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ANNEX COMMENTS

- A. Biographical Footnotes; Soviet Spotting and Recruiting in the 1940's and Early 1950's, which Probably Paralleled and Supported the Recruitment of Felfe:

1. Helmut Proebsting
2. Max Wessel
3. Recruitment
4. Wilhelm Krichbaum
5. Oscar Reile

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- B. Deception and Diversion Operations Initiated by the Soviets in the Early 1950's:

6. The Heinz Case
7. The Lilli Marlen Case
8. Artur Karl Weber

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- C. Modus Operandi and Various Types of Defensive Playback; Case Summaries:

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- D. KGB Personnel Appearing in "Operation Kurt":

12. Descriptions Provided by Felfe and Clemens of their KGB Case Officers

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Sanitizing?  
 Let's not confuse  
 intel coll on Germany  
 w/ work essentially 21)  
 against the WGHZ

2

II. Organization of Soviet Intelligence Work Against  
The West German Intelligence Target in The Early  
Post-War Years *GEHLEN Organization*

The history of this penetration has its beginning in the early post-war years. The spotting of people like Heinz Felfe by the Soviet Intelligence services was not accidental, but the result of a well-targeted, well developed recruitment campaign directed against former police and intelligence officers of the Nazi Reich. The thesis was simple: old intelligence hands will flock together, will seek to return to the work they know best. Some of these people, such as old Brandenburg Division officers, Stahlhelm and Freikorps members, might be susceptible to a Soviet approach because of their general sympathies. Others, such as SS and SD members, who in occupied Germany were now war-criminals able to make their way only by hiding a past which had once put them among the elite, would be the most valuable. The Soviet spotters were to be found almost everywhere in Europe - East and West - in the POW camps, in the war-crimes screening commissions, in the courtrooms. The future West German Intelligence and Security Services could be penetrated almost even before they were created.

In the closing days of the war, General Reinhard Gehlen of the Fremde Heere Ost had brought the remnants of his files and personnel to G-2, U.S. Army, for whom he presented a valuable and relatively unique source of information on Soviet order-of-battle. Under G-2's aegis his group burgeoned until by 1949 it had become recognized as the primary Western agency for the collection of Soviet OB and eventually of CI information in the Soviet occupied zone of Germany. It was a loosely knit organization made up predominantly of former Abwehr and FHO officers who were held together by the officer's code of honor and individual bonds of friendship. From an institutional point of view, however, the problems of control, responsibility and security were serious. In July of 1949 G-2 asked CIA to assume the responsibility for the organization and thus undertake a trusteeship which was to last seven and a half years.

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To the outsider, to its enemies, the Gehlen Organization looked much more like an American puppet than it actually was. Many a Soviet Intelligence officer assigned to work against the Americans in Germany and Austria during this period was running operations against the Gehlen Organization. Many a German was persuaded by Soviet appeals to his anti-American resentments to work against his own countrymen.

*point not clear*

In 1948 the Soviet State Security Service (MGB) in East Germany made its <sup>known</sup> first important coup against the Gehlen Organization. Gehlen's chief of operations for Northeastern Germany was arrested in East Berlin, and on the basis of his material, the Soviets were able <sup>who says?</sup> for the first time to make serious penetration plans. <sup>known</sup> By mid-1952 the work against various of Gehlen's field bases had progressed well, but an agent inside the headquarters organization in Pullach was still lacking.

*known to not know*

(1) Particularly successful had been the MGB work against Gehlen's field base for CE-CI in Karlsruhe. This base was especially attractive because the major part of its work involved the penetration for security purposes of other German agencies, while at the same time offering a direct contact to the Soviets through its responsibility to run Soviet double-agent operations. It was especially vulnerable because it was heavily staffed by former SD and SS personnel who in order to maintain their jobs were obliged at least pro forma to conceal their background and who still suffered to some extent from the old social and professional caste rivalries which kept the former Abwehr

*not clear*

- (1) Primary source of information on early MGB/MVD work in Germany is Petr S. Deryabin who was assigned to the MVD headquarters desk responsible for CE work in Germany from May 1952 to September 1953. He read the headquarters file of the Gehlen Organization in July 1952 and has stated that as of that date there was no evidence of a Soviet agent in the headquarters; however, we cannot rule out the possibility that there may have existed restricted files to which he had no access.

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and FHO officers in ascendancy. In reaction to this situation there had gradually developed within the CE organization a sort of mutual aid society of ex-SS and SD personnel for self-protection and professional advancement, which in turn rendered <sup>these personnel</sup> ~~themselves~~ particularly susceptible both to simple blackmail and to the somewhat more complicated appeals to revenge or vindication.

(1) It was through this base, called GV"L", that one of the most able and tenacious staff penetrations of the Gehlen Organization was launched.

- (1) There have been a variety of formal and informal secret Nazi organizations in existence since the end of the Second World War. According to BEVISION the KGB has been able to penetrate and control them since their inception as recruitment pools and as potential propaganda weapons. His information on this subject, under his codeword "HACKE", is instructive for CE analysts ~~working~~ in nearly many ~~every~~ part of the world.

*cf. earlier  
statement that "first comp"  
was arrested in 1948 -*

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II. (a) Heinz Felfe

Heinz Felfe was born in Dresden in 1918, the son of a criminal police inspector. He started his own police career at the age of 13 as a volunteer in a border unit. In 1938 he was inducted into an SS Verfuegungstruppe, and from then on his schooling, legal training and subsequent assignment to a job in the Criminal Police was guided and fostered by the SS. In 1943 he went into the foreign intelligence section, RSHA VI, where he worked first in the Swiss section at headquarters, then in Holland - for a while under Schreieder of "Nordpol" fame. He finished the war as an Obersturmfuehrer in the Waffen SS and as a prisoner of the British. Of the many recorded impressions of him from various stages of his career, certain traits dominate: a highly intelligent man with very little personal warmth, a person with a high regard for efficiency, for authority, but susceptible to flattery, venal, and capable of almost childish displays of vindictiveness. Naturally a devious person, he enjoyed the techniques of engineering a good deception in his profession. He was brilliant as an elicitor of information, an excellent listener and an operations officer of such generally recognized capability that from time to time he was given special "vest-pocket" operations to manage for the chief of his German service. Infinitely cool and brazen in the face of danger, thoroughly aware at all times of what he was doing, Felfe was the "ice-cold calculator" as he once so admiringly described his favorite agent. The only lively emotion detectable in him is his hatred, which, with his great admiration for Soviet power and efficiency, and his undeniable enjoyment of the game, seems to have sustained him throughout his career and imprisonment. His attachment to his wife and two children seems to have been relatively perfunctory. As for his colleague in espionage for ten years - and friend in adversity of even longer standing, Hans Clemens, Felfe found him in the end merely a convenient scapegoat.

*of what?*

As a British POW Felfe was interned at Blauw Kappel, an interrogation center near Utrecht which specialized

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in the interrogation of former German intelligence personnel. It is possible that even here his name first came to Soviet attention through an agent among the Dutch interrogators. One of Felfe's fellow-prisoners, Helmut Proebsting, reported to Dutch authorities in 1946 that he and Felfe had been approached by one of the interrogators to work for the Soviets, but Felfe denied that any such incident had occurred when confronted with this information after his arrest. (1)

Felfe returned from the war in November 1946 with the determination to settle in the Western zone of Germany, although his home had consistently been in Dresden. His wife and child joined him at the end of the year. Seven difficult months followed until he finally found work for a British military intelligence unit (Sixth Area Intelligence Office, BAOR). His job was to develop information on communist student groups at the University of Bonn and under British instruction he settled himself in the Bonn area, registered in the Faculty of Law and joined the KPD. In the course of his work he made several trips to East Berlin and to East Germany to observe student rallies, from which he took off on his own initiative to visit his mother in Dresden. Here again the possibility of Soviet targeting exists. On one of these trips, in 1948, Felfe says <sup>that</sup> his mother warned him that someone in the town had recognized him and reported him as a former SS officer. On another occasion he says he was arrested by the VoPo, but quickly released at the intervention of his host, an official of the East German Ministry of Public Education.

The British finally dropped Felfe in April 1950 for serious operational and personal security reasons,

- (1) ~~An account of this incident is given in Annex 1 because it is important as an item in the chain of suspicious events which should have uncovered Felfe as a Soviet agent long before his actual arrest.~~

*delete the Annex - it is irrelevant  
make this point in body of text.*

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none of which, unfortunately, came to the attention of the Gehlen Organization in any very detailed or forceful form until long after Felte was entrenched in it. British files received by the BND in 1961 and by CIA in 1962 show that their early complaints against Felte included attempts to sell information, collected for the British, to several other intelligence agencies, two West German news services and to the SED. It also contained an account of Felte's attempt to involve the British in a double-agent operation with the Soviets, as well as various agent reports showing that he had blown himself as a British agent to all and sundry, including the KPD, and that he was guilty in general of "sharp practice" and "varnishing of the truth". As specific grounds for dismissal the British told Felte that his refusal to give up undesirable contacts with former SS personnel could no longer be tolerated. Specifically they named Helmut Proebsting and Hans Clemens, the latter a former RSHA VI colleague and old Dresden friend, who was shortly to lead Felte into the service of the MVD.

After leaving the British Felte continued to work against the KPD for the Land security office (LfV Informationsstelle Nordrhein-Westfalen) to which he had already been reporting on the side while a British military intelligence agent. He incurred the wrath of this organization on at least two serious counts: once for having sent a report on it to his contact in the SED and later for trying to peddle the plans for the BfV constitution, which he had somehow acquired from someone in the Finance Ministry, to a West German newsman. From the Informationsstelle Felte went to the Ministry for All-German Affairs (Kaiser Ministerium) where he worked as an interrogator specializing in refugees knowledgeable on the VoPo. He remained at this job, eventually writing a study of the VoPo for the Kaiser Ministerium, until his recruitment into the Gehlen Organization in 1951.

*What sort of info & what kind of contacts did he try to sell to SED?*  
*This is all clarified later but it raises questions here.*

*Doesn't this presume later recruitment? Should it be left more open?*  
*I think at 3 must be a footnote somewhere around here*  
*or on p. 13 w/ a ref here to that page*

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of war criminals accused of killing hostages in Dresden and there is some suggestion that Clemens was similarly listed. As was soon to become evident, Gerda Clemens was working as a Soviet agent at least by December 1949, and probably since the end of the war, as Felte later told his British case officer. Her cover name was "Erika". She reported to an MGB Colonel called Max in an office in the Soviet Command, Dresden, which, according to Clemens, was concerned with tracking down former police and intelligence officers from the Dresden area who were liable for war crimes.

As a person Clemens was every bit as much of a Nazi as Felte had been, with the difference that he declared himself more frankly. Essentially a less complicated kind of person, coarse and probably brutal, Clemens' human attachments were more real and meaningful than Felte's. Where one has the impression that Felte never made a move without a reason or recompense, one can imagine Clemens making a gratuitous or spontaneous gesture of loyalty or friendship. Felte considered Clemens his cultural and intellectual inferior, which is correct in a certain sense, but after his arrest he pretended that the older man - Clemens is 16 years Felte's senior - had exercised a dominating and pernicious influence over him by drawing him into the Soviet service and making him stay there. Throughout their Gehlen careers, however, they remained good friends, and Clemens in his post-arrest statement claimed that there had never been any friction or rivalry between them in their Soviet work.

Within a remarkably short time after Clemens' return to Germany - about two months - Max sent Gerda Clemens to West Germany with a recruitment proposal. This occurred just at the end of 1949 or possibly in early January 1950. Clemens and Tiebel admit that the situation was perfectly clear to them: comply or face charges. Moreover Clemens had no steady job, he needed money and was intrigued by the idea of a secret contact. He discussed the situation with both Felte and Tiebel, and while none of them seems to have opposed outright the idea of accepting

recruitment  
of all 3 of them?  
No, only  
Clemens.

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the Soviet approach, they did entertain the notion of trying to offer Clemens to someone as a double-agent. Clemens actually talked to an official in the Ministry of Interior. Unfortunately the latter brushed him off without giving him any concrete advice. Felfe may have offered Clemens to the LfV-Informationsstelle; British files show that he told his British case officer in early 1950 that he intended to do so. Felfe had already tried unsuccessfully in November 1949, upon Clemens' arrival, to sell him to the British as an agent. (He also tried to persuade them to recruit Tiebel.) This effort had merely earned him the admonition to stay away from his old SS friends, who were bad medicine for someone supposed to penetrate the KPD. In January 1950 Felfe tried again, this time offering Clemens as a British-Soviet double-agent. A letter dated 25 January 1950 from Tiebel to Felfe states that Clemens had already agreed in principle to cooperate with the Soviets in Dresden. The British files contain a memo of a visit by Felfe to his case officer on 29 January 1950 during which he reported that Gerda Clemens had arrived two days earlier and was planning to return shortly to Dresden with her husband in order to put him in touch with the MGB. The British lingered only briefly over the decision of whether to play Clemens as a double-agent. Shortly after Felfe's proposal, evidence of his double-dealing with the LfV Informationsstelle became evident and he confessed to having sent a report on it to an SED contact in East Berlin. When Frau Clemens appeared in Germany again in early April and Felfe tried once more to persuade his employers to undertake an operation the British case officers came to the decision that they should drop Felfe and list Clemens as a "security risk". By this time of course Clemens was no longer just a security risk; he had already gone to Dresden and become a Soviet agent.

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II. (c) Clemens' Recruitment by the MGB*During February 1960*

In Dresden Clemens was met by his wife, who led him to Colonel Max in the Soviet "Waldschloesschen" Compound. Here Max debriefed Clemens on his life history and present contacts, lectured him on his culpability as an SD criminal, probed his feelings of confusion and resentment, listened constructively while Clemens delivered himself of a long pent-up statement of his hatred for the Americans. (They had been twice the cause of German defeat, etc., had smashed his home town and caused the death of at least five of his relatives.) Max at this point took Clemens on a tour of bombed-out Dresden and at the tide of Clemens' emotional reaction offered him an opportunity of revenge against the Americans. The proposal was clear cut and precise: as a Soviet agent Clemens was to return to the Western zones, seek out old Stapo and SD contacts and through them try to penetrate the Gehlen Organization. The Gehlen Organization was an "Amiladen" (an American shop) and any blow aimed at it was a blow at the Americans. Clemens agreed: for money, for a personal cause, and to be on the side of power, but not, he insisted, because of any special sympathy toward the Russians. (Here, as in many other cases, are strains of the old Nazi theme of German superiority to Russians.) He signed himself on as a Soviet agent with the cover name Peter; later he used German girls' names. At this first meeting Clemens provided Max with a list of potential recruits in which he included the names of both Felfe and Tiebel. Clemens says he was very impressed by Max and by his psychological adroitness: Max was civil, sober, authoritative, knowledgeable, but most important - as both Clemens and Felfe have stressed many times - he never pushed or threatened directly. His watchwords were to proceed slowly and naturally.

When Clemens returned to West Germany he told Tiebel and Felfe the whole story and was able without much difficulty to recruit them in turn for Max. (Clemens claims it was perfectly clear to his friends that Max's target was the Gehlen Organization. Felfe

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claims that he did not understand that this was the case until much later.) Tiebel paid his first visit to Dresden some months later in 1950 where he received much the same treatment as had Clemens, with perhaps greater emphasis on the threat of war crimes indictment. He received the cover name "Erich", which he kept throughout his agent career. Felte, who by this time was working as a refugee interrogator in the Kaiser Ministry, resisted making the trip east for another year. He did, however, submit reports to Clemens. Tiebel was later to be used as a courier.

why?  
only he knows

valid as transfer?  
on any copy?

