeting on 14 August 1952,” 21 August 1952, MIL/8438, (S), [redacted] Box 12, Folder 3, CIA ARC. (S)

²⁵ [redacted] to [redacted] “Meeting of 20 August 1952,” 21 August 1952, MIL/8436, (S), DO Records, [redacted] Box 12, Folder 3, CIA ARC. (S)

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advertisements. In addition, Shebalin pressed [redacted] to bring over a young girl from Germany, who had been convicted of juvenile prostitution, as his first subagent.²⁶ (S)

Like [redacted], [redacted] faced limitations in using Shebalin. In his first monthly report, the American case officer noted that "we are still trying to keep GRALLSPICE busy while at the same time devoting a great deal of thought to giving him a chance to sink his teeth into a positive operational assignment." [redacted] warned that "we cannot expect to keep him satisfied for much longer just letting him hypothesize." Just months after bringing Shebalin to Austria, the Agency realized that "GRALLSPICE is at an obvious disadvantage with regards to developing any likely candidates himself; first, because he has arrived in Vienna with no contacts of his own and, secondly, because he is unable to pass himself off as an Austrian—his Russian accent is very noticeable." [redacted] admitted, "therefore we are forced to do the developing, recruiting, and, to a certain extent, spotting though GRALLSPICE can perform a valuable function in the latter respect."²⁷ (S)

Pyotr Semyonovich Popov (U)

During the month of September 1952, Shebalin managed to keep pretty active. He attended the Vienna *Messe*, where he purchased Soviet cigarettes and other items for the Agency. At the same time, Shebalin cased Viennese cafes, hotels, and restaurants suspected of being

²⁶ [redacted] to [redacted] "Meeting of 22 August 1952," 26 August 1952, MIL/8475, (S), DO Records, [redacted], Box 12, Folder 3, CIA ARC. (S)

²⁷ Chief of Station, Vienna to Chief, EE, "GRALLSPICE Progress Report for August 1952," 3 September 1952, EAVA-31, (S), DO Records, [redacted], Box 12, Folder 3, CIA ARC. This report contains two translated attachments provided by Shebalin on "Comments on the Use of Prostitutes" and "Summary of GRALLSPICE's Suggestions on How to Contact Females in the Soviet Zone." (S)

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Soviet hangouts, and he met several women who frequented them. Through these women, Shebalin made the passing acquaintance of a Soviet officer. He also began interviewing several women for the position of maid, which he had advertised earlier in the summer. The following month, Shebalin returned to Germany to visit his wife and to obtain new identity documents. While at home, Shebalin interviewed the young German woman as his first subagent.²⁸ (S)

In January 1953, Shebalin's life took a dramatic change. The CIA's Russian agent was present at the beginning of one of the Agency's most remarkable espionage cases. On 1 January 1953, a man approached Edward Harper, the American vice consul in Vienna, and asked for directions to the American Military Commission. Harper offered to drive the man to the office, but he refused and gave Harper a letter to deliver. Later that day, Harper opened the letter and found that it was written in Cyrillic. Realizing that the letter could be important, Harper went to the American Consulate and reported the incident to the duty officer.²⁹ (C)

Shortly afterward, [redacted] [redacted], the chief of joint operations at CIA's Vienna Operations Base (VOB), read the translated letter:

I am a Soviet officer. I wish to meet with an American officer with the object of offering certain services. Time: 1800 hours. Date: 1 January 1953. Place: *Plankengasse*, Vienna I. Failing this meeting, I will be at same place, same time, on succeeding Saturdays.³⁰ (C)

²⁸Chief of Station, Vienna to Chief, EE. "Progress Report for GRALLSPICE September 1952," 3 October 1952, EAVA-389, (S), DO Records, [redacted] [redacted], Box 12, Folder 3, CIA ARC. (S)

²⁹[redacted] [redacted] "Memorandum for the Record," 15 March 1955, (C), in DO Records, [redacted] [redacted], Box 6, Folder 1, CIA ARC (hereafter cited as [redacted] [redacted], MFR, 15 March 1955). The Popov case has been recounted by former CIA officers in William Hood, *Mole* (London: Weidenfeld and Nicolson, 1982) and John L. Hart, "Pyotr Semyonovich Popov: The Tribulations of Faith," *Intelligence and National Security*, Vol. 12, No. 4 (October 1997), pp. 44-74. Both Hood's book and Hart's article obfuscate Shebalin's identity—the first CIA person to meet Popov. The depiction of Shebalin as Alex Koenig in *Mole* is especially vague (see pages 29-30 and 47-51). (C)

³⁰[redacted] [redacted] "MFR," 15 March 1955, (C).