Clemens was able to carry out his assignment for Max with amazing rapidity. In March 1950 he came across an old acquaintance from the Dresden police named Wilhelm Krichbaum who was now employed in a sub-unit of Gehlen's CE/CI base. (1) Through him Clemens was able to join the Gehlen Organization in June of 1950 as a registry clerk and courier for the same field unit. (Clemens' Gehlen Organization alias was Cramer.) Krichbaum himself was later to become highly suspect as an early MGB/Dresden penetration of the Gehlen Organization, but there exists no evidence - pro or con - that he wittingly maneuvered Clemens or Felte in the Organization for the Soviets. Clemens remained in Krichbaum's unit in Bavaria for two years during which time he reported on its organization and personnel and that of the parent base, GV"L", and on anything else that came his way. His reports were typed on thin paper and hidden in cans of powdered milk which he sent periodically to his wife in Dresden.

no - it is only a page long - put it in footnote here

- (1) See Annex 4 comment on Krichbaum. Actually Clemens found Krichbaum in 1950 through another old acquaintance and Gehlen employee named Franz Groschek. Both Groschek and Krichbaum at this time were in contact with Kurt Ponger (well-known principal, with his brother-in-law Verber, in the CIC operation "TOPHOLE") who was eliciting information on the Gehlen Organization from them for the MGB in Vienna.

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He collected reports from Felfe whenever they had the opportunity to meet and sent them on in the same way. (Since Felfe is reported, in British files, as having made a trip to Southern Germany within a few days of trying to sell the BfV plans to a news service it is a good guess that these too might have found their way into one of Clemens' milk cans.) There was relatively little communication from Max; what there was was handled by Gerda Clemens, who served as courier and mail drop.

When Felfe's work for the Kaiser Ministry drew to a close in September 1951, he agreed to make his first visit to Max in Dresden. At about the same time Clemens recommended him to Krichbaum as a reliable and experienced intelligence officer and Krichbaum arranged for his employment by the Gehlen Organization. Although Felfe will not admit it, it seems likely that there was a definite cause and effect relationship between the timing of his availability for work in the Gehlen Organization and his trip to Dresden. Max was primarily interested in the Gehlen Organization as a target and presumably it was at the point when Felfe was actually able to penetrate his target that Felfe became of importance. There is some suggestion in our records - no evidence - that Felfe might really have been recruited earlier, but even if this is so his serious Soviet work did not begin until he was a properly accredited West German intelligence officer. (1)

*For ~~see~~ Annex 3 here  
in body or  
as footnote*

- (1) See Annex 3 comment on "Recruitment" for a description of interesting testing and compartmentation techniques.

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II. (d) Felfe's Formal Recruitment by the MGB

Around the first of September 1951 Felfe flew to West Berlin where he was met by Gerda Clemens who conducted him to Max in the East Sector. Max drove him to the Soviet Compound in Karlshorst where he questioned Felfe on his background - Felfe said he appeared to be very well informed about him already - and gave him the general lecture on guilt. Felfe admits that he wrote a declaration of willingness "to work for peace", but claims he did not sign a pledge to work for Soviet Intelligence as such. He received the cover name "Paul". He tells us very little about this first visit; he says he was well wine and dined in the Karlshorst safehouse where he spent the night and that Max made a great effort to establish a friendly, sociable atmosphere. He says Max gave him no instructions at this meeting. Whether this is true or not, subsequent events played themselves out exactly to Max's wishes in any case.

On the 26th of October Felfe was called to Karlsruhe for a personal interview with the chief of GV"L". He made a good impression, was hired as an assistant to the GV"L" chief for Soviet CE operations, Oscar Reile, and requested to begin work on 15 November. (Felfe's Gehlen Organization alias was Friesen.) Felfe and Clemens celebrated the event that night with a good dinner. Sometime shortly after this and before he actually began work, Felfe paid his second visit to Max. This time Max went more deeply into questions of motivation and access. He took Felfe on the tour of Dresden and discussed at some length the need for Soviet-West German understanding. He stressed the theme of criminality of SS membership and the fact that Felfe would need Soviet protection to keep his new job and to keep his record hidden. Having seen one more agent into the Organization, Max was now concerned to maneuver him to the most desirable spot. Significantly he asked Felfe to try to get himself posted to the Gehlen headquarters. Again, he stressed the need Felfe would have for Soviet protection, warning him

SECRET

shouldn't there be a footnote here, pointing out that Reile is a major suspect. — I now see it is on the next page.

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that even if his SS membership were not discovered he would always run the risk of losing his job in the intelligence service because of some flap or other which might not even be his fault. These words were somewhat more than prophetic, for even then were brewing in various parts of the Gehlen Organization, and particularly in GV"L" and its sub-units, the first in a series of scandalous "defections", "kidnappings" and security "incidents" which were engineered wholly or in part by the Soviets as part of a campaign to discredit and disorient the Organization. While several of these scandals were to erupt in Felfe's vicinity, none was to endanger him as long as he was in GV"L". Felfe remained at GV"L" for the next 21 months, November 1951 to August 1953, first as assistant to Reile and later, after Reile's transfer to headquarters in July 1952, as the main Soviet CE referent. Reile became very impressed with the younger man's energy and ability and when he moved to the headquarters CE Staff to work on Soviet targets he opened the door for Felfe's future career as a Soviet CE expert. (Here again, as in the case of Krichbaum, stands a question mark: there is considerable conjecture and a certain amount of evidence that Reile too was working on the Soviet side.) (1)

The late fall meetings of 1951 in Karlshorst and Dresden were Max's last appearance. At this time Felfe was introduced to Max's assistant, Alfred and to another Soviet whom Felfe and Clemens nicknamed "Big Alfred", for want of any other name. In

- (1) See Annex 5 note on Reile. Information from both KGB and UB defectors seems to fit Reile and to indicate that he has been a Soviet agent at some time, but it is not conclusive and an investigation of Reile after Felfe's arrest produced no legally acceptable evidence of treasonable connections.

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but the author has chosen to ignore it to make a clean, oversimplified story. As a story, it's great but as history it's weak.

no. At least some of Max's must come in body of paper - perhaps a new section on alternate versions of Alfred of Felfe case

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1952 Alfred took over the handling of Felfe, Clemens and Tiebel and ran them as a team for the next nine years. To judge from the composite reports of his three agents, Alfred was an astonishingly young man when he took over the job of case officer - about 26. He spoke excellent German, also English, and had a thorough knowledge of his subject matter: the GIS, both postwar and wartime. He seems to have impressed the older men by his general civility as well as his intelligence. Where they possibly expected to find the cliché Russian bear, they found instead politeness and a greater degree of refinement than they had thought possible. They have all remarked repeatedly that Max and Alfred treated them in the right way psychologically and that this treatment went a long way in influencing them to serve the Soviet State Security Service.

The first problem which Alfred had to tackle as case officer for Felfe and Clemens was to perfect the very shaky and dangerous communications system with his agents. At the moment it depended on Gerda Clemens, an East Zone resident. Clemens had not reported to the Gehlen Organization that he was still in contact with his wife. On the contrary he went out of his way to give the impression that he loathed her and had nothing to do with her. Most people had the impression that he was divorced. Actually he was not; the Soviets would not allow him, or help him, to get a divorce since it provided them with a control in that his two children still lived with their mother. This constituted a shaky point in the security of the operation, since technically at least it could have caused suspicion about Clemens on the part of the BND if his secret communications with his wife became known. Unfortunately, however, it is just one of several potentially suspicious items about Felfe and Clemens which did not come to official notice until too late. While Tiebel had been recruited as a courier, he was to be used only occasionally, since as a lawyer in a small town he had only very rare excuses to go to Berlin. (He had relatives in East Germany whom he managed to meet occasionally in West Berlin and

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Clemens twice managed to hire him for the Gehlen Organization for brief periods as a source on various general East German targets, using the East Zone relatives as sub-sources.) Gehlen employees were in an even more difficult position: no Gehlen employee could travel to Berlin without special permission - in effect without an official reason. The simplest answer then was to provide the agents with a good official reason for coming to Berlin on a fairly regular basis. What was needed was a case which would be seriously entertained by the Gehlen Organization and which would specifically require the presence of Clemens in Berlin from time to time as the Gehlen handler.

Such a case was the "Balthasar Case" (Gehlen cryptonym), a case engineered entirely by the Soviets for the sole purpose of providing mobility to their agent and cover for the transmission and fulfillment of EEI. It is a brilliant device which recurs with varying degrees of refinement throughout this story.

"Balthasar" was Fritz Baltrusch, a Russian speaking Balt who at one time had been Clemens' superior in the Dresden SD. As of mid-1952 he was a doorman-receptionist at a Soviet run uranium plant in Dresden and an agent for the Soviet State Security - by then, MVD. At MVD instruction he wrote to Clemens asking for a meeting in West Berlin. Alfred did not brief Clemens in advance that this would happen, neither did he tell Baltrusch that Clemens was also a Soviet agent. Clemens rose satisfactorily to the occasion and on his own initiative seized this chance to work up a case which would provide him with opportunities to meet Alfred. In doing so he also showed his good faith to the Soviets. Clemens took a proposal to GV"L" headquarters (very likely to Oscar Reile) that he be allowed to go to Berlin to find out what Baltrusch wanted and to see what he might have to offer for the Gehlen Organization. (1) The convenient result was

- (1) The Gehlen Organization had a report dated in May 1952 that Baltrusch was working for MVD Dresden as an informant on former SD members living in the area. (MUNI-6079, 9 June 1961). Whether this report went unnoticed or unheeded, we do not know.

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*In this & many other parts, a list of footnoting re sources would appear called for*

*for what ostensible purpose?*

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that Clemens was ordered officially to Berlin to see Baltrusch. Baltrusch of course appeared to have excellent possibilities as a source on the uranium processing plant. At a second meeting a short time later, Clemens was able to recruit him for the Gehlen Organization. From something in Baltrusch's manner, however, Clemens suspected a Soviet presence. He told Alfred about the case for the first time after recruiting Baltrusch and learned that Alfred had indeed engineered the contact especially for Clemens. He admonished Clemens never to let Baltrusch guess that he, Clemens, was a Soviet agent. Baltrusch only knew that Clemens worked for Gehlen. In addition, Clemens was to be very careful in his correspondence with Baltrusch as the Gehlen case officer; he must always let Baltrusch take the initiative in setting meeting times, so that no one at the uranium plant would have cause to suspect Baltrusch' intelligence connections. By the same token, any information produced by Baltrusch for the Gehlen Organization would be good and he would reply to any EEI to which he had logical access. (Clemens was very impressed when Baltrusch was allowed to deliver to the Gehlen Organization in fulfillment of a requirement a piece of uranium in the state in which uranium was regularly shipped to the USSR for final processing. (1) Alfred said that Clemens would not need to report to Alfred about his contacts with Baltrusch; Alfred would get this information from Baltrusch. Clemens would thus be absolved after a while from communicating directly with his wife since Alfred would learn of Clemens' plans to come to Berlin through Baltrusch and would automatically expect to see Clemens immediately after the meeting with Baltrusch.

- (1) Obviously this was also an ideal deception channel. It is noteworthy that of all possible varieties of operation which the KGB could have chosen ~~as~~ <sup>to provide</sup> ~~a vehicle for Clemens' penetration of the BND~~ <sup>travel to Berlin</sup> they picked one which produced information on a target of number one importance to the West for positive intelligence collection; to the East for security protection.

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For the next two and a half years this case was used as a cover for Clemens' ~~Soviet courier trips~~ <sup>to meet his Soviet case officer</sup> ~~from~~ <sup>to</sup> ~~West Germany and Berlin~~. He delivered both his own and Felde's reports on these trips and brought back instructions and money (often concealed in the lid of a candy-box). Clemens met Alfred about every two months in a Karlshorst safehouse where their discussions were regularly recorded on tape. For the most part their reports were delivered in clear text or orally by Clemens. Not until later were more elaborate and technical methods of communication introduced. The Baltrusch case provided the main method of communication until the fall of 1955, when it collapsed because of one of those unhappy flaps of which Max had spoken so prophetically to Felde. (Copies of Baltrusch's reports to Clemens were found in the home of a Gehlen employee who had been accused of working for the East, and the case therefore was declared "blown to the opposition".) While the insecure link via Gerda Clemens had been eliminated, the Baltrusch channel was slow and unwieldy. There were two accommodation addresses to bolster it and there was Tiebel with his automobile for emergency use, but neither of these methods was safe or satisfactory for regular communication.

During 1952 and 1953 Felde and Clemens reported extensively on GV"L" and those of its field sub-bases which they knew. For a time they worked together in organizing a sub-base for the Rhineland in Duesseldorf, but for the most part their assignments kept them physically separated - Felde in Karlsruhe and later headquarters (Munich) and Clemens in Stuttgart and later Cologne. The difficulties in local communication between Clemens and Felde remained throughout their careers a weak part of the Soviet operation, since Gehlen regulations officially discourage social contact between fellow-workers. Thus, their frequent correspondence, long-distance telephone calls and visits were somewhat outstanding. For a while in the fall of 1952 Felde had a case (Dolezalek) which allowed him trips to Berlin, but this folded for some vaguely defined security reason. In December 1952

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Alfred provided Felte with a cover address and a carbon S/W system, also with an MVD office telephone number in Karlshorst for emergency use, thus giving him some measure of independence from Clemens. Nevertheless Alfred's cardinal operating tenet was that his agents must do nothing outside of their ordinary working schedule; at all costs contact with the Soviets must occur within the framework of officially sanctioned Gehlen business.

In August 1953 Felte was able to transfer to the headquarters CE <sup>Group</sup> Staff with the help of Oscar Reile. He was now definitely the more promising of Alfred's agents. He represents the positive type of penetration operation: designed to last, to produce information, even to affect policy, but run side by side with a destructive type of penetration, of which one can see numerous examples in the early 1950's in Germany, which is <sup>designed to be thrown in order</sup> meant to confuse, disorient, discredit. For one Felte, there were any number of throw-aways <sup>agents</sup> during this period of Soviet operational history. The <sup>short-range, throwaway</sup> destructive operations were just as necessary for Soviet purposes as the <sup>long-range</sup> constructive ones, but from time to time the one threatened the longevity of the other.

*This might fit in better somewhere else. One is left up in the air as to its pertinence at this point in the story.*

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### III. MVD Work of The Early 1950's: Increased Emphasis on Aggressive Penetration

During the period 1952 to 1955 the major theme on which Soviet CE operational planning in Germany revolved was the question of the Gehlen Organization's legalization as the official West German Intelligence Service, and - equally important - of Reinhard Gehlen's personal tenure as Chief of that Organization. 1952 marks the beginning of talk about a future bilateral agreement among the Western occupation powers and West Germany. And, despite recurrent threats to Gehlen's tenure and powers, the Soviet Intelligence Service had decided by the middle of the year that the Gehlen Organization was probably there to stay. As the creature of the strongest occupation power, it probably would one day become the responsible German service. <sup>From the Soviet point of view,</sup> It was no longer simply a vehicle to harass and penetrate U.S. operations, but another place to seek a toehold in the future West German government. 1952 also saw the beginning of a serious aggressive build-up in Soviet work against the West German target. In the early part of the year an extensive recruitment campaign was mounted in the USSR (among POWs) and in East Germany for agents who could be resettled in West Germany. In the latter part of the year a general reorganization of the State Security Service (now called MVD) brought to East Germany a new, tougher, more tightly organized group of counterespionage officers. (1) This was a period too of intense in-fighting among the nascent West German Security and Intelligence Services (the BfV, the BND, and in the Defense Ministry, the future MAD). They vied with each other for the supremacy of their service and they all vied with Gehlen, both from within and without the Gehlen Organization, for his job. The

France, too?

<sup>Source:</sup>  
(1) Petr. S. Deryabin.

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obvious Soviet goals, sometimes complementing each other, sometimes contradicting each other, were to control Gehlen - by solid implants, by trying to substitute a Soviet agent in his stead and alternatively to weaken and discredit his Organization by exposing it as riddled with Soviet agents. The chief of the KGB Counterintelligence Directorate is quoted reliably as having made the statement that between 1953 and 1955 the Soviet services deliberately exposed over 100 of its agents in this effort. The Soviets, he said, had two agents at that time in the Gehlen Organization leadership. One of them was foreseen as a successor to Gehlen, but the exposes and scandals failed to cause Gehlen's ouster, and the Soviet plan did not succeed. (1)

*How much later?  
After Felfe's arrest?*

While Alfred was carefully devising a new and complicated modus operandi for Felfe, the destructive scandals were already taking shape in various of Gehlen's field bases. At least one of them was seriously to endanger Felfe. In February of 1953 a section chief in Berlin, Wolfgang Hoeher, was apparently kidnapped and spirited into East Berlin. It later became apparent that this was a case of a long-time agent being recalled and that the kidnapping scene had been contrived both for cover and dramatic effect. (Felfe was detailed to investigate Hoeher's disappearance since he and Hoeher had been friends. He reported on the investigation to Alfred; maintained consistently to the Gehlen Organization that Hoeher had been truly kidnapped and was not a Soviet agent as of the time of his disappearance. Hoeher was subsequently turned over to the East German Intelligence Service for whom he ran operations against Gehlen for several years.) In October of the same year another penetration of a Gehlen field base in Berlin, Hans Geier, was recalled to East Germany under the cover

(1) BEVISION from Oleg Mikhailovich Griбанov (201-266338), Chief, Second Chief Directorate, KGB. (April 1958)

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of an ostensible arrest by the Soviets in East Berlin. In November a third disappearance or defection took place - again a Berlin based officer - Werner Haase. The East German radio announced a massive roll-up of Gehlen agents in the East Zone following Geier's recall in October, and in December the East German press launched an expose of the Gehlen Organization. The main substance of the East German material appeared to be on Gehlen's field bases, rather than the headquarters, with a strong emphasis on GV"L" and its dependencies. Felte recognized some of his own reporting and was somewhat uneasy. Analysts in the Gehlen Organization also found considerable portions of it attributable to Hoehner and Geier. The most immediate effect of all of this was to produce a reorganization of the CE/CI office. GV"L" was now redesignated, reorganized and moved to another location. Cautious analysts assumed, however, that so destructive an expose would not be deliberately undertaken unless some penetration asset remained safely behind to report on the Organization.

These scandals complemented the thrust to unseat Gehlen by discrediting him. There has been much speculation as to who the Moscow candidate for Gehlen's position might have been. (It is very difficult now to determine who might really have been seriously considered at any one time - by either the Soviets or by Gehlen - as a possible successor to Gehlen, and who was merely blowing his own trumpet.) There were several men both inside and out of the Gehlen Organization during this period whose ambitions were well known. One of the most vociferous and best known was the chief, from November 1950 to October 1953, of the Intelligence Section of the Office of Defense Planning (Blankamt, later the Ministry of Defense), Friedrich-Wilhelm Heinz. Heinz was an old Abwehr officer, an ex-Stahlhelm and Freikorps member, who had been arrested in connection with the 20th of July 1944 plot against Hitler. He had been in touch with Soviet Intelligence in the 1930's and possibly again after the war when he was made mayor of a small town in East Germany. When he moved to West Germany he apparently lost contact, since as of 1952 and early 1953 the old file on him was being

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passed around among German section officers at MVD headquarters in Moscow for the purpose of working up a new case for him. (1) Heinz had already become notorious in the West through his bid to become chief of the future BfV. His candidacy was opposed by the British who considered him too unsavory. Next, after having formed with two other colleagues the Defense Office intelligence section, he had become a noisy and bitter adversary of Gehlen. All through the early 1950's he strove either to assimilate Gehlen's functions to those of his own office or else to see himself made chief of the Gehlen Organization. Gehlen retaliated with equally bitter statements, including the accusation that Heinz was a Soviet agent. In early 1953 Heinz was involved in a court case during the course of which he perjured himself. This, plus the increasing unpleasantness between his and Gehlen's Organization, prompted the Defense Office to suspend him in an effort to clear the political air. Thus set aside from any proper bureaucratic avenue to high places, Heinz could not at the moment be considered by the Soviets as a likely candidate for Gehlen's job - or anyone else's. Two subsequent KGB operational gestures appear to have had the purpose of trying to whitewash Heinz (through the use of a throw-away agent) and, when that failed, of trying to recall him in a manner which would have dramatic propaganda value. This tactic also failed and Heinz was eventually tried by the Federal Republic of Germany for treason. We summarize the various KGB operations involving Heinz in Annex 6 since, even though there is much that remains confused and mysterious about them, they serve in general outline as a good illustration of the type of operational plan described above by the KGB counterintelligence chief. By the time the KGB Heinz operation was a certified failure, the legalization of the Gehlen Organization as the official West German service was only six months away and the chances

*After reading first part of para, this comes as surprise. Impression was created earlier that there was evidence - only suspicion & unsubstantiated allegations.*

(1) Deryabin. Heinz' MVD case file had the cryptonym "Khlyust".

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for inserting another KGB candidate into the political arena were probably lost. It is interesting to note that some of the Soviet case officers who were working against the Gehlen Organization, if not directly on the Felfe case, were also working on the Heinz case.

While many of these scandals were demonstrably MVD/KGB organized, many were quite naturally self-generated. The situation was over-ripe in the atmosphere of intense recrimination, suspicion and character assassination which accompanied the West German political rivalries at this time. Contributing heavily were some of Gehlen's own security operations. The CI branch of GV"L", and in particular the CI operations of the deputy chief for CI, Ludwig Albert, added enormously to local political tensions, inside and outside the Organization. The CI branch was responsible for the security of other West German agencies and in the early 1950's one of its most immediate purposes was to search out rightist elements. For this section Albert ran a number of "special connections" or high-level informants in nearly every Land and Federal security agency and from time to time these special connections became known with obviously scandalous results. While Gehlen was honestly worrying on the one hand about Nazi remnants and Communist infiltrators, his security operations, on the other hand, did give the impression of a widespread infiltration of police power, sometimes of ex-Nazi police power, throughout the West German government. Indeed some of the investigators looked as fearsome as the things they said they were investigating. There was alarm on many fronts, not the least among American occupation agencies. In fear of its unwieldy offspring, EUCOM had asked CIC in 1949 to mount a similar security penetration of the West German government in order to test for rightist influences. The CIC effort was known as "Operation CAMPUS" and lasted until 1953 by which time it had become politically embarrassing and had to be closed down. CAMPUS worked through two German principal agents, Heinrich Schmitz and Richard Schweizer, who in turn had their own "special connections" throughout the various Federal and Land security agencies. Schmitz also reported to Albert on his work

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for CIC and both of them shared many of the same informants. The operational situation was vastly complicated: it was never possible to plumb the total muddiness, but it became clear enough that in penetrating each other's offices, the Western investigators had allowed themselves to give a piggy-back ride to the Eastern investigators. While the Gehlen Organization was never officially listed as a target in CAMPUS' operational plan, it did become one as the by-product of the personal friendship between Schmitz and Albert. Albert had hired Schmitz in early 1952 to report on CIC; he was later ordered to drop Schmitz because his reports were not considered of value, but didn't because they were friends. When CAMPUS was closed out, Schmitz was loath to lose a good job and kept pestering CIC for more work or more compensation. In the course of the post-CAMPUS connection, Schmitz began to deliver reports on the Gehlen Organization to CIC from Albert.

*This gets too complicated to be covered in such a condensed fashion. It is difficult to follow*

From the fall of 1953 and all through 1954 Albert had been voicing even more vehemently his dissatisfaction with certain of Gehlen's personnel policies. Part of this dissatisfaction was undoubtedly justified; part surely stemmed from an old rivalry between the CE/CI base and the headquarters CE Staff. Albert and his chief at GV"L" had a long standing feud with the then headquarters CE chief, Dr. Kohler, and when GV"L" members like Reile and Felfe "defected" to Dr. Kohler's staff, they too became personal targets. But even apart from the influence of the rivalry with Dr. Kohler, there had been numerous instances when Felfe's behavior, operational and personal, had incurred Albert's particular wrath and even suspicion. Albert's <sup>main</sup> objections were to the closeness of Felfe, Reile and certain of their friends in what he termed an "SD clique". He considered them "politically unreliable" and possibly dangerous, but his complaints fell on deaf ears with only few exceptions. In September 1954 Albert began to share his grievances with CIC via Schmitz, and over a period of about six months he spelled out in very precise terms his suspicions that Felfe, among others, was an "enemy". He told CIC that he considered Felfe responsible for the betrayal of one of his sources who was named in the December 1953 press expose on the

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Gehlen Organization; he thought Felfe's behavior in investigating some of the recent flaps was "suspect" (presumably he had the Hoehner case in mind); he described in detail several incidents in which Felfe behaved with suspicious curiosity in matters of no concern to him and he elaborated repeatedly on the extent to which the headquarters CE staff seemed to be an SD preserve with Felfe one of the ring leaders. Quoting Albert, Schmitz wrote: "With all due respect to General Gehlen, there is not enough resoluteness in taking the necessary security measures.....all of the suspicions against these people are known to headquarters, but a removal of these people is only possible when proof can be presented which could stand up in court. Such a situation is impossible in an intelligence organization."

If pent up animosity and frustration over Gehlen security practices were motives for Albert to begin reporting to Schmitz in September 1954, there was probably also a good operational reason for doing so. In June the KGB had successfully (for the moment) carried out another wrecking maneuver which had shown the Gehlen Organization that the whole CE/CI base: organization, personnel and some operations, had been revealed to them, and probably by an agent at the top of the CE roster (or at least by enough varied penetrations to produce a composite report of equally high-level appearance). Under a certain lamppost in the town of Ludwigsburg the KGB had caused the local police to discover a cache containing a microfilmed report on GV"L". This was dubbed the "Lilli Marlen case". The report was signed with the name "Artur" and clearly suggested that Artur was in GV"L". Gehlen analysts felt that only the chief of GV"L" or his deputy could have such a comprehensive view as was indicated in the report, yet the style in which it was written and certain incorrect nomenclature suggested that it might have been prepared by an outsider. Subsequent investigation showed this indeed to be the case. While one set of KGB agents had been dispatched to set up the

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the cache and then to enact its discovery, another agent was being set up as a scapegoat. (1)

Just a few days after the Lilli Marlen papers were discovered, one of Albert's agents, whose first name was Artur, was approached by a Soviet agent. The Soviet agent tried to provoke Artur into coming to the East or, failing that, to calling the local police and having him, the Soviet agent, arrested. Artur refused to rise to either provocation and thus spared the Gehlen Organization further scandal. But, even without the propaganda benefit which the KGB might have hoped for in this operation, the KGB succeeded in reaping a substantial harvest of confusion and distrust within the Gehlen Organization. The whole CE/CI base had to be dismantled and reorganized. (Albert became the deputy chief of the new organization.) While it was clear that the Lilli Marlen operation had been a deliberate Soviet expose and that Albert's agent, Artur, was not necessarily the Soviet agent in this case, it was equally clear that the KGB really did have substantial information from a source, or sources, on the CE/CI base. Furthermore it wished the Gehlen Organization to believe that the source was in the base or closely connected with it. Why? The major question remained for a long time. Undoubtedly this was another maneuver in the long list of operations designed to discredit Gehlen. (2) But, would the KGB deliberately provoke

I don't understand this until after reading Annex 8. Is it necessary to repeat what was covered in annex?

NO

Footnote seems to be in wrong place.

- (1) See Annex 7 note on Lilli Marlen for an excellent example of the spotting and development of a throw-away agent. One Soviet agent had placed the report in the deaddrop, another had been instructed to tell the Ludwigsburg police that he had accidentally discovered it and a third had been sent, unwittingly, as a sacrifice to walk into the police stake-out and to be arrested while attempting to empty the dead drop.
- (2) See Annex 8 note on Artur Weber. ~~At the time of the Lilli Marlen operation, Weber was a "special connection" reporting to Ludwig Albert on the Defense Ministry Intelligence Section. Some years prior to the Lilli Marlen operation, Weber had been a double agent, reporting on MGB targeting of the Defense Ministry - and it is believed - of his brother-in-law, Lt. Col. Gerhard Wessel, then a high level Gehlen employee, now in the Defense Ministry. Weber was dropped by the Soviets in 1952.~~

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the reorganization of a major Gehlen base unless it had a "stay-behind" agent to report on the new organization? Who were the KGB agents in GV"L" and its successor base? Would the KGB cause so much attention to be focused on that organization if it really did have good agents there? Might the KGB have had the intention (foiled for the moment) of trying to burn an old recalcitrant agent who was causing trouble (perhaps Albert)? Or, might this operation have been an attempt to deflect attention from a valuable agent who had moved elsewhere (perhaps Felfe)?

Felfe was among those assigned to work on the investigation of the "Lilli Marlen case". Albert complained about this too. Schmitz told CIC that Albert thought "Felfe had something to do with the Ludwigsburg affair", but unfortunately he did not describe his suspicions. One of the Gehlen Organization security officials (@Bernhardt) complained once in veiled terms to his CIA liaison contact that he found Felfe's behavior during those investigations frustrating and curiously obstructive.

On the night of 13 July Albert's interrogators thought they saw signs that he was ready to talk about something and warned the jailers to watch him carefully. Toward morning when their attention wandered, Albert ~~hung~~ <sup>hanged</sup> himself - an action as baffling still for many people as on the day it happened. *page or two is missing & cannot be found. Will have to reconstruct the parts which are lacking.*

This suicide was taken by many others, however, as a confession of guilt. If Albert had been an Sfs agent, that would explain many leaks in GV"L" and in particular satisfy the question about a highly placed GV"L" source for the Lilli Marlen papers. Clemens was worried that the case might lead to further exposes and endanger him. He asked Alfred if it was a Soviet operation. Alfred couldn't give him an immediate answer, but the next time he saw Clemens he told him that Albert had been neither a Soviet nor an East German agent. He suggested in an off-hand way that perhaps he had been a Polish agent. Felfe, who along with his chief Reile, had been detailed to do some of the cleaning up investigations of Albert's cases, also asked Alfred. Felfe says Alfred reacted in a non-committal way to his question which left him with the

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*Who is he?*

impression that Albert had indeed been a Soviet agent. This still leaves us with a conundrum. As to the "single agent" upon whose word so many arrests had been made, Weinmann was released from prison after serving a somewhat reduced sentence for black marketeering. He continued for another year to provide information on the Sfs: some good, some obviously fabricated. Shortly after his release in November 1955 he was the object of some East German attention which looked very much like an attempt to confirm Weinmann's "bona fides": a very much blown double agent allowed the Gehlen Organization to come into possession of a letter addressed to Weinmann by Weinmann's Sfs case officer. In it the Sfs case officer expressed surprise that Weinmann had been released from prison so soon and concluded that he must have "conducted" himself well. A few months later Weinmann was contacted again, but this time it seemed to be a more securely managed contact and it was not clear whether the contact was meant to come to Western attention or not. At this time Weinmann was given instructions to "continue" giving information in the way he had been giving it, with a few specified exceptions. That Weinmann was a bona-fide Sfs agent, there was no doubt, but whether the inspiration to finger certain bona fide Sfs agents and to name among their number Ludwig Albert was his own or the KGB's inspiration remains a question. Adhering to the latter theory are a number of people, who were members of CIC, CIA and the Gehlen Organization at the time, who felt strongly that Albert was framed; these in turn separate into those who believe he had not been a Soviet agent at all and those who believe he was. Unfortunately, the evidence that he was framed, or moreover that he was framed by the KGB in order to protect Felfe, or anyone else in Felfe's coterie, remains mostly circumstantial. The possibility is certainly suggested by the events.