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Such offers did not happen everyday, but, at the same time, there was no way for the Americans to know this was not a Soviet provocation. By the time that [] read the translated note, it was too late to surveil the meeting place; consequently, VOB opted to meet the letter writer the following Saturday, 3 January 1953.³¹ (C)

In order not to expose an American intelligence officer at this first meeting, [] directed [] to use GRALLSPICE as the go-between. By using Shebalin, [] and [] conformed to VOB's policy of buying time to identify walk-ins until a non-Vienna based CIA officer could conduct actual debriefings. [] briefed Shebalin as to the general background of the meeting and directed him to establish the *bona fides* of the yet-unidentified letter writer and to ascertain the meaning of his term "certain services." Additionally, [] wanted Shebalin to elicit the presumed Soviet's motivations and to obtain as much information about his background as possible.³² (C)

On the night of 3 January, Shebalin met the mysterious individual at the corner of *Plankengasse* and *Spiegelgasse*. From there, the two men adjourned to a safehouse where [] [], and another CIA officer monitored their conversation. For the next three meetings, Shebalin remained the CIA's face to this Russian walk-in. After that point, George Kisevalter, a CIA staff officer and Russian speaker, took over the interrogations in Vienna. In time, it became clear that Major (later Lieutenant Colonel) Pyotr Semyonoich Popov, a GRU officer stationed in Vienna, would become one of the CIA's greatest espionage success stories. As a CIA agent

³¹Ibid. (C)

³²Ibid. (C)

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from 1953 until his untimely death in 1960, Popov, a REDCAP recruitment, provided a wealth of information on Soviet military and intelligence organs and their worldwide operations.³³ (C)

Exit Vienna, Enter Salzburg (U)

Shebalin's presence in Vienna became increasingly dangerous as the Popov case developed. According to one Agency official in March 1953, "GRALLSPICE's participation in the Grattic project poses an existing and definitely negative security risk." Shebalin, of course, was intimately familiar with Popov because he had interviewed him at the first meetings. Shebalin knew the Soviet officer by sight as well as by true name, position, and activity in Vienna. The Agency feared that the Soviets might pay notice to Shebalin because of his own indiscretions (his case officer had already warned Shebalin when "he childishly and dangerously extended his cover" in Vienna). Shebalin's past record as a Nazi collaborator and Vlasov Army officer also marked him as a target for Soviet kidnapping. Consequently, VOB urged Shebalin's removal not only from Vienna, but also from the European continent.³⁴ (C)

In February 1953, VOB case officer [redacted] accompanied Shebalin to Salzburg where they met [redacted], a young CIA officer who had transferred to Salzburg from Vienna in

³³Transcripts of Popov's interrogations (including the first three meetings with Shebalin) and other information from this project are found in DO Records, [redacted], Boxes 1-21, CIA ARC. (S)

³⁴[redacted] Chief, Soviet Section, VOB, to Chief of Mission, "SOV/I - Security Factors re [redacted] Operation," 16 March 1953, VIM/1985, (C), in DO Records, [redacted], Box 6, Folder 1, CIA ARC. Years after Popov's arrest and execution, the Agency prepared an assessment of the case and examined whether Popov's downfall could have been linked to Shebalin. [redacted]

[redacted] A copy is also on file in the Counterintelligence Center, Analysis Group. (S)

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December 1952. In their first meeting, C 3 noted that Shebalin appeared "of better than average intelligence" and that he "displays a more than usual affinity for the opposite sex."

Perhaps drawing upon word that he had heard from Vienna, C 3 observed that "agent may also tend to be somewhat rash and indiscreet in what he says and does, in which case it may be necessary to restrain agent in Salzburg, where the size of the town would work against such conduct."³⁵ (S)

Once again, the new CIA case officer faced the dilemma of what to do with this Russian agent. Salzburg Base appeared to be at loss of how to employ Shebalin, and it expressed certain frustration because Vienna Base initially failed to provide any information from its files on its agent.³⁶ This meant that C 3 had to ask Shebalin for basic biographical information that could easily have been obtained from his file.³⁷ In the meantime, Shebalin kept himself busy by checking out houses for rent in the Salzburg area, although C 3 warned him not to enter into any rental agreements on his own. Shebalin also suggested that he might travel to Linz to check out the black-market activities in that city and also to see if prostitutes there could be employed against the Soviets. Suspecting that this trip might entail more than simply sightseeing, C 3