As Albert had rightly predicted to Schmitz, bureaucratic sloth and an absence of any form of documentary incrimination, saved Felfe. Felfe understood this too and was not panicked when, in belated consequence of Albert's accusations, he was subjected to a security review on charges of "SD and Eastern connections". In February 1956 Felfe was asked formally, "officer to

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officer", to make a statement for the BND about his SD connections, and was severely reprimanded for having concealed them when he was first hired. Felfe still refused formally to admit SD membership and the results of the BND investigation remained "inconclusive". Although the security file was to be kept up on him in a desultory fashion for the rest of his career, nothing much was to come from it alone. From time to time it bothered him. In March 1956 he indirectly probed one of his CIA liaison contacts, saying that he had heard that Albert had asked Schmitz to investigate him. He said that while he had received a vote of confidence from Gehlen, he hoped that there wasn't anything derogatory about him hidden away in some American file. (1) But, by the time the notion of starting a security investigation of him had really taken hold, he was already well on the way to becoming one of the more energetic and productive CE experts in the Gehlen Organization: his professional reputation was growing and Felfe's corner was a disheartening place in which to look for more treachery.

(1) Alfred C. Pincock contact report, March 1956.

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III. (a) Felfe Settles In

While all these storms were breaking, Felfe was carefully settling in to his new job. He had his first meeting with Alfred as a headquarters officer in the fall of 1954 - almost a year after his transfer. He reveals only very generally what they discussed at this meeting: problems of access, his and Clemens'; and questions of how to hinder the legalization of the Gehlen Organization. He gives no further detail, but under these headings one assumes that the basic modus operandi and a certain number of specific cases must have been discussed. The basic operating plan was that Felfe should have one general meeting with his Soviet case officers each year. Communications from him would be via Clemens as courier and via S/W letters to an East Berlin accommodation address. Communication from Alfred would be via Clemens or directly to Felfe via microdot. (Felfe and Clemens disagree in their testimony as to who was to receive and develop microdot. Clemens' statements seem more plausible, namely that it was Felfe who handled the microdot communications, retrieving and developing the film and sending to Clemens only those EEI which strictly pertained to him.) Training in the various techniques: S/W and microdot was given to Felfe in 1954 and in addition he was presented with a Minox. These technical innovations in the operation provided yet greater compartmentation between Felfe and Clemens and reflected the fact that Felfe was now seen as the senior of the two agents.

*needs to be explained*

From the fall of 1954 on Felfe photographed Gehlen registry cards on a regular basis for Alfred; also performed specific name checks for the KGB. Other file material he photographed on a more selective basis. As an example of his enormous sangfroid (or perhaps of the ease with which a spy can operate even in a highly compartmented agency), Felfe says that he used to photograph file material for Alfred in his office, with a tripod, during the twenty minute interval between the official closing time of 5:00 p.m. and the beginning of overtime when special registration of one's presence in the building was required. He says he never photographed after this hour, even if he worked late officially,

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for fear of being controlled when leaving the building. When leaving the building he hid the film under his clothing next to his skin. Sometimes he handed the film directly to Clemens, sometimes he sent it to him by registered mail. On other occasions he checked files out officially and took them with him when he had official business in Clemens' vicinity. Then he would photograph the material in Clemens' apartment, to which he had his own key. He was a keen amateur photographer (and in general a lover of gadgets) and later on built himself a darkroom in his weekend cottage where he could do some of his KGB work.

What Felfe does not tell us about this 1954 meeting with Alfred was, however, probably infinitely more important. Within a very short time after his arrival in headquarters Felfe had been put in charge of a double agent through whom he was soon to make a reputation for himself as an authority on Soviet CE matters. This ~~case~~ was called the "LENA case" and was incontrovertibly the most important single contribution to Felfe's career as an intelligence officer. Felfe claims he never discussed this case with Alfred, that it was a "clean" BND operation. While he may, technically speaking, not have discussed it, there is very little doubt in anyone's mind that it was anything but a Soviet controlled operation. This case gave Felfe maneuverability as a Soviet agent and status as a BND officer; it provided him with a channel to receive and to fulfill EEI; it broadened considerably his access both to collect and sometimes to disseminate information (misinformation). It fits the basic formula of the Balthasar case only with a much grander conception and much greater complexity. For the years 1954 to 1958 it moves like the shadow play of Felfe's real Soviet career.

LENA is the BND cover name for Guenther Hofe, an East German political functionary and publisher. Hofe was a member of the Central Committee of the NDPD (National Democratic Party of Germany - an ostensibly independent political party), director of its publishing house, "Verlag der Nation" and editor of the party organ, Nationale Zeitung. He had a minor reputation as a political analyst, traveled frequently to West Germany and was

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well received in certain West German socialist circles as an apparently independent, outspoken East German. Hofe's story to the BND was that he had joined various Communist front groups in order to "bore from within"; that very soon after the war he decided for ideological reasons to volunteer his services to a Western intelligence service. Through an old Luftwaffe comrade in West Berlin he came into contact with the SDECE in 1948. The French ran him for several years as a political source and were apparently highly satisfied with him. By early 1953 it had become apparent that the ex-Luftwaffe comrade was sharing his services as a principal agent between the SDECE and the Gehlen Organization, and for a year or so Hofe was in effect run jointly. In mid-1954 the case was officially transferred to the Gehlen Organization. Somewhat prior to the turnover, the Gehlen Organization asked CIA to evaluate some of Hofe's intelligence product for them. Without naming the source they presented us with a copy of a study of the NDPD written by Hofe. CIA's branch for the study of international communism wrote an evaluation which said in part: "This study is a biased collection of overt and semi-overt knowledge of the NDPD, missing several essential points pertaining to the organization, purpose and utilization of the Party by the Soviets in Eastern Germany...the extensive use of NDPD members by the Soviet Intelligence for missions in West Germany is not mentioned," - a prophetic note, but easier to read with hindsight. (1)

*should be consistent*

Despite this one negative evaluation, Hofe became highly regarded by the Gehlen Organization as a political source. Within five months of Felfe's transfer to headquarters, however, he abruptly became a CE case. Through the NDPD Party Chairman he had been introduced in January 1954 to a Soviet Intelligence officer. After a flurry of meetings he was formally recruited in early March and immediately assigned the task of creating a net of agents to produce information on the West German Foreign Office, the Chancellor's Office and the Federal

(1) STC/ICB memo transmitted to Pullach in EGLW 750, 9 April 1954. ~~See also remarks on KGB spotters in the East German Ministry of Public Education in Annex~~

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Press Office. The plan was grandiose: Hofe was to be the "German net director", to recruit two principal agents and a sort of general political advisor and spotter, several support agents and to provide names of potential penetration agents. As a double-agent in contact with the Soviets, whose activities were directly to affect West German official security, the LENA case now properly belonged to the ~~CE~~ <sup>Strat</sup> ~~Section~~ of the Gehlen Organization. Felfe was made the headquarters case officer. He directed Hofe through a field case officer whom he met regularly each time the field handler saw Hofe. Felfe met Hofe officially only two or three times. There is no evidence that the field handler or any other Gehlen personnel besides Felfe who were connected with the LENA case were Soviet agents, although, since all analysis of this case insists that it was a KGB "set-up" from the beginning, one is strongly tempted to assume the presence of a helping hand in the Gehlen headquarters ~~CE-section~~ to ensure that Felfe would be made the responsible case officer. The highly suspect Reile was Felfe's immediate superior at this time; perhaps he helped steer the case - perhaps Felfe was simply told to go after it. X

Hofe was cast as the perfect agent: intelligent, cool, a daemonic worker ("needs only four hours of sleep a night") with a phenomenal memory (he claimed to find it relaxing to memorize the license numbers and makes of the Soviet automobiles he saw in Karlshorst!). Felfe took great pains to point out Hofe's excellent personal qualities and to emphasize the indications in his reporting that the Soviets also had a very high respect for him. In contrast to Hofe, however, the Soviet handlers seemed somewhat naive. Indeed all his Soviet case officers in succession had the shocking fault of being chatterboxes and through them Hofe was ostensibly able to pick up a great variety of information about other Soviet agents and operations in West Germany which were unrelated to him. Furthermore, the KGB officers enjoyed talking politics to such an intelligent man and from these long conversations the BND was now and then given an apparent glimpse into Soviet policy. (Certain deception themes will be pointed out later in this narrative.) Much of the information Hofe delivered to X

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the Gehlen Organization, which he supposedly picked up outside the framework of this Foreign Office penetration operation, was excellent. *what operation?* Several bona fide RU and MfS agents were identified for the BND in this manner; the KGB apparently had little compunction about throwing away the assets of its sister-services, although it did give away some of its own assets too. The license plate numbers, telephone numbers and addresses of KGB safehouses were all accurate; that is, there were traces from other cases on them. Unfortunately it was not completely clear in 1954 and 1955 that these other cases were blown cases of the KGB/CE section working against the Gehlen Organization and the other German security services. Looking back on this fact one can say that it should have been disconcerting to find so many traces from blown CE cases in a case which the KGB pretended was a political intelligence collection operation. Similarly disconcerting was the fact that one of Hofe's case officers, Vladimir Shchukin, had been described to us in early 1954 by Petr Deryabin as a former colleague working on West German security and intelligence agencies. Shchukin had in fact been one of the case officers in the Heinz - "Khlyust" - case. Deryabin described him as incompetent, one fact at least which seemed to be corroborated by Hofe. In addition to their talkativeness, Shchukin and his colleagues were unusual and puzzling in another respect: they dealt with their agent under their full, true names. (1) They were thus readily checkable.

- was, apparently,*
- (1) Note by way of comparison that neither Heinz Felfe nor George Blake ~~were~~ ever given full names or true names of their Karlshorst KGB handlers. Blake knew the full names of his London-based handlers, however, so that he could check MI-6 records on them. Although in Germany the KGB case officers were operating from protected territory, we cannot assume that they were disinterested in knowing what traces existed on them in enemy files. Through Felfe they could of course feed names buried in lists to be traced through Gehlen and CIA files. The LENA case provided one very good means of running controlled and repeated traces on certain Soviets without necessarily even letting Felfe know who was who, but presumably he could <sup>also</sup> have been given lists directly for tracing.

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*which was so obviously falsified*

Technical discrepancies abounded too: for example the KGB gave Hofe a false West German identity document in August 1954 ~~of such obvious fabrication~~ that they said they were obliged to apologize and that unfortunately they were unable to produce anything better!

On the surface Hofe's Soviet operation to penetrate Bonn seemed less spectacular than his BND operation to penetrate Karlshorst. The leads he gathered for the Soviets were numerous, but they often petered out. Many potential recruits were reported to the Soviets (the Gehlen Organization standing by to make a double recruitment in case the Soviets followed up), but only one real penetration was actually recruited, an ailing and incompetent gentleman in the Press Office who contented himself with the product of waste baskets for his source material. It seemed incredible at the time that the KGB should go through so many motions just for this. And, indeed they did not. The KGB was <sup>in</sup> fact very interested in information on the Foreign <sup>Ministry</sup> and Chancellor's Offices: personnel rosters, table of organization, internal directories and other memoranda, compromising information on leading officials, but not through Hofe's feeble net alone. These EEI were all given directly to Felge by Alfred. He admits that at his 1955 and 1956 meetings with the KGB officer they discussed these targets. In addition Alfred asked him to identify Gehlen informants within the other government departments. Felge denies that he was able to fulfill Alfred's requirements; he claims he told Alfred he had no access to such information, but the fact is that the LENA case did his work for him - whether he "knew" it or not. (1)

The singular and especial importance of Hofe's net was that it forced the Gehlen Organization to produce "build-up" material on the target agencies on

- (1) Felge's insistent over-evaluation of Hofe's product to BND superiors, amounting sometimes to a distortion of the facts, plus his energetic work in collecting build-up material for the case suggest strongly that he did know what it was all about.

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 did not have other agents  
 in these targets.  
~~not necessary for in~~  
~~these targets.~~

a systematic basis and to a greater extent than had ever been done before. It caused answers to be produced to Soviet questions, while at the same time giving the impression ~~of~~ <sup>the</sup> Soviets ~~failure~~. Because of the comprehensive nature of Hofe's targets and because of his detailed reporting (described by CIA officers as "more than necessary"), Hofe quickly became tagged as Gehlen's most important CE case. Felfe begged for permission to pass appropriate build-up material to keep Hofe's faltering net alive: the theory was that one had to please the Soviets so that a source of importance both for West German security and possibly for an eventual penetration of the KGB might remain viable. Felfe's principle problem was that at this time there was no provision for clearing build-up material in the German government. Felfe first tried to persuade various security officials in Bonn, then he went to a CIA liaison officer hoping that we would intervene in some way. Then he went to the Federal Attorney General and obtained a statement from him to the effect that any material already demonstrably known to the opposition was automatically no longer secret. By extension, that which was no longer secret could be passed to the opposition as build-up material. Finally, Gehlen himself briefed Adenauer and the State Secretary of the Federal Chancellery, Dr. Hans Globke, on the case and obtained Globke's agreement in the matter: specifically in the first instance to pass personnel information on the Foreign Office to the Soviets. (1) Thus armed, Felfe was able to maneuver

- (1) PULL-7867, 29 April 1954. Here is a quote from remarks about Felfe's technique written by the CIA liaison officer for security matters to the Gehlen Organization: Felfe "very cleverly played the Oberstaatsanwalt (Federal Attorney General) against his own superiors. He obtained access to the Chancellor's office through Gehlen's own access. Then he used the Chancellery's approval of his wishes to insure the approval of Gehlen. Along the way he made references to the uncooperative attitude of various other officials, including the BfV and security officers in the Foreign Office. All in all, he made fools out of everybody in the name of the security of the Federal Republic, when the entire case was obviously designed to gain access to all appropriate offices for Felfe and to build him up...". (EGMA-58737, 10 May 1962.)

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an amazing variety of information "legally" into Soviet hands. All that Hofe's Soviet case officer had to do was to declare that certain areas of information were already known or already "covered" by them, and then Felfe could argue the virtue of providing that information to Hofe as build-up or to satisfy presumed KGB cross-checking on Hofe or as a way of trying to smoke out the presumed Soviet source. Any number of Soviet targets could be traced in Bonn and in BND files simply by working them into Hofe's EEI in some way. There are many examples in Hofe's reporting of persons or subjects of Soviet interest who flash into the limelight for a moment - perhaps long enough to be checked out in Western files? - and then disappear from the LENA case with the Soviet case officer's remark that he is no longer interested. (1)

X To make this exercise more thorough Felfe eventually managed to get permission to examine the personnel known to be under study by the Soviets, who were seeking information on vulnerabilities for recruitment attempts. Even more brash is the incident when Felfe asked a CIA liaison officer if CIA could provide leads, from lists of dropped agents <sup>to persons</sup> who might be employed at a relatively high level in different Bonn ministries <sup>and</sup> whom he could then recruit and "feed" to the KGB via Hofe! Felfe discovered during the course of the LENA operation that CIA could be useful

*what does  
this mean?*

- (1) An interesting maneuver which permitted Felfe to check Hofe was made possible when Hofe expressed concern to his Soviet case officer about operating in the Federal Republic as a Soviet agent and about the danger that the BfV might get on his trail. The Soviet case officer told Hofe to have no fear; the BfV had only two files on him and they contained only routine information on Hofe's party activities. When Felfe got this information from Hofe he checked the BfV on an appropriate pretext and found that their files were exactly as described by the Soviet case officer. This was proof, Felfe said, that the BfV was penetrated. This event was cited rather widely by Gehlen, Felfe and other BND officers to their American colleagues and presumably to other elements of the German government, which exacerbated the already existing friction between the BfV and the BND.

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to him in more than one way. In this operation as in many subsequent ones, it was of enormous value as a kind of super-liaison, since the various German services would sometimes tell their foreign confidants more than they would tell each other. When Hofe's KGB officer wanted him to recruit a laborer working on the new Chancellery office building in 1955 so that a transmitter might be buried in it, Felfe came to CIA with the complaint that there were at least seven different German agencies to which a workman might report a recruitment approach and that his Organization could be sure of hearing automatically from only two of them. He feared that if he did not have timely warning of such an approach he might lose the opportunity to double the worker securely: would we please monitor the situation for him? Typically for the LENA case, nothing came of this plan to recruit a workman and to plant an audio device (a communications operation makes a poor subject for doubling). Possibly we were supposed to believe that the Soviets had not yet succeeded in penetrating the Chancellery electronically. *Or perhaps the Soviets were planning to approach such a workman independently of LENA, and used this tactic to insure that Felfe would learn of it if the workman reported the approach.*

Such a case, while dazzling for a while, produced many questions and suspicions in the minds of analysts in both the Gehlen Organization and CIA. The unnatural talkativeness of the KGB case officers, the endless and inconclusive backing and filling in the setting up of his net, the lack of Gehlen control (Hofe came and went at his own initiative, and always in a hurry, to the West Berlin home of his old Luftwaffe friend where he simply recorded what he wanted to say on tape and left); all these features were puzzling even while the case was new. One colleague of Felfe's, Dr. (alias) Herder, was puzzled enough to write a review of the case in late 1955. He decided it was a fraud, but he was not yet quite certain why. Felfe's CIA contact felt the same way: there seemed to exist the possibility of a deception, but the obvious take for the Soviets did not appear to pay for output in terms of good leads given to the West. There was no internal logic to the case. This of course was the correct conclusion. There was no internal reason for running the case as a deception, but there was a very good

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"external"one: Felfe, whose benefits far outweighed the loss of any information to the West from the LENA operation. These stirrings of suspicion about the LENA case constituted the second obvious major danger signal - after Albert's denunciations - to Felfe. The LENA case would have to alter its course.

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IV. KGB Work in West Germany as a Sovereign Country:  
Felfe Broadens His Scope

The year 1955 marks a major change in KGB operational policy in West Germany. The post-war period was over and West Germany had become a sovereign nation. On 12 July 1955 the Gehlen Organization became the Federal Intelligence Service (Bundesnachrichtendienst - BND), a dependency of the Chancellor's Office, the legal foreign intelligence collection agency of the Federal Republic of Germany. Formal CIA trusteeship ended six months later; the BND was considerably reorganized and CIA left in the dark to be a "normal" liaison partner. In September 1955 formal diplomatic relations were established with the USSR; a Soviet Embassy and Trade Delegation were opened in Bonn. To meet the new situation new units were created in the BND and BfV for the penetration of the Soviet installations. CIA bases in Frankfurt and Bonn also turned their efforts on these targets and in doing so found the need, and the obligation, to operate closely - but as liaison equals - with the newly independent German agencies. In Berlin, CIA's operations base redoubled its efforts against the Soviet "extra-territorial" headquarters - Embassy, Trade Delegation, KGB and GRU - in East Berlin, producing in the process a fairly comprehensive body of documentary and biographic material, which, along with the CIA German Station's library of CE case histories, became widely used for crosschecking new information as well as for trading purposes in the new liaison relationships.

For the KGB, the BND was no longer a target for possible destruction; far more, now, it was an object to be manipulated. The opportunity to replace Gehlen had been lost, but he could still be embarrassed. It was no longer possible to make use of his complicated jockeying with political rivals, but he ~~still had~~ might still have certain political dreams which could be played upon. The fundamental theme of Soviet policy in Germany, now stronger than ever, was neutralization, and as West Germany's economic and military status increased the KGB moved correspondingly to support its own government not simply with the collection of information or

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the parrying of its enemy's operations, but by mounting a number of "influence" or "inspirational" operations, some of which filtered through Felfe's fingers.

With the help of the LENA case - and in spite of its potential dangers and the distrust of Dr. @ Herder - Felfe had established himself in the headquarters organization fairly solidly by 1955 as the most energetic, aggressive case officer working on the Soviet intelligence target. In late 1956 or early 1957 he succeeded Reile as deputy chief (in practice the real chief) of the Soviet CE ~~Section~~, and his work for the next few years on behalf of the Soviets was essentially to broaden his access. Alfred's factual EEI for the period 1956-59 reflect the need for detailed organizational and personnel information on the BND and its liaison partners: the internal security service, BfV, the military security service, MAD, the Foreign Ministry, Chancellor's Office and, primarily among the Americans, CIA. Alfred's purpose was primarily protective: of Soviet installations in Bonn and East Berlin and of the operations run from them. USSR internal security requirements were reflected too in requests for Felfe to develop information on the BND section running penetrations into the Soviet Union and to outline Foreign Office security procedures for the German Embassy in Moscow. In general Felfe and Clemens were expected to warn the Soviets of any projected operation against them; they were also given specific names to check and on occasion asked to try to recruit certain people. (Both men deny having carried out any recruitment attempts and both say that they withheld from Alfred a certain number of their own cases on the theory that they would be able to behave more naturally in running them and also in the event of a flap.)

With a better bureaucratic position and the allure of being an "expert," Felfe had considerably more maneuverability in his own right after 1956. In addition he was enterprising and his talent for elicitation was phenomenal. He made a practice of winning a personal contact in every important Federal and Land Security Office: more than one security official has ruefully admitted that he used to brief Felfe regularly and informally on his cases in order to get the expert's opinion. And where he could

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not develop an already existing contact he would try to insert one in the guise of a "special connection". (1) Whenever Felte had to visit another government agency on BND business he would look up other contacts in the area just to keep up with what was going on. After a while he devised the practice of taking along a tape recorder so that he could cover more ground efficiently. Soon BND colleagues found this a handy way of having him take care of some of their liaison for them and he was eventually relaying questions and answers on various matters concerning Soviet, Satellite and KPD operations of the BND and BfV which otherwise were not of official concern to him. From the BND's own damage assessment we have the characterization of Felte during this period as "shamelessly curious".

Clemens in the meantime had been transferred to Cologne to work in one of the new units targeted against

- (1) An interesting example of this kind of maneuver by Felte involves a man named Max Klemm, a former SS officer and late returner from Soviet PW camp. Felte was instrumental in having Klemm taken on as an agent by the BND and in having him get a job in the Office of the Federal Chancellor. Felte argued that such a person as Klemm on the Chancellor's payroll would probably attract a Soviet recruitment attempt. The BND (Felte) could then monitor the operation for "security purposes"! Somehow Felte succeeded in selling this idea to his superiors, but there was never any sign of a Soviet approach. (Whether this reflects a failure of detection on our part or a failure to act on the part of the KGB is an interesting speculation.) In any case Felte succeeded in achieving for a while a personal penetration in the Office of the Federal Chancellor. Later Klemm became the BND liaison officer to the Security Group (SG), the unit responsible for security of high governmental officials and the executive action arm of the Office of the Federal Chancellor. (EGMA-55905, 21 August 1961.)

*Or that Klemm was for agent from the start, & that he was later for moving him into sensitive job & ensuring all concealment of his "security".*

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X the Soviets in Bonn. His unit was designed to penetrate (primarily by audio installation) the Soviet Trade Delegation and worked in tandem with a corresponding unit directed by the BfV against the Soviet Embassy. Felfe was later - in 1959 - to be assigned to the headquarters supervision of these penetration programs, but in the interim he could learn much from Clemens, and in any case as a CE staff officer had the right to review certain relevant cases from time to time. The BND has commented that during the period 1956-59 the unit working against the Soviet Trade Delegation uncovered no genuine intelligence activity on the part of a Soviet in the Trade Delegation which would have allowed the BND to work up a penetration operation, something which the corresponding BfV unit was able to accomplish many times. As usual the LENA case had something to offer on this subject. In December 1955 Felfe reported to CIA officers that ~~LENA~~ <sup>LENA</sup> Soviet case officer had claimed that there would be no intelligence officers among the first 45 Soviets assigned to the new Embassy in Bonn because there had already been too many Soviet Intelligence embarrassments. Felfe said he thought this remark indicated that the Soviets were waiting to see what the Western security services were going to do. Actually, independent traces showed that there were indeed Soviet Intelligence officers in the first Embassy contingent to Bonn.

What kind of penetration is meant?

The LENA case was also helping to break ground on liaison with the Americans for operations against Soviet installations in East Berlin. The Berlin Operations Base, which handled these operations, still enjoyed the possibility of working unilaterally. The BND naturally wanted badly to have its share of sources in Karlshorst, the seat of KGB headquarters in Germany, and Felfe strove with a variety of ploys to further both the BND's and the KGB's cause. In September 1956 Felfe and Reile visited the United States, and CIA Headquarters, as members of a BND CE orientation group. During this visit Felfe gave a talk on the LENA case describing it as clean, one of the best operations the BND had and practically a penetration of the KGB itself. The LENA case had at this time begun to produce

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sizeable amounts of information on KGB real estate in Karlshorst - safe house addresses, license-plate numbers, telephone numbers, etc. - and in June 1956 the BOB Soviet operations chief had discussed the case with Felde offering full support in evaluating and checking out LENA's information. Felde agreed to supply all the positive operational detail obtained by ~~Bob~~ <sup>LENA</sup> through normal BND-CIA channels and he also offered off-the-record to pass whatever sensitive information he received affecting West German security if we would agree to be very discreet. We responded with alacrity. Not only did we wish to keep our foot in the door now that the newly legalized BND was so often eager to dispense with us, we hoped that through this case we could try to defect the apparently clumsy and unprofessional case officer, Shchukin. Even more important was the necessity to have as many sources as possible within Soviet controlled territory such as Karlshorst who could give us "early warning" information on any major Soviet retreat or redistribution in East Germany. (The Soviets showed their goodwill in this respect by letting ~~Bob~~ <sup>LENA</sup> give us a whole twenty-four hour advertisement of the East German-USSR Troop Agreements, and again by giving us some spurious indications of alleged Soviet withdrawals from the Karlshorst Compound in 1957.) The by-product of this cooperation was to indicate more or less unavoidably that CIA had a certain coverage of the Karlshorst Compound. A similar process was repeated in another operation which had been run by the BND against the Soviet Trade Delegation Polyclinic in Karlshorst and which produced an enormous quantity of personality information on the Trade Delegation and on some intelligence officers under Trade cover. In late 1956 BOB offered full support to this operation, which was eventually to follow the almost classic pattern of suddenly turning into a CE case and being put into Felde's hands. (1)

In 1958 Felde began a concerted campaign to collect detailed information from CIA on its Karlshorst penetration program. To this end he engineered a series of crises in CIA-BND relationships which

(1) UJDRILY.

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resulted in his being briefed by CIA on the status of its effort. The first of these briefings occurred in May 1958. In October 1958 Felte tried unofficially to get another with the chief of BOB without BND approval but was turned down. A second official briefing followed in February 1959 and a third in July 1959. At this point a mechanism was created for close, continued official BND-CIA cooperation against Karlshorst. A BND case officer was placed in the Berlin Compound and worked closely with BOB liaison officers. This was an important and delicate step since the BND representative had to be documented as a U.S. Berlin Command employee, supplied with an automobile with U.S. Forces license plates and other American Army support facilities. Felte in turn became the BND headquarters' supervisor for the now official BND Karlshorst penetration program and the immediate supervisor of the BND case officer in the Berlin Command compound.

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IV. (a) Source Protection and Tactical Deception

By late 1959 Felfe was officially responsible for the headquarters supervision of nearly all BND operations against the Soviets in Germany. The KGB could well congratulate itself. At the same time it had to be willing and nimble enough to counter the Western efforts on a broad scale without endangering its source. At a meeting with Alfred in Berlin in December 1959, Felfe discussed the CIA operations against Karlshorst. He said he had been making some headway in discovering what the Americans were up to, but as yet they were not revealing their sources to him. Alfred proposed that he "help" the Americans by sending some sources for them to recruit, but Felfe claims he tried to discourage this. Some cases of planted recruits were of course uncovered by CIA, but not through Felfe's admissions, so we are unable to offer proof that they were manipulated in direct support of Felfe.

(1) In mid-1957 Felfe had discovered through traces on some of the KGB safehouses in the LENA case, that BOB had an excellent source in the Karlshorst Housing Administration. (A source in this spot was able to provide considerable "order of battle" information on a variety of Soviet agencies, including the intelligence services, through regular monthly reporting on Soviet billeting assignments.) This source had been one of BOB's major Karlshorst assets for some years. In 1959 after the BND-CIA cooperation against Karlshorst was institutionalized, one of Felfe's colleagues succeeded in recruiting this source's co-worker in the Housing Administration. Her name had of course become evident to the BND in the process. After this, we began to note that our source's access to information was slowly diminishing. What had happened - we presume - was that she had been identified to the KGB, but the latter had determined to leave her alone in order to protect their source (Felfe) and to allow the BND equity in

*Does this mean BND  
identified her as our source,  
or just that this source  
reported on her?*

or "by"

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Karlshorst to grow. Her activities were closely monitored, however; MfS surveillants watched her come to West Berlin for meetings with her CIA case officers, although she was eventually allowed to ~~refugee~~ to West Germany. Shortly after she ~~refugeed~~, her colleague, the BND recruit, received an anonymous warning letter and fled to West Berlin. Thus the Housing Administration was purged.

(2) In other cases we have been able to determine that within a certain period of time ranging from two to nine months after an agent or prospective recruit had been identified to Felte, the agent was either arrested, or simply disappeared from sight, or lost access to our target. In one case where CIA penetration of another East Berlin housing unit was obviously suspected by the KGB, Felte very boldly provoked the revelation of our agent by trying to recruit one of his colleagues. He placed an ad~~x~~ in the West Berlin newspapers designed to attract secretarial help from the East Sector. Our agent's secretary answered it (at KGB behest) and Felte announced to us that he intended to recruit her as a BND Karlshorst source. We were then forced to tell him that we already employed her chief and begged him to stop his approach since it might endanger our agent - who already covered the target in any case. Shortly after this the Wall of 13 August 1961 put a stop to many of these operations, and those of our agents who were able to remain in correspondence with us (including the one whose secretary Felte targeted) soon showed definite signs of hostile control.

While the Wall made KGB CI work in Berlin considerably easier, it did nothing for the Soviet diplomatic and trade installations in West Germany. In the West the problems of negating German and American CE work without revealing the existence of a major leak were more difficult. Paradoxically, ~~enough~~ Felte himself had been largely responsible for promoting an operation

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to tap Soviet Embassy telephones in Bonn. The KGB regarded this situation in a fairly relaxed manner, however. Felde kept them supplied with information from the transcripts and the operation was allowed to continue for several years. (1) Presumably it gave the KGB a good security check on the Embassy employees as well as a convenient deception channel; and, of course, they knew precisely which Soviet offices were not tapped and, therefore, safe. The Kirpichev case, described below, contains examples of the deliberate use, as well as of the careful avoidance, of tapped wires for operational purposes. For different, and obvious reasons, the KGB was also quite sanguine about the joint BND-CIA audio operation against the New China News Agency. Felde reported to the KGB on this operation and it remained moderately successful from our point of view. But, while the KGB seems to have been willing to allow us a passive coverage of their official installations through telephone taps, they were somewhat more energetic in trying to counter audio operations against individuals and in frustrating Western agent operations mounted on the basis of the audio product. By procrastinating bureaucratically Felde could foil many a plan. If not, then the audio equipment would often fail technically for some unexplained reason, although in no given case could the failure be positively ascribed to anything but accident. In other cases the target of the audio operation would suddenly be moved to another billet at the last minute after the audio installation had been completed and an employee of no great interest to us would be assigned to the wired apartment in his stead. In some cases, however, the defensive ploys had to be more complicated and sometimes they did not always succeed. Two of the best known examples concerned the Soviet Intelligence officers, Kirpichev and Pripoltsev.