³⁵ C 3 to C 3 Chief of Operations, SOB, "Contact with GRALLSPICE 1 on 19 February 1953 Contact Report #1," [no date, no file number], (S), in DO Records, C 3, Box 13, Folder 3, CIA ARC. (S)

³⁶ C 3 to C 3 "GRALLSPICE 1, 27 February 1953, (no classification provided), DO Records, C 3, Box 13, Folder 3, CIA ARC. (S)

³⁷ C 3 to C 3 "Contact with GRALLSPICE 1 on 2 March 1953: Contact Report #6," [no date, no file number], (S), in DO Records, C 3, Box 13, Folder 3, CIA ARC. At this meeting, C 3 discussed in detail the different names that Shebalin had used since 1945. (S)

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“mentioned in passing that it should be borne in mind that in any dealings with such girls the necessary precautions should be taken against contracting any disease.”³⁸ (S)

Going to America (U)

Shebalin spent most of his time in Salzburg waiting to hear about his application to immigrate to the United States. As his case officer reported in the summer of 1953, “due to the sensitivity of GRALLSPICE 1, he has not been used in any operational capacity whatsoever since his arrival in Salzburg at the end of February 1953. GRALLSPICE’s position in Salzburg has been that of a holding case, i.e., to keep him ‘sweet’ and comfortable until his emigration [sic] to the US.”³⁹ (S)

As early as 1951, Shebalin had applied at the US Consulate in Munich for a visa, but this had been refused. After his departure from Vienna in early 1953, it became clear to the Agency that Shebalin had to be removed from Europe in order to safeguard both Shebalin and, more importantly, Popov, the Agency’s new asset. The Agency felt that Shebalin could still be productively employed in the United States and later for possible use in the Far East where his prior history was not known.⁴⁰ (S)

³⁸ [redacted] to [redacted] “Contact with GRALLSPICE 1 on 13 March Contact Report #9,” [no date, no file number], (S), in DO Records, [redacted] Box 13, Folder 3, CIA ARC. The file is complete with floor plans and photographs of prospective houses that Shebalin reviewed in Salzburg. (S)

³⁹ Chief of Base, Salzburg to Chief, EE, “GRALLSPICE 1: Progress Report for 13 April–31 May 1953,” 9 July 1952, [no file number], (S), in DO Records, [redacted] Box 13, Folder 3, CIA ARC. (S)

⁴⁰ [redacted] to Chief of Mission, “Sov/I – Security Factors re [redacted] Operation,” 16 March 1953, VIM/1985, (C), in DO Records, [redacted] Box 6, Folder 1, CIA ARC. See also Vienna to Director, 31 March 1953, Vienna 9784, (S), in DO Records, [redacted] Box 13, Folder 3, CIA ARC. (S)

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Case officer [redacted] devoted a large amount of time to preparing Sheblin's application for immigration, coordinating his immigration status with Munich Operations Base (MOB) and with CIA Headquarters, clearing his record with the Army's CIC, and trying to instruct the Russian agent in the English language and American history. At the same time, [redacted] worked on reuniting Shebalin with his wife and daughter in Salzburg while taking care of his problems. Shebalin's immigration encountered numerous hurdles that proved frustrating for [redacted]. For example, the Army in Germany had a report from 1948 in which an informant stated that Shebalin had been a director in the Soviet fisheries division and a colonel in the Red Army as well as a NKVD officer. The local CIC records also noted that Shebalin was considered to be pro-Soviet by other Russian displaced persons in Bavaria. Through Army contacts, the Agency tried to track down the source of that allegation to determine its legitimacy.⁴¹ (S)

Given the urgency to remove Shebalin from Austria, Salzburg pressed Headquarters for action.⁴² As early as October 1952, Frank G. Wisner, CIA's Deputy Director for Plans, wrote the Secretary of State for information regarding Shebalin's ineligibility for immigration to the United States.⁴³ By May 1953, [redacted], chief of CIA's Soviet Russia (SR) Division, had also taken the matter up with the Agency's Inspection and Security Division. [redacted] wrote