- (1) AELADLE reports that he learned in 1959 or 1960 that the KGB had many reports on the monitoring of Soviet conversations in Soviet installations in West Germany. He conjectured at the time that these must have come from a KGB agent connected with BND audio operations. (LZ 63, 19 March 1962.)

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Dmitriy Ivanovich Kirpichev was a KGB/Emigre operations officer assigned to West Germany under cover of the Soviet Freight and Transport Office (SOVAG) in Hamburg. Kirpichev had been in contact with a Soviet emigre residing in West Germany, who in turn was reporting on his contact to the BfV. Kirpichev had been under surveillance by the BfV in an effort to establish some legally incriminating material which might serve as the basis for an arrest. Felfe says he learned of this case and of a plan to arrest Kirpichev at a routine BND-BfV conference sometime in the first half of February 1961. On 11 February he had a meeting with Alfred in Berlin at which time he informed the KGB about the Kirpichev case. Alfred then asked Felfe (according to Felfe) if he thought it would endanger Felfe if the Soviets "undertook something" to protect Kirpichev. Felfe says he replied in the negative, as long as the Soviet counter-operation were carried out "with the necessary finesse". He even suggested the idea of having Kirpichev pretend to fall sick while on a trip to Berlin. Immediately after this, on 16 February, Felfe had a conference with the BfV referent for work on the Soviet Embassy. From him he learned the details of Kirpichev's emigre operation including the emigre's KGB covername, Kritik. Subsequently Felfe reported to Alfred in secret writing that the arrest was to take place soon. At the moment he knew definitely that the SG planned to interrogate Kritik formally on 21 February for the purpose of preparing the legal basis for the subsequent arrest of Kirpichev in Hamburg. He may or may not have been aware that the arrest was definitely planned for the 23rd.

On the afternoon of 21 February Kirpichev left Hamburg and traveled to Bonn where he spent the night in a hotel near the Soviet Embassy. Meanwhile official telephone conversations conducted among various Soviet offices indicated that Kirpichev was about to depart on a business trip to Berlin, but would return to Hamburg on the 23rd of February. The BND tapping operation on the Trade Mission produced this information, as the KGB knew it would, and

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Felfe sent it on to the BfV. Kirpichev proceeded to Berlin on the 22nd. The 23rd came and went with no arrest. A few days later Kirpichev's wife in Hamburg made some explanatory remarks on the SOVAG premises where a BND agent was employed. Presumably this agent was known to the KGB; in any case Kirpicheva took care that he overheard her saying that her husband was severely ill in Berlin. Two more days passed and the BND agent in SOVAG was able to report the receipt by that agency of an official announcement from Berlin that Kirpichev had been stricken by an inflamed appendix and confined to a Berlin hospital. Felfe sent this report to the BfV in a routine manner. On the 16th of March this report was "confirmed" in a telephone call between the Soviet Embassy in East Berlin and the Soviet Trade Mission in Cologne. Now all that remained for the KGB to do was to give the BfV and the BND a specific reason on which to pin the failure of the Kirpichev operation which at the same time might head off any potentially dangerous general inquiry. Kirpicheva let the BND source in SOVAG hear her remark that she had been under surveillance in Hamburg by an unknown person. Meanwhile the BfV's double-agent, Kritik, received a conspiratorial message from Kirpichev warning him that they had been under surveillance during their last meeting and that Kirpichev had fled West Germany for security reasons. Felfe informed the BfV of the SOVAG penetration agent's report; the BfV sent him the item about Kirpichev's message to Kritik and it seemed as though the operators had only themselves to blame for everything. Although Felfe tried to give the impression that he did not give this operation away in the first place, he was obviously interested in seeing it work out well for the KGB. According to Clemens, Felfe asked him some time in 1961 to ask Alfred "if everything worked out and Kirpichev got out alright." Clemens said Alfred answered in the affirmative.

An interesting side light on the modus operandi in this case is that in its earlier stages (before Felfe had reported to the KGB that Kritik was a double-agent), the KGB provided Kritik with an

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emergency contact in the Press Section of the Soviet Embassy. The significance of this is that the Press Section was housed in a separate building from the rest of the Embassy and the KGB knew, through Felte, that it was not tapped, unlike the offices of Kritik's regular case officer.

Not so successful was the Pripoltsev case. Valentin Aleksandrovich Pripoltsev was an engineer assigned to the Soviet Trade Mission in Cologne. The BfV had uncovered Pripoltsev's role as case officer in three cases which they were monitoring. Felte learned of this first in May 1961 at a routine interagency conference. In July at a second conference he learned that the BfV was thinking of making an arrest. The date of the planned arrest was, however, a closely guarded secret. Felte learned it on 24 August, only two days in advance of the arrest date. The result was that he was unable to warn Alfred in time. Pripoltsev was arrested and sentenced to four years in prison on charges of espionage. Felte in turn received a reprimand from the KGB. (This event became another cause for the KGB's subsequent insistence on a faster communications system through the use of an Illegal.) Felte made some sort of effort, however. As soon as he heard of the date for the arrest he sent a telex to the Cologne office of the BND suggesting, on his own initiative, that they have a Russian linguist standing by. In doing this he used a cryptographic reference in a strange way which revealed the name of the Soviet to be arrested. The BND subsequently surmised that Felte could have done this to alert Clemens or simply to extend the range of knowledge of the planned arrest in order to cover himself in the event that Pripoltsev disappeared before his arrest.

Other variations on the successful rescue are illustrated in the Kropotov case. Oleg Sergeyevich Kropotov was a member of the Soviet Trade Mission in Cologne. Through intercepts the BND had decided that a West German who was in contact with him was conclusively guilty of treason and in early 1961 had turned the case over to the BfV. In July 1961 Felte

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reported to his headquarters that he had heard that the BfV had changed their minds about Kropotov's contact: they had investigated him, had decided he was loyal and that Kropotov in fact was "Western oriented". Felte now proposed that the BND should control the case after all, and that they should consider the possibility of defecting Kropotov. By this sleight of hand Felte got the case turned back to the BND, while in actuality the BfV had been planning to force Kropotov's departure from the Federal Republic.

Another operation, known as the Sokolov case, demonstrates Felte's usefulness in matters of Soviet internal security. During 1959 and 1960, in the course of investigating an insecure RU officer, Felte and Alfred managed to direct a series of provocations in such a manner as to involve nearly every German and American Intelligence Service in West Germany together in one anti-Soviet case, thus giving the KGB a remarkable insight into the liaison practices of the Western agencies. This case is treated in some detail in Annex 9, because it is another excellent example of operational deception - very intricate, well timed deception complete with apparent confirmations and cross-checks of information and real sacrifices of agents and equipment. The primary goal of the KGB in this affair was to investigate and entrap Sokolov, an insecure and possibly treasonous RU officer who had been operating for some years against U.S. air bases in West Germany. In this respect the case can also be read for an illustration of the KGB mission to investigate the operational security of its military intelligence colleagues. By creating, or elaborating upon, various double agent operations involving Sokolov the KGB was instrumental in provoking operational interest in him and his West German agent net on the part of the BfV, two LfV's, the BND and CIA (on its own and in <sup>its</sup> capacity as liaison representative for CIC and OSI interests). By inserting into BND spotting channels an agent who claimed to be Sokolov's mistress as well as his agent and who hinted that he might be defeatable, the KGB put the BND in a position to inspire the creation of, and then to monitor, a joint

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task force consisting of representatives of all the interested services. For six months the German and American representatives operated in close, daily liaison to prepare the hoped-for defection of Sokolov and capture of his West German agents. This constituted a bureaucratic tour de force which put Felde at the center of what was virtually a sort of central clearance mechanism for the handling of this case. (To judge from the general satisfaction reflected in the files about the success of this coordination, one cannot exclude the possibility that it might have set a precedent. To speculate that it would have, or that the KGB's planning in this case incorporated this hope is useless; however, there is no doubt that a continuing allied system of this sort for anti-Soviet double agent cases - with Felde in a monitoring position - would have satisfied the KGB enormously. In this respect it might also be borne in mind that General Gribanov had been stressing the need, in his briefing of Soviet and Satellite CI personnel in late 1958 and early 1959, to emphasize the collection of information and documentation on "coordination" among the Western services which could be exploited propagandistically against them. (1)

*Could perhaps be explained a bit more clearly*

In the course of the Sokolov operation each participant had considerable opportunity to learn about the other's bureaucratic and operational methods, and considerable amounts of background information were exchanged. CIA as usual was the most prolific with traces and organizational information on the Soviet Intelligence Services. Felde's role throughout was unusually passive (his colleagues remarked later on his atypical behavior), although he did try during a certain period to persuade his colleagues to try to "recruit" Sokolov rather than to defect him. Indeed, as the BND significantly remarked after his arrest, his principle role was just to sit back and let himself be briefed by all sides. When it came time to begin the executive action phase of the operation, the roll up of Sokolov's net went very

(1) BEVISION, 5 April 1959. Comments on "Aktion".

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well: five agents were arrested, many more suspects identified, considerable espionage gear including one of the newest Soviet W/T sets was captured. Not so successful, however, were the efforts to defect Sokolov. This was not in the KGB interest and each time we tried to move closer to him he would be "in the hospital" or otherwise out of reach. The KGB had completed its basic requirement when it allowed the West Germans to arrest, along with Sokolov's other agents, the woman who purported to be his mistress. (Despite her willingness in helping her Western handlers to try to defect Sokolov, she failed ultimately to convince them of her bona fides.) Her testimony described Sokolov's insecure behavior and his "Western tendencies". Felte states that he sent a copy of her testimony (or excerpts therefrom) to Alfred, and one assumes that from there it found its way to the Soviet military prosecutor.

Clemens - always a little slower than Felte - was shocked that Alfred had let this agent be arrested by the West Germans, indeed had deliberately let her walk into a trap. Alfred's reply to him was to shrug and say "this had nothing to do with my office" and "Sokolov will certainly be arrested." Felte admitted that he had observed this case with some glee and was amused to deliver derogatory information to the KGB about the RU officer. He received a bonus from the KGB of 1,000 DM for his efforts. His West German prosecutors thought it was strange that he should receive a bonus in a case which had actually been a "failure" for the Soviets, e.g. five RU agents arrested. Felte may have found this amusing too since he merely replied that he had been compensated for hard work despite the "losses" suffered.

*When it was the only bonus  
he received during his career?  
Yes, let's mention this fact*

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IV. (b) Support of Soviet Policy and Political Deception

While Felfe could serve admirably as watchdog for KGB assets in Germany, Soviet needs on a somewhat broader level after 1955 had also created for him a private role on the political scene, which in some ways might have provided Felfe an even greater sense of excitement and importance than did his bureaucratic omniscience. LENA - as ever - provides a clue. During the period of legalization and reorganization in the BND, the LENA case had been dormant, possibly sleeping off Dr. @ Herder's probing criticisms. In mid-1956 it suddenly awoke, but this time in the guise of a political case. Shchukin told <sup>LENA</sup> ~~Here~~ to forget temporarily about his net to penetrate the Foreign Office and to concentrate on investigating the existence of a possible neutralist faction in West Germany. Shchukin said that the Soviets were doing everything in their power to establish a neutralist party which would make some dent in the 1957 vote for Adenauer. (When election time came, however, he admitted that the Soviets did not have this capability: he said they had no assets for starting a political party!) Soviet interest in Hofe's task waxed and waned several times during the year between the summer of 1956 and the summer of 1957, but as tension began to grow in the West about the imminent unveiling of a Soviet ICBM and over the recent East German troop agreements, <sup>LENA</sup> ~~Here~~'s case officer spoke more urgently of the neutralist assignment. In the summer of 1957 Felfe came to a CIA officer with a report from <sup>LENA</sup> ~~Here~~ which he said he considered very significant: the KGB wanted <sup>LENA</sup> ~~Here~~ to find out if there did indeed exist in the West German government a faction advocating closer rapport with the East German government and with the USSR. Nothing very much came of this item of "intelligence". It was not treated significantly for a variety of reasons, not the least of which had to do with CIA's increasing bafflement with the LENA case as a whole and increasing speculation that it might be a deception. As an indication of KGB operational intent, however, it is interesting. After this, <sup>LENA</sup> ~~Here~~ returned briefly to work on the Bonn

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penetration project, but in early 1958 was told definitely by the KGB to ease out of it and to devote himself entirely to political reporting.

Simultaneously Felfe was involved in another KGB attempt to support its government's policy. The Rapacki proposals for a nuclear free Central Europe had come to naught with the successful passage by the Bundestag in March 1958 of a resolution favoring nuclear armaments in West Germany. Nevertheless, Soviet clandestine feelers for some kind of rapprochement were still out. We can see a small example in one of Felfe's operations. Ever since the early 1950's the Soviets had been interested in ex-Wehrmacht officer, former chief of the military planning section of the Military Security Office (Blankamt), Boguslav von Bonin. Von Bonin was a well-spoken, and out-spoken, neutralist, with excellent social connections, strong idealism and rather little political acumen. In 1955 von Bonin was dismissed from the Defense Ministry for publicly propounding his views. At the same time the KGB, through Colonel-General Aleksandr Pavlovich Tarasov, Chief of Staff of the Soviet Forces in Germany, invited him to discuss the German problem in East Berlin. He went, was delighted with General Tarasov, left him his notes on his thoughts, but violently repudiated a direct recruitment pitch from a KGB representative. Gehlen, who had been in touch with von Bonin on and off for several years, backed him in his trip to Berlin. Although he realized von Bonin's basic political naivety, he had hoped to use him in some way to further an old personal dream; that he could somehow be instrumental in bringing about a rapprochement if not a reunification of his country through a personal channel to the other side. Felfe was Gehlen's personal representative with von Bonin. (1)

- (1) Felfe stated to his American interrogators that he thought the von Bonin case was a good example of a Soviet "political operation run by CE methods." He added his opinion that the Soviets in running this type of operation against the BND were under the impression that the BND played quite a different role in the German political scene than it actually does play.

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In the fall of 1958 the von Bonin case was raised again from the Soviet side. In that year Felte had three important meetings with the KGB. The first in Berlin was with Alfred and was designed primarily to introduce a faster communication system by means of OWVL. Through the new radio system Felte was summoned to Vienna in September 1958 to meet a new and imposing person introduced simply as "the director". The following month he met the director again in Berlin. Felte will not tell us in detail or in any kind of organized fashion about these meetings, but he does convey that the basic operational reason for them was to discuss von Bonin. Felte says the director asked his advice about what to do with this case; if Felte thought it would be advisable for the Soviets to extend another invitation for talks to von Bonin. These meetings seem to have made a great impression on Felte. He speaks of the director almost with reverence. Certainly this man appealed to Felte intellectually, and he obviously cultivated Felte's not insignificant ego. Felte told Clemens when he returned from the Berlin meeting that he and the director had talked at length of many "deep and important" things. To his interrogators, Felte presented the topic of the director's talk as though it were a kind of situation or policy statement. Actually we ought also under the circumstances to consider it in terms of a kind of propaganda outline. The director began with a discussion of historical Russian respect for Germany. He said that Soviets realized the impossibility of making West Germany into a communist country, but that this was all the more reason why everyone should try to see agreement, to find some guarantee of peace. The Soviets were disappointed, he said, that the contacts started by Adenauer on his trip to the USSR in 1955 had not been followed up. There now seemed little likelihood of success on the official diplomatic level. Now the Soviets must try to seek unofficial contacts. Enemy intelligence chiefs should maintain satisfactory contact with each other. There were distinct possibilities in this direction and "the doors were always open." This is all Felte tells us, but in the context of the von Bonin operation it suggests much. It looks as though information ~~revealed~~ <sup>passed</sup> in the one case, LENA, namely that the

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Soviets were sincerely interested in a peaceful solution in Germany, was produced to confirm the rightness of Gehlen's intentions in the other case, von Bonin. These are but small details - one would expect to find many more - of the peace message which has often been played against the louder themes of more warlike Soviet statements. (About three weeks after the director's meeting with Felfe on the von Bonin case, the Soviet government made its first threatening statement of the Berlin crisis - Khrushchev's statement of 10 November 1958.)