⁴¹Cable, Munich to Salzburg, 20 March 1953, Munich 2887, (S), in DO Records, [redacted], Box 13, Folder 3, CIA ARC. For SOB's reaction to the news of the allegations against Shebalin in the Army's files, see Cable, Salzburg to Frankfurt and Munich, 12 March 1953, Salzburg 1083, (S), in Shebalin, [redacted] DO Records. This same cable is cited as Cable, Salzburg to Director, 13 March 1953, IN 45697, (S), in Shebalin, [redacted] DO Records. Shebalin answered the Agency's questions regarding this charge in a polygraph examination. See Chief of Base, Salzburg to Chief, EE, "LCFLUTTERING of GRALLSPICE 1," 30 September 1953, EASA-2174, (S), enclosing Chief of Base, Salzburg to Chief, EE, "LCFLUTTER Test of GRALLSPICE 1," 28 September 1953, EASA-2167, (S), in DO Records, [redacted] Box 13, Folder 3, CIA ARC. (S)

⁴²Cable, Vienna to Director, 28 March 1953, IN 10543, (S), in Shebalin, [redacted], DO Records.

⁴³Frank G. Wisner, Deputy Director, Plans, to Secretary of State, ATTN: Mr. Charles E. Luckett, "Sergey Lvovich Schebalin," 24 October 1952, (S), in Shebalin, [redacted] DO Records. (S)

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that "it has been determined that the entry and legalization of the subject in the United States under Section 8 of Public Law 110, is highly desirable, the normal time delay of several weeks even after the individual concerned receives his Covert Security clearance precludes its use at this time." Instead, [] wanted the Agency to use "Special Procedures" to bring Shebalin and his family to the United States and that the "legalization of the subject's residence . . . will be completed after his arrival."⁴⁴ (S)

Despite the high level of interest in getting Shebalin to the United States, it was a laborious and time-consuming process. Meanwhile, Shebalin's presence in Salzburg created unrest and unforeseen problems. (S)

Shebalin's Indiscretions (U)

The Agency was well aware that Shebalin's presence in Salzburg threatened not only the Agency's operational security, but that the Russian agent could not be trusted to handle himself in a quiet and discreet manner. His case officers had long noted Shebalin's wandering eye and that his absence from his family in Germany did not necessarily make his heart grow fonder. In April 1953, Shebalin rented a room at the *Naturfreundehaus* on Monchberg in Salzburg; the Agency had cleared this residence for Shebalin to stay while in Austria. When [] asked the Russian how he enjoyed his quarters, Shebalin replied that he found it "very enjoyable." He

⁴⁴ [], Chief, SR Division, to Chief, Inspection and Security Division, "Sergei Lvovich Shebalin," 19 May 1953, (S), in Shebalin, [], DO Records. This memorandum superseded [] 8 April 1953 memo ("Preferential Entry into the United States of Segei Lvovich Shebalin") to the same office. A copy of this memo is located in Shebalin, [] DO Records. (S)

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added, "there is even a girl there . . . she is the owner's daughter. She is sixteen years old."⁴⁵

(S)

That comment, innocent as it may have appeared in April came back to haunt both Shebalin and his CIA handler. C █ knew from observation that his "agent's life is quite boring in Salzburg. He has nothing to do all day long except read, walk, study, sleep, eat, etc. A continuous diet of such activity," C █ cautioned, "over a long period of time is understandably difficult, especially for a person like GRALLSPICE 1 who is quite used to a more exciting and adventurous life." Knowing this to be the case, C █ stated "it is anticipated that more attention will be paid to agent's private life, his morale and female companionship, since these facets will be most directly affected by a prolonged period of inactivity."⁴⁶ (S)

The arrival of Shebalin's wife and daughter in Salzburg in June to join the Russian agent created new headaches for C █.⁴⁷ For one, Shebalin told C █ that he had resigned himself to lead "*ein anstandiges Familienleben*." He also advised his case officer never to marry, but to always remain engaged.⁴⁸ Even more troubling, Shebalin admitted in early July that he "had been keeping company" with the young granddaughter of his former landlady at the *Naturfreundehaus* where he had previously resided. According to Shebalin, the girl, whom he admitted sleeping with, had tried to run away from home on several occasions. Shebalin even tried to help her to escape from her grandmother and illegally crossed over the German border to

⁴⁵ C █ to C █ "Contact with GRALLSPICE 1 23 April 1953 Contact Report #18," [no date, no file number], (S), in DO Records, C █, Box 13, Folder 3, CIA ARC. (S)

⁴⁶ Chief of Base, Salzburg to Chief, EE, "GRALLSPICE 1: Progress Report for 13 April - 31 May 1953," 7 July 1952, [no file number], (S), in DO Records, C █, Box 13, Folder 3, CIA ARC. (S)

⁴⁷ C █ Memorandum for the Record, "Transfer of GRALLSPICE 1's Wife to Salzburg," 11 June 1953, [no file number], (S), in DO Records, C █, Box 13, Folder 3, CIA ARC. (S)

⁴⁸ C █ to C █ "GRALLSPICE 1: Contact Report #28 - Meeting on 12 June 1953," 12 June 1953, [no file number], (S), in DO Records, C █, Box 13, Folder 3, CIA ARC. (S)

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look at a home for wayward girls in Bad Reichenhall. Shebalin's current landlady had seen him with his young girl, and reported it to his newly arrived wife.⁴⁹ (S)

Case officer [redacted] expressed his "great disappointment" at Shebalin's behavior. He said that the incidents had to be reported to Washington and that it could affect his efforts to move to the United States. [redacted] also told Shebalin that "it was definitely bad taste to carouse with 16 year old girls" and that he was forbidden to associate with her. Henceforth, Shebalin, his case officer ordered, would "lead more than ever a life of complete boredom and inactivity." In addition to reading, writing, studying English, and taking care of his family, Shebalin would record his daily events in a diary, which he would give to [redacted] every week. While [redacted] expressed his displeasure about this latest breach of security, he also noted that Shebalin was having a difficult time settling down after having "more or less been in a struggle for survival for about the last ten years."⁵⁰ (S)

Several months after Shebalin admitted the facts of his relationship with the teenage girl, he told CIA officials in September 1953 that the grandmother planned to report him to the Austrian police. He feared that the police would be told that he was a black marketeer and that he had contributed to the delinquency of a minor unless he paid her money to keep quiet. This raised several issues of what to do about the blackmail case as well as how to keep Shebalin from the notice of the police and to preserve his cover. While not certain as to the seriousness of the

⁴⁹[redacted] to [redacted] "Contact with GRALLSPICE 1, 7 July 1952[3] Contact Report #32," [no date, no file number], (S), DO Records, [redacted] [redacted], Box 13, Folder 3, CIA ARC. (S)

⁵⁰Ibid. (S)

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threat posed by the grandmother, the Base recommended to Headquarters that Shebalin leave Salzburg "as soon as possible."⁵¹ (S)

Hanging Around (U)

Even before [redacted] learned about the blackmail attempt, he reported that his "agent's morale took a tumble as a result . . . however, it rose again slowly until it seemed to be back almost to normal."⁵² In mid-August, [redacted] took up the issue of what to do with Shebalin while waiting for his immigration case to proceed. He proposed to [redacted], Salzburg Base's chief of joint operations, that Shebalin be assigned the task of spotting "girls who would go to the Russian zone to try to pick up with Sovs for the purpose of defection. These girls cannot be regular prostitutes, but should be smart, up-righteous girls with a hig[h] degree of motivation." "But," he added, "still they should have no objection to becoming a Mata-Hari."⁵³ (S)

[redacted] also thought that Shebalin could meet Austrian businessmen to check who in Salzburg had business ties to the Soviet zone. Finally, [redacted] asked his superior, "have you ever had a bottle of beer at the *Eulenspiegel* restaurant? If so, have you noticed that it is Czech beer imported into Austria. I would like to send GRALLSPICE," [redacted] commented, "out to see how

⁵¹Vienna to Director, 22 September 1953, Salzburg 1725, (S) and Chief of Base, Salzburg to Chief, EE, "Blackmail Attempts on GRALLSPICE 1," 24 September 1953, EASA-2166, (S), both documents in DO Records, [redacted], Box 13, Folder 3, CIA ARC. (S)

⁵²Chief of Base, Salzburg to Chief, EE, "GRALLSPICE 1: Progress Report for July 1953," 13 August 1953, EASA-1885, (S), in DO Records, [redacted], Box 13, Folder 3, CIA ARC. Case officer [redacted] continued to provide updates on the blackmail effort until Shebalin departed Salzburg. (S)

⁵³[redacted] to [redacted] "GRALLSPICE 1's Operational Activity," 12 August 1953, [no file number, no classification], (S), in DO Records, [redacted], Box 13, Folder 3, CIA ARC. (S)

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that beer is brought in. Probably by train, but somebody has to order the stuff and do correspondence. It might prove to be a Czech lead.”⁵⁴ (S)