Felfe says that the director went on to urge him to develop his political reporting - even to join the Foreign Office (although this last comment might be one of Felfe's own embellishments rather than a real KGB idea). The director urged Felfe to speed up his political reporting, particularly the transmittal of BND and BfV weekly situation reports which he had begun to send regularly in about March 1958. He also asked for information on the BND offices concerned with political intelligence collection on areas other than the Soviet Union.

Apart from these substantive concerns, the 1958 meetings with the KGB officers brought about an important change in Felfe's and Clemens' technical modus operandi. After Clemens lost the Balt-hasar case as an excuse to travel to Berlin, Erwin Tiebel, who had been more or less in reserve since his recruitment, took over as courier. He collected Felfe's and Clemens' reports <sup>and</sup> concealed them in a suitcase with a false panel, <sup>together</sup> which Alfred had supplied his agents with West German identity documents in other names. (Completely valid documents, unlike the product of the LENA case!) On these occasions Alfred would meet <sup>together</sup> (them) at a predesignated kilometer marker (Km Stone 107) inside East Germany on the Helmstedt-Berlin Autobahn and relieve them of the incriminating material. The ~~West Germans~~ could then proceed normally into West Berlin and meet Alfred later in Karlshorst. Clemens at this time (1956) had also been given an S/N system and a code

*Did Felfe & Clemens  
drive through the  
zone too?*

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system for using one-time pads. This procedure was fairly satisfactory, but Clemens had increasingly less chance of lengthy oral reporting to Alfred, while at the same time the volume of reporting increased. Felfe had begun to rely more and more on the tape recorder (he was apparently very lazy about composing written reports - several instances of Alfred's impatience with him in this respect are documented), and his reporting consisted primarily of a handful of Minox negatives and several spools of tape on which (according to Clemens) he recorded situation reports and the latest changes in BND personnel and T/O. Sometimes he would visit Clemens in Cologne where he would dictate a report in cipher which Clemens would then transpose into S/W. This worked well enough until March 1958 when Clemens was unexpectedly relieved of his post in the Cologne penetration unit and demoted to a surveillance team. Clemens' superiors in BND headquarters had apparently been dissatisfied with his work for some time. Now his usefulness to Felfe and to the KGB was sharply curtailed. He claims that Alfred was uninterested in the information he was able to develop from most of his surveillance activities (primarily against FLN members in Germany). At this point OWVL was introduced. Clemens acted as the receiver and decoder. Communications were made once a week, with one alternate per week as well. After a while a "burst" transmission method was introduced for which Clemens had to use a tape recorder hooked to his radio. After recording the high-speed transmission he would play the tape at slow-speed and thus be able to decipher the message. At one time Alfred wanted to introduce a system of rubbing metal shavings onto the tape so that the impressions would become visible, but Clemens and Felfe found this method too messy and too unreliable and refused to use it.

Clemens says that from 1958 on he received very few personal instructions from Alfred and that the majority of the messages were for Felfe. In short, he had become largely a support agent for Felfe. When he did go to Berlin after this date it was unofficially (until 1960 when Felfe was able to

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bring him back briefly to an operational role in a double agent case). Alfred tightened up the security by refusing to let Clemens come to the East Sector any longer. All their meetings were merely brush meetings on the street, useful only for exchanging material, but not for discussion. Felfe tried repeatedly - with only occasional success - to bring Clemens into a case in order to give him legal excuses to go to Berlin, but the problem of quick, secure communication remained a serious one.

It was as much to this problem - as to political matters - that the director addressed himself in his September and October 1958 encounters with Felfe. He announced that he wished Felfe and Clemens to sever personal contact with Alfred and the East Berlin Rezidentura and to work from now on solely through an Illegal Rezident in West Germany. They would be introduced to the Illegal, but their primary communication with him would be via dead drops. Each man would have his own set of dead drops and it would no longer be necessary for Felfe to communicate laterally so often with Clemens on KGB business. The director said that any communication via this system would reach Karlshorst within 24 hours. The immediate reaction of Clemens and Felfe was dismay. Their refusal to comply with such a proposal was adamant. They claimed that the introduction of an unknown intermediary between them and Alfred would merely provide more risk of exposure or accident over which they would have no control. The director and Alfred tried to reassure them, saying that the Illegal Rezident was an absolutely reliable person, a Soviet citizen, but the two agents continued to refuse. For the next few years the Soviets allowed them to have their own way. (1)

- (1) The KGB idea of using an Illegal Rezident in support of West German CE operations goes back a long way. Petr Deryabin told us in 1954 that while he was on the German Desk in Moscow in 1952-53 there were plans afoot to set up two such rezidents, one in Duesseldorf and the other in Munich.

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Sometime in 1959 Felfe received a new KGB cover name: Kurt. Clemens became Hanni and along with ~~Erich~~ Tiebel was referred to in KGB files as part of "Kurt's Team" or of "Operation Kurt". (1) In 1960 during one of his rare visits to Berlin Clemens was presented with a citation by the KGB in honor of his ten years of service: a letter from the then KGB Chairman Shelepin and a bonus of 2,000 DM. Felfe also received a letter from Shelepin, and we presume also a bonus, although he did not confess to this. A BND comment on this subject conjures up a humorous scene in which Clemens "in the purest Saxon dialect" innocently asked his KGB case officer "who this Shelepin might be". Alfred apparently was really shocked, and Felfe claimed to be annoyed with Alfred for not orienting Clemens better.

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(1) AELADLE.

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IV. (c) New Directions?

We have seen how Felte as chief Soviet counter-espionage referent was able in the last years of his career to cover Soviet requirements on a variety of levels and a variety of topics: positive, protective and political. By rigging an operation especially for Felte, Alfred could force answers from almost any element of the West German government in the guise of "build-up" material; by creating certain operational situations or complexities, Alfred could help Felte in his bureaucratic manipulations; indeed even promote the formulation of helpful bureaucratic regulations or precedents. By introducing a Soviet CE factor into any BND case anywhere, the KGB could cause the case to be transferred to the protective custody of Felte. By introducing a Soviet CE factor urgently affecting German security into the operation of any other agency, German or foreign, the KGB could hope to bring many another case under Felte's scrutiny. (For example, Felte was able to help the internal CI directorate of the KGB. In one case a double agent run by CIA for the collection of economic information on the USSR and by the KGB for CI information on the West German and U.S. Embassies in Moscow, was apparently already suspected of Western intelligence connections by the KGB. By closing out all the agent's targets except one, namely to spot, recruit and maneuver into place a West German girl suitable to be a German Embassy secretary, the KGB succeeded in forcing the case out of CIA hands and completely into <sup>the</sup> BND, where Felte was the headquarters case officer. In another case, a West German woman run by CIA, Felte provoked revelation of our interest by sending us reports accusing her of serious insecure behavior while in Moscow. Subsequently she became the object of a "dangle" operation - a Soviet lover who appeared always potentially, but never really recruitable. In both cases the significant feature was that the change of handling after the Western side of the case had been reported to the KGB had the purpose of revealing Western assets in the USSR.) Finally, Felte, because of his own personal qualities - brashness, inquisitiveness, aggressiveness - was able to broaden his access to information in areas for which there was no official excuse for him to be at all. (In this respect he is reported by one of the BND security investigations as having tried to meddle in a BND operation involving a West German nuclear scientist - probably in response to a specific request from Alfred.) In the end Felte had become much more than just a simple servant of the KGB. (Its doubtful if

*These examples are difficult to follow. They could be explained in a bit greater detail, but probably under IV (c) rather than under heading of "New Directions".*

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he had ever thought of himself as such.) Evidence from intercepted OWVL broadcasts - as well, of course, as Felte's own statements - shows that Alfred often asked Felte for advice about the Soviet handling of certain operations, both as to the technical aspects of handling BND-KGB double agents as well as the timing and tenor of KGB propaganda operations. Felte had become in many ways something of a consultant to the KGB on the BND, as well as an agent.

In spite of the fact that in many ways Felte had an almost ideal position, there is evidence that in 1960 he was instructed by the KGB to move on to a new job. This was the post of security officer for the BND Communications Unit. At this time discussions were underway for the establishment of the BND as German <sup>Communications</sup> signals intelligence authority. Felte knew that the post of communications security chief was shortly to become vacant, through the retirement of its incumbent, and he probably guessed that the job would assume greater importance once the <sup>ComINT</sup> ~~Secret~~ agreement was signed. He submitted his application for the post early and worked hard to sell himself as the next candidate. In many respects, however, this is a job which might not have interested him as much as his old one, and it is curious that he tried so hard to get it. In his post-arrest statements he went to great pains to claim that the KGB was definitely against having him transfer, but there is sufficient evidence (including intercepted telephone comments between Felte and Clemens) to suggest that the opposite is true. If so, then the obvious corollary springs out: the KGB could not conceivably have asked an agent who was de facto chief of the BND Soviet CE Section to give up this job unless they had a replacement with equal or better access.

This raises the difficult problem of "other penetrations" which is suggested all through Felte's history, and of whose existence if not identity, we have been informed by various defectors. Felte, of course, denies that he ever recruited another

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source. Possibly he did not, but in BEVISION's words, it is impossible that Felfe could have worked for the Soviets for ten years without having tipped another source in the BND to them, and it is very likely that Felfe has an idea of who among his leads became a recruited source. One of Felfe's last operations lends itself to the interpretation that it might have been intended in some respects as a support operation for another CE section penetration. (See the Busch case described below.) There are also disturbing and mysterious indications in OWVL traffic and in the notebook which Felfe kept so meticulously on his KGB and BND operations.(1) In addition there are a variety of names of possible suspects which have been suggested to us through other operations and other sources, particularly those among Felfe's and Clemens' coterie of ex-SS officers. Finally, there is a general and simplified quality about Alfred's last EEI to Felfe which suggests that they might have been, in part at least, comprehensive instructions for someone else, but here, admittedly, we are allowing ourselves pure speculation.

- (1) OWVL traffic to Clemens contained references to someone called Manfred. Manfred appeared to be a cover name. Neither Felfe nor Clemens ever volunteered this as one of their three or four cover names. Clemens simply did not know the name. When Felfe was asked who Manfred was, he reacted violently and strangely. He seemed upset and tried to pretend he didn't know the name, then he somewhat clumsily accepted the interrogator's suggestion that it might have *been* one of his own cover names. Another strange incident shows Felfe at his coolest and most brazen. In the presence of interrogators who were reviewing his notebook with him, he snatched up a pen and scratched out a name in a sentence reading "According to \_\_\_\_\_, Schumacher is a Karlshorst source." He refused to divulge the name on the grounds that it was "incriminating"! Various hypotheses as to the name have been made; possibly the closest so far is Reile, since Schumacher (201-54176) did at one time work closely with him. (Interpretation of former CIA-BND liaison officer for security. EGMW-11493, 9 February 1962.)

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Alfred held his last meeting with Felfe and Clemens in Vienna in September 1961. At this time he informed his old agents that at the end of the year he would leave Germany for good. This time there was to be no question of whether or not they would work with an Illegal Resident. Alfred informed Felfe and Clemens that at their next meeting later in the fall they would meet the resident and that after this they would work through dead drops. Each man was to select and set up drops for himself: Felfe in the Munich area, Clemens in the Cologne area. From time to time they would have personal meetings with a KGB case officer in a third country, and if they should ever feel themselves in danger they could go to the Soviet Military Attache in some Western European country other than Germany. After giving the new instructions Alfred went on to discuss the professional situations of Felfe and Clemens. (In this context Felfe elaborated to his interrogators that Alfred wanted him to stay in his old job, which probably signifies just the opposite!) Alfred listed a number of specific questions or themes for Felfe to work on for their next meeting. He gave Felfe a typewritten reminder which listed: steps taken by the BND after August 13th as a result of the changed Berlin situation; explanation of certain BND operational moves against various Soviet officials in West Germany; further development of the Busch case. Finally, in a rather strange repetition of the obvious EEI which Felfe had already been covering as a matter of course for some time, Alfred listed instructions to report on all BND agents; to report the contents of all cases run by the BND against Soviet installations, to find out more about BND liaison with the Laender *and* with NATO, more about BND work against the USSR, and to report new recruitment leads among BND headquarters members (specifically Alfred had been for some time interested in the BND officer who controlled the agent card files). One would assume that after several years of being instructed to report on these ~~comprehensive~~ *general* targets Felfe would not need a written reminder of them.

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Having noted Felfe's effort to get the job of COMINT security chief and having described the KGB operational position with Felfe at the same time, we will proceed to a description of the Busch case. This was another complicated operational chess match, somewhat on the order of the LENA case, possibly replacing it to some extent as an operational vehicle. The Busch case had as its immediate purpose to deceive the BND about its own security. Read side by side with a description of Felfe's effort to be transferred to a new job and with Alfred's instructions of September 1961, one is left wondering, at least, if the case might also have been destined as a support in some way for another Soviet CE section penetration. The Busch case is actually two cases, one superimposed on the other. It is a fascinating example of multiple deception - the more so since it was not entirely successful. On one level it involved a KGB/CE officer (calling himself "Heinz") running a deception operation against the BND. He had begun with a straight penetration attempt, discovered it to be controlled by the BND and then tried to salvage what he could by using the connection to pass deception about the state of KGB information on the BND. At the other end of the operation was a BND field case officer named Friedrich Busch who worked under the direction of various BND Soviet CE section officers to counter the KGB operation with deception material on the BND. At a certain point in the operation, when both the BND and the KGB seemed to think it unworthy of further attention, Felfe and Alfred entered - behind the scenes - to direct it in ways which suited their own purpose. On the BND side Busch was of course unwitting of Felfe's inimical role. On the KGB side the KGB case officer "Heinz" was allegedly unwitting of Alfred's role. Felfe quotes Alfred as saying, "Busch's case officer has no idea of the real situation", and did not even know Alfred personally. This was a bad situation in some ways: Alfred's marionette did not always dance the way Alfred wanted him to. Consequently Alfred had to

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ask Felfe to make his BND puppet Busch provoke the desired responses from the other KGB officer. Felfe was forced at the same time to the very crude and dangerous business of having to make fabrications to his superiors about Busch's operation. This was Felfe's last great plot: he was arrested in the middle of it and we have no way of knowing exactly where it was supposed to take him. The essential purpose as stated *by the BND* was to set up a BND staff officer for KGB recruitment as a BND deception against the KGB. We conjecture that it had to do in some way, however, with getting another real KGB staff penetration. A macabre touch of humor in the files is a remark from a BND security officer, before Felfe's arrest, to the effect that Felfe's handling of the Busch operation was so strange it wouldn't even be surprising if Felfe were to suggest himself as the target for KGB recruitment! (1) We would like to describe this operation in detail because at nearly each stage of its development it was replete with signs of danger, which should have been heeded by an alert Western service. Unfortunately, the use of multiple cryptonyms to disguise sources and agents and the fierce compartmentation in the BND in this, as in the LENA case and many others, prevented anyone from putting two and two together for a long time. To make sure that no one could arrive at the proper conclusions in this case, Felfe charged out all the pertinent file material to himself and no one else had access to it.