It did not take Shebalin long to identify one woman as a potential candidate. At a meeting on 24 August, Shebalin provided his case officer with the name of a divorcee, aged approximately 30 years, who was “not a common prostitute, but still of ‘light conduct.’” He also learned where the *Eulenspiegel* restaurant obtained its Czech beer, and he visited the beer distributor to purchase a few bottles.⁵⁵ In addition to these tasks, [redacted] also approached Shebalin with the idea of writing several letters in Russian that could be used to entice Soviet officers to defect.⁵⁶ (S)

Aktbilder (U)

During a meeting at the Base’s safehouse on 2 November 1953, [redacted] asked Shebalin “if he knew where one could procure pictures of naked women in Salzburg.” Seeking the photographs for another project, [redacted] thought that Shebalin would be a good conduit for

⁵⁴Ibid. [redacted] made these operational requests of Shebalin on 14 August 1953. [redacted] explicitly directed the Russian to “spot the girls and obtain the necessary background information on them. He was to make no attempt at recruitment.” See [redacted] to [redacted] “GRALLSPICE 1: Contact Report #39,” 20 August 1953, [no file number], (S). [redacted] provided further guidance and cautioned him against approaching girls under the age of 20. See [redacted] to [redacted] “GRALLSPICE 1: Contact Report #41,” [no date, no file number], (S), both documents in DO Records, [redacted] [redacted], Box 13, Folder 3, CIA ARC. (S)

⁵⁵[redacted] to [redacted] [redacted] “GRALLSPICE 1: Contact Report #40 Meeting of 24 August 1953,” 31 August 1953, SIM/12, (S), in DO Records, [redacted] [redacted], Box 13, Folder 3, CIA ARC. (S)

⁵⁶[redacted] to Chief of Operations, “CR #45-[redacted] Meeting with GRALLSPICE 1 on 30 September 1953,” 7 October 1953, SIM/102, (S), in DO Records, [redacted] [redacted], Box 13, Folder 3, CIA ARC. The defection letters prepared by Shebalin are discussed in later contact reports; a final copy is found in Chief of Base, Salzburg to Chief, EE, “Forwarding of GRALLSPICE 1 Defection Letter,” 30 December 1953, EASA-2719, (S), DO Records, [redacted] [redacted], Box 13, Folder 3, CIA ARC. (S)

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pornographic material. Shebalin responded that he believed that he could find these photos through photo shops or houses of prostitution, but that "such pictures are usually passed from friend to friend since the local populace fears that a stranger asking for such pictures may be an agent of the local CID," the US Army's Criminal Investigations Division.⁵⁷ (S)

At their next meeting on 12 November, Shebalin reported that he had been able to obtain some promising leads in obtaining the *Aktbilder*, the German term for pornography. Putting an advertisement in a local Salzburg newspaper, Shebalin received 12 responses offering various forms of *Aktbilder* of which Shebalin felt that three were credible (some of the offers dealt with artwork as opposed to photographs). [redacted] informed his agent not to contact the dealers directly and to simply obtain whatever photographs were available. [redacted] commented to his superiors that his "agent's energetic way in which he went about procuring the pornographic photographs would evidence his desire and his ability for larger operational tasks than he has had to do in Salzburg. Case officer," [redacted] wrote, "gets the feeling that agent realizes only too well that he has been in Salzburg for 9 months with hardly any activity and that when he is given such a small task as procuring pornographic pictures he takes it to heart and gives it his all to do the job." [redacted] felt that "agent's secure method of handling the procurement of these pictures also bears out his ability for clandestine work."⁵⁸ (S)

[redacted] superiors at the Base balked at Shebalin's latest activities. Writing in the margins of [redacted] contact report, one Salzburg official commented, "the moralists at headquarters may

⁵⁷ [redacted] to COPS, "[redacted] Meeting with GRALLSPICE 1 on 2 November 1953-CR#50," 3 November 1953, SIM/190, (S), in DO Records, [redacted] Box 13, Folder 3, CIA ARC. (S)

⁵⁸ [redacted] to COPS, "[redacted] Meeting with GRALLSPICE 1 on 12 November 1953-CR#51," 16 November 1953, SIM/206, (S), in DO Records, [redacted] Box 13, Folder 3, CIA ARC. Shebalin provided [redacted] with a log detailing his efforts to obtain the photographs in addition to the responses to his newspaper advertisement. (S)

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have slight shock when they see G-1 involved in pornograph—maybe we should have used the word art pictures. Unrealistic as it is there are responsible people at Hq who definitely frown on the use of such 'nasty' methods in our ops." The official quickly added, "I am not advising that we drop this sort of thing—on the contrary—but when reporting it veiled and otherwise Victorian terms should probably be used. (Also we have to protect our 1890 niceties.)"⁵⁹ (S)

The Koessler Case (U)

Shebalin's procurement of the *Aktbilder* was his final operational activity in Salzburg before he and his family departed Austria. For the remaining months of 1953 and into early 1954, Shebalin continued his English lessons with his case officer while also studying American history and government in preparation for his move to the United States. In the meantime, C █ organized Shebalin's finances and converted the Russian's Austrian funds into American dollars. The Agency offered Shebalin a six month contract at the rate of \$3,700 and per diem while in a travel status. Shebalin would also earn ten days of annual leave, but no other benefits beyond employment assistance at the termination of the contract.⁶⁰ (S)

For the most part, Shebalin's time in Salzburg proved uneventful and frustrating. His immigration paperwork moved slowly, and Shebalin even lamented that all of his Russian DP friends in Germany had already moved to the United States while he and his family still waited.

⁵⁹C █ to COPS, "C █ Meeting with GRALLSPICE 1 on 16 November 1953 CR#52," 16 November 1953, SIM/209, (S), in DO Records, C █ Box 13, Folder 3, CIA ARC. (S)

⁶⁰Director to Salzburg, 23 November 1953, Director 28077, (S), in DO Records, C █ Box 13, Folder 3, CIA ARC. See also Chief of Base, Salzburg to Chief of Base, Vienna, "GRALLSPICE 1 Finances," 1 December 1953, SOB/2399, (S), in the same folder. (S)

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☐ ☐ could do little but advise his agent to be patient and to give him make-work projects.⁶¹ At the same time, Salzburg pressed Headquarters for action on Shebalin's part to avoid his complete loss of confidence in the Agency and possible 'return to DP circles Germany on own.'⁶² (S)

At Christmas time, Shebalin returned to Germany with his wife and daughter to visit his mother-in-law in Memmingen. During the holidays, his daughter fell ill, and she remained in Germany to recover. Shebalin, in the meantime, returned to Salzburg where ☐ ☐ asked him to list all of his contacts in the Austrian city. In mid-January 1954, Shebalin provided the names and basic biographical information on several individuals with whom he had contact in Salzburg.⁶³ This simple inquiry resulted in yet another counterintelligence concern. (S)

Among the four names that Shebalin provided to ☐ ☐ the Russian reported that he was well acquainted with Gertrude Koessler, a young Austrian woman employed by the Salzburg *Finanzamt*. Seeing this, ☐ ☐ superior penned, "Exactly what is the relationship? Is G-1 laying her? On basis of his past propensities I would think it likely."⁶⁴ The young woman visited Shebalin on several occasions, claiming to be a student and a writer for a student newspaper, and she even asked Shebalin if he spoke Russian. Coupled with other suspicious activities, ☐ ☐ grew concerned about the girl's real motives.⁶⁵ This marked the beginning of a

⁶¹☐ ☐ to COPS, "☐ ☐ Meeting with GRALLSPICE 1 on 30 December 1953-CR# 57," 5 January 1953, SIM/331, (S), in DO Records, ☐ ☐, Box 13, Folder 3, CIA ARC. (S)

⁶²Cable, Salzburg to Director, 30 December 1953, Salzburg 2107, (S), in DO Records, ☐ ☐, Box 13, Folder 3, CIA ARC. (S)

⁶³☐ ☐ to COPS, "☐ ☐ Meeting with GRALLSPICE 1 on 14 January 1954-CR #59," 20 January 1954, SIM/375, (S), in DO Records, ☐ ☐, Box 13, Folder 3, CIA ARC. (S)

⁶⁴Ibid. (S)

⁶⁵Cable, Salzburg to Director, 25 January 1954, Salzburg 2198, (S), in DO Records, ☐ ☐, Box 13, Folder 3, CIA ARC. (S)

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rather lengthy attempt by the Agency to interrogate the young woman; Salzburg Base's efforts remained unsuccessful as late as August 1954.⁶⁶ (S)

A New World (U)

With days of learning about Gertrude Koessler, Salzburg Base finally received word from Headquarters approving the immigration of Shebalin and his family to the United States under Section 8 of Public Law 110.⁶⁷ Case officer [redacted] accompanied Shebalin, his wife, and daughter as they flew from Salzburg to Frankfurt where they transferred on a military flight to Washington, DC. Arriving at National Airport on 5 February 1954, [redacted] turned Shebalin and his family over to representatives of CIA's Domestic Operations Base.⁶⁸ Shebalin served on contract with the Agency in Washington until the fall of 1954, although the Agency quickly concluded that it could not use the Russian in an operational context in the United States or overseas. (S)

After that point, Shebalin moved with his family to Philadelphia. He worked in a local manufacturing company while studying at a local college. An Agency official visited Shebalin in January 1959 and found him "making a successful and satisfactory adjustment to the

⁶⁶Chief of Base, Salzburg to Chief, EE, "Gertrude Koessler, Suspected IS Agent," 23 August 1954, EASA-3659, (S), with attachments, in Shebalin, [redacted], DO Records. (S)

⁶⁷[redacted], Chief, SR Division, to the DCI, "Entry of Sergei Lvovich Shebalin into the United States under the Provisions of Section 8, Public Law 110, Eighty-First Congress," 4 January 1954, (S), in Shebalin, [redacted], DO Records. See also Cable, Director to Salzburg, 27 January 1954, Director 35896, (S), in Shebalin, [redacted], DO Records. (S)

⁶⁸[redacted] to COPS, "GRALLSPICE 1 Final Report Concerning the Events for the period 25 January to 7 February 1954," 25 February 1954, SIM/449, (S), in Shebalin, [redacted], DO Records. (S)

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American way of life.”⁶⁹ Agency files indicate that it had no further contact with Shebalin after 1960; ironically, CIA learned from a defector in 1972 that the Soviets had listed Shebalin as an American agent in a classified KGB publication. The Soviet publication noted that Shebalin had worked with US intelligence in Vienna in 1953 and that he lived in the United States in 1960.⁷⁰

(S)

Postscript (U)

During the early 1950s, CIA's REDCAP project appeared to be a good means of targeting Soviets outside the Soviet Union for in-place agent recruitment and eventual defection. In reality, approaching Soviets in foreign posts posed immense difficulties; hence, the Agency tended to use its own agents to make these initial contacts. Sergei Lvovich Shebalin presented himself as an excellent REDCAP agent. The Agency, however, could not effectively employ Shebalin because he was simply out of his element in both Vienna and Salzburg. Using sex as part of espionage tradecraft requires discipline, training, preparation, and control. It cannot be turned on and off using ad hoc agents and prostitutes. If it is not strictly managed, a project tends to get sidetracked by its own peccadilloes. Shebalin is a fine case in point as he enjoyed sampling the wares and ended up putting himself and the Agency in jeopardy. In the end, the Agency invested heavily in Shebalin with little direct results. But he proved useful in one unexpected case when he handled the first Vienna meetings with Major Popov in early 1953.

⁶⁹Chief, Contact Division, OO to Chief, SR Division, "OO/C Case 16667—Status Report on Sergei Schebalin," 16 January 1959, [no file number], (S), in Shebalin, [redacted], DO Records. (S)

⁷⁰Counterintelligence Information Report, [redacted], [redacted], "3 October 1972, SBSR-651, (S), in Shebalin, [redacted], DO Records. (S)

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Consistently rated as one of the Agency's best assets, Popov's loss years later raised questions whether he was tainted from the onset because he had been exposed to Shebalin, a contract agent. (S)

By the mid-1950s, the Agency concluded that sexspionage could not be consistently or successfully employed even in an occupied country like Austria. At the end of the Allied occupation of that country in 1955, CIA reviewed many of the US Army's counterintelligence operations. Like CIA, the US Army had a defection program whose "target personalities were centered mainly in Baden and Wiener Neustadt [in the Soviet zone]. Spotters and contact personnel were usually of a low-level type such as prostitutes, barmaids, and blackmarketeers." The Army's defection operations," the CIA noted, "never really seemed to have gotten off the ground. Apart from the difficulty of the assignment, a study of [project] files suggests two reasons for the failures of these operations: The [project] case officers, as well as the agents, appear poorly trained; so much time was spent on laborious investigations and compilation of data on Austrians in the target areas that little time was left to do an equally systematic job on the Soviets in the area."⁷¹ (S)

The Agency summarized that the Army's "operations seemed never to get out of the investigative stage and into the operational stage."⁷² The same epitaph could be written for the Agency's use of Shebalin and its own stillborn efforts in Vienna and Salzburg. (S)

⁷¹Chief of Station, Austria to Chief, EE, " [] Operational Review," 28 July 1955, EAVA-11331, (S), in DO Records, [] [], Box 1, Folder 1, CIA ARC. (S)

⁷²Ibid. (S)