Friedrich Busch was another old Gestapo friend of Clemens from wartime days in Italy. He was also an old acquaintance of Oscar Reile and the protege of Carl Schuetz - Clemens' former chief in Cologne. Clemens recruited Busch for the Gehlen Organization in 1951 - as he had Schuetz - and subsequently Busch worked for a time in GV"L"

(1) @Fleming to CIA Liaison Officer. (EGMA-56011, 5 September 1961.)

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with Reile and Felfe. His professional history is cloudy at best: while a GV"L" case officer he appears to have tried to run a Soviet double agent case without informing his BND superiors.(1) When the deception was uncovered he gave a rather lame excuse and was transferred to a non-sensitive job in a field debriefing office. He is described as a weak man who cries under pressure and not particularly "quick on his feet". Our files contain a note that Felfe tried at some point to get him a staff position in Headquarters, but was unsuccessful.

In early 1956 Oscar Reile brought Busch into an extensive KGB deception operation known by the BND cryptonym, PANOPTIKUM. The first player to fill the lead role in PANOPTIKUM was General Friedrich Panzinger, former deputy chief of RSHA IVa. He had been in charge of Rote Kapelle investigations for a while, later Chief of SD Ostland (Baltic States and Belorussia). In 1947 he had been captured by

- (1) Busch's double agent operation was called UJDROLLERY-15, a typical Soviet operation for the period and possibly significant for the early history of this case: the brother-in-law of a Gehlen employee had run a sort of service in the immediate post-war years assisting former SD personnel to cover their tracks and to find gainful employment. The MGB in Vienna caught on to him and with this compromising knowledge managed to recruit the Gehlen employee. The Gehlen man wanted to report the Soviet recruitment and found himself with Busch as a case officer. Why Busch really tried to play him back without telling anyone is not in CIA records, nor is any description of the content of the play-back which lasted nearly two years. As of March 1955 a Gehlen Organization security officer was planning to investigate. (EGLA-13018, 11 March 1955.)

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the Soviets in Vienna and imprisoned in the Soviet Union on charges of war crimes committed against a Soviet officer. In 1956 he was released on the promise that he would work for the KGB "to penetrate the BND and to report on political events in the Federal Republic." Upon his return to Germany in early 1956 he went directly to an old friend, the President of the Bavarian LfV, who in turn passed him on to the BND in the person of Reile. Reile's plan was to put Panzinger in contact with an ostensible BND net (real people, fabricated activity), about which he could then report to the KGB. When Panzinger happened to become re-acquainted with Busch, whom he had known before the war, Reile allowed Panzinger to mention this to the KGB. Panzinger did not know Busch was a BND man until the KGB wrote back telling him to be wary of Busch. Reile then made Busch Panzinger's BND case officer and a deliberate sitting duck for the KGB. The case was handled in a desultory fashion by Reile for a while, then by another colleague, until the fall of 1958 when it was given to Felte. During this two year period nothing much happened. Indeed, Panzinger's KGB case officer, Heinz, exhibited all the reactions of a very suspicious man. Panzinger met him only once during the two years (in one of the LENA case safehouses in Berlin!) and the whole proceeding had come to a near standstill when Felte moved in.

At this point the case picked up spectacularly. Felte proposed to the CE section to make Panzinger more attractive to the KGB: he had Panzinger tell them that Busch had asked him to serve as a letter drop for the BND and also that Busch had been made chief of a special BND office handling Baltic and North Sea operations. In February 1959 he had Panzinger ask the KGB for a meeting. As reason for the meeting Panzinger was to discuss the war crimes charges which hung over his head. The Soviets had released Panzinger without giving him an amnesty and the old General lived in fear of arrest. Actually, sometime previously the BND had

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arranged with the Bavarian LfV President to brief a high official of the Bavarian Justice Ministry so that no action would be taken against Panzinger without prior warning of the BND. Unfortunately, only one such person in the Justice Ministry was briefed. The KGB apparently knew of it, however, since once before when Panzinger had discussed the charges with his KGB case officer, the latter had assured him that his case would never come up. Nevertheless, under Felfe's direction Panzinger asked the KGB case officer for a meeting to discuss this problem. He traveled to Berlin on 22 February 1959 where the KGB case officer told him he would see what he could do about the charges, but did not offer much hope for an amnesty. At the same time he said he thought Panzinger's case merited a more "secure" communications arrangement and instructed him in the methods of OWVL reception. (Felfe told his Western colleagues with great interest that this was the first BND double agent to receive OWVL from the KGB; he added that he thought he might give <sup>OWVL</sup> ~~to~~ to Hofe of the LENA operation in case the Berlin situation deteriorated!)

Now strange things began to happen in Panzinger's operation. In July he received a KGB instruction via OWVL to find out if the HVA defector Max Heim had been a BND or a BfV agent prior to his defection. This was in many ways a very indiscreet question on the part of the KGB. The CIA liaison officer for security matters, who was already hot on Felfe's trail at this time, wrote the following comments in August 1959:

"Unless Panzinger has grossly overstated his BND connections to the Soviets it is strange that the KGB seems to think he might have access to this information. If the KGB actually asked the question this could be an indication that the KGB knows Panzinger has been turned and calculates that the BND will supply a true answer. On the other hand...consider the

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possibility that (Felfe) has been asked this question ... It is also interesting why the KGB did not ask which American agency was running Heim, since the fact that the Americans are returning him to Berlin for re-interrogation has probably not escaped KGB notice ..." (1)

*Footnote should be on previous page*

In the meantime Panzinger had innocently carried out his KGB case officer's instruction to ask Gehlen, whom he knew slightly, for a job in the BND. He wrote a letter of application and after an appropriate interval Felfe drafted an answer for the signature of one of Gehlen's deputies. Felfe's draft was nothing short of a death blow to the Panzinger operation, and indeed there was speculation even at the time that it was in some way a deliberate blow. Felfe and his colleagues in the BND and CIA had discussed the type of answer which should be prepared ~~for~~ Panzinger's letter of application and had decided together that a sort of non-committal reply suggesting "no present vacancies" but still holding out some hope would be the best. It appeared strange then when Felfe produced the signed reply which stated that Gehlen could not employ Panzinger until the matter of war crimes charges was settled. The CIA liaison officer reporting on this episode wrote:

"Considering the fact that the charge was a very painful thing to Panzinger - as time proved - it seems somewhat unusual and a bit grotesque that Felfe should have written a letter to Panzinger on such a literal basis. Felfe, a fellow alumnus of the RSHA along with Panzinger and Busch, could have prepared a less cold-blooded reply.....We can only

- (1) EGMW-8131, 3 August 1959. In his post-arrest interrogations Felfe claimed that he had criticized the KGB to Alfred for failing to amnesty Panzinger when they released him from POW camp, ~~and~~ thus prejudiced their own case from the beginning!

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speculate as to the reason for the change. At any rate it would seem that (the) other approach would have served to keep the KGB more hopeful and interested and at the same time would not have rubbed salt in old Panzinger wounds."

Four months later a warrant of arrest for war crimes was served on Panzinger and as the police officers waited for him to collect his belongings he committed suicide by poisoning himself. This occurred on a day in early August 1959 when both Felte and the one man in the Bavarian Justice Ministry who had been briefed to forestall an arrest were absent. Felte's comments to a CIA liaison officer made shortly after this are interesting. He said he thought Panzinger had been depressed for some time (this was true) and had shown signs of emotional instability. He had been clearly worried about the war crimes charges. As to the operation, Felte thought that perhaps the KGB might not regret having him out of the way since in a sense, even though he had been the KGB channel to a BND officer, he was also an obstacle between the KGB and the BND officer and now the KGB could approach the latter more directly. The KGB would reason, said Felte, that through Panzinger they had been able to gather enough evidence of Busch's "indiscretions" to enable them to make an approach - an approach which earlier they might not have believed possible. In fact, said Felte, the KGB might now be expected to move against Busch and in doing so they might even go so far as to reveal their knowledge that Busch too was a war criminal. (This was the first time this information about Busch became known to the CIA.)  
~~BND Liaison Base!)~~

While making wise surmises about the KGB to his American colleagues, Felte set about frantically in the BND to cause the very contact with Busch which he had been predicting. Shortly after Panzinger's suicide Felte and Alfred met in Vienna, where, Felte admits, Alfred asked him how they

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could keep the operation going and extend it to Busch. Felte hit upon the effective and simple plan of having Panzinger's brother write to Panzinger's old KGB accommodation address saying he had found the name and address among Panzinger's effects and was informing them of Panzinger's death. The brother invited the addressee to write back either to him or to Panzinger's "closest friend during his last days", i.e. Busch. In this way Busch began corresponding directly with the KGB. A meeting was arranged to take place in Rome in August 1960 during the Olympic Games. An urgent OWVL message from Alfred admonished Felte to remember that he was responsible for the safety of the KGB officer, who was coming from Moscow for this meeting. The KGB officer, "Heinz", told Busch he had been sent from Moscow especially to recruit him, but Busch played the role of hard-to-get intelligence officer, challenged the KGB officer to provide bona fides and refused to accept recruitment by anyone but the "boss". They parted with an agreement to meet again in Geneva in early 1961.

(presumably he was acting on BND instructions)

Felte presented this turn of events to the BND as very remarkable and he immediately set about the creation of a deception unit on which Busch could report in the event of his recruitment. Some people found this a bit premature, but Felte kept moving and during the next few months gave the impression of great activity surrounding the Busch case while he collected all the necessary approvals for Busch to accept a KGB recruitment, to nominate a (real) candidate for KGB recruitment in the headquarters and for the release of deception material. He set Busch up in Heidelberg in an office consisting of Busch, one colleague and a secretary. His theory was that Busch would report freely on this office thus giving the KGB the impression that they had reached their goal of penetrating the BND. He reasoned that in this way the BND could keep the KGB busy while fending them off with deception and at the same time monitor the extent of KGB knowledge about the BND! The files show fairly universal feelings of incredulity at the time Felte propounded his plan.

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Unfortunately the incredulity did not extend to Felde's immediate supervisor, the BND CE chief. He was fairly well hoodwinked by Felde in this case, and in several others, to his intense embarrassment later. Each time the security section officers wanted to review the case, they found that the material was inaccessible; finally, in July 1961, one of them was able to get into Felde's safe and discovered to his amazement that, contrary to all impressions, absolutely nothing had happened in the Busch case since the meeting in Rome.

The KGB simply did not appear for the meeting with Busch in Geneva, and no word came from the case officer "Heinz", suggesting a new meeting. At the same time Felde knew from Alfred that there would be no meeting. Via Clemens, Alfred sent the message in early 1961 that Busch's KGB case officer was having difficulty in obtaining documents for a trip to Switzerland. The KGB "Heinz" was hard to push around, however. One surmizes that he was already quite suspicious of Busch and prepared to drop the case. He would have to be prodded from the West. In May 1961, Busch wrote him a letter saying he was sorry they had missed each other and that if "Heinz" was still interested he should set a new meeting date. Busch stipulated that the place should be anywhere but France, since he was blacklisted in that country. Slightly more than two months went by before "Heinz" replied offering to meet Busch - in Paris! Now Busch had to write another letter. (A tap on Felde's telephone, which was already operating by this time, reveals that Felde informed Clemens about this time that the BND would not give Busch permission to keep a KGB meeting in Paris. Since Clemens had absolutely no official reason to know this information, one assumes that he was supposed to pass it on to Alfred. The implication is that Felde had to keep Alfred informed about the KGB side of the case as well as about the BND side.) Another six weeks were used up in negotiation for a new meeting. Finally Busch and "Heinz" agreed to meet in Vienna on 11 September 1961. At a meeting in Berlin on 10 August, Felde's own KGB

*Was Heinz unwitting?  
Is this another instance of  
KGB of just handling deception  
op & not being cut in on to  
what was actually going on?*

*This doesn't follow.*

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handlers informed him privately of the new meeting plan. They urged Felfe not to let the BND counter-surveil Busch's meeting with "Heinz", since if "Heinz", "who doesn't know the real situation", were to spot the surveillance he would simply break contact. Nevertheless, the BND were insistent about the surveillance, various sections for various reasons. The CE section wanted to identify "Heinz"; Felfe wanted an excuse to get Clemens (now in the surveillance unit) a chance to meet with Alfred and to counter-surveil Felfe's own meetings with Alfred, and the Security Section and CIA wanted to surveil Felfe! To this it must be added that the KGB "Heinz" had his own countersurveillance; the only man we do not know about is Alfred - possibly he would have done well to have had some surveillance of his own - if he didn't.

When Busch arrived in Vienna, "Heinz" told him that he was the KGB "boss" for this operation; that he had come again especially<sup>to</sup> from Moscow and was prepared to offer Busch \$10,000 if he would work as a source on the BND. (The money would be paid later into a Swiss bank account, for which Busch should make his own arrangements.) Busch modestly replied that he doubted if he could be a very good source since he was not a headquarters case officer; had been in a debriefing unit (ignoring the previous fabrications about his work) for some years as a result of earlier difficulties, and actually knew no more about the BND than that which had been published in the East German and Soviet exposes of GV"L" at the time of the great flaps of the early 1950's. "Heinz" assured him (Felfe wrote in his report to the BND "swore to him") that incredible as it might seem the content of these old exposes was in fact the sum total of KGB knowledge about the BND and they were hungering for more. He said that Busch was a most important man for the Soviets and he gave Busch a list of requirements on the BND: true names and pseudonyms of case officers, identification of agents in the East; all information about the headquarters, about bus routes to the headquarters, BND license plate numbers; political

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and operational information about Berlin. In addition to these penetrating EEI, "Heinz" made several interesting political observations - much in the old LENA style; Felfe wrote them up as follows:

"It was said that the Soviets do not understand Adenauer; because he doubted the determination of their demands respecting Berlin, and was not ready sooner to negotiate, since now after the 13th of August Adenauer's negotiating position is appreciably less favorable than before.

"The Americans in Moscow were said to be of the same opinion. From them it became known to the Soviet intelligence service that they wanted to force the victory of Brandt in the Bundestag elections or in a general victory of the SPD. In this case the Soviets would then try to see that Brandt would not become so powerful as Adenauer.

"Khrushchev reportedly will stand on his word: a peace treaty with the 'DDR' can still be signed this year and Berlin become a free city. Otherwise, one can reckon with further difficulties in Berlin."

"Heinz" sent Busch home with an S/W system, some developer and a text to practice on, and the agreement to meet again in Vienna in April 1962. In the meantime Felfe prepared his report on the case, assessing it as follows:

"The continuing patience of the Soviets over the years and their careful procedure underline the repeated statements that everything had been stopped (referring to the hiatus between the Rome and Vienna meetings) for security reasons, since our agent was especially important to them. The S/W system given him and the money paid (500 DM) without receipt support this interpretation. The interest of the Soviets is undoubtedly in this case to penetrate headquarters or at least to develop the possibilities

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for doing so. For the future handling of this case it is decisive to determine if, and to what extent build-up material on the BND, especially about the headquarters, can be passed and if it would be possible to find an ostensibly witting source in the headquarters for our agent, whom our agent could describe in at least a few details." (1)

When Busch got home he tried out his new S/W: practice text was in Russian, which he couldn't read and the code consisted of several number groups for which he had no key. His first communication then to the KGB was a rather stinging complaint. As of early November 1961 when Felfe was arrested there was no reply to Busch; indeed none came until well after it was clear that Felfe's operation was at an end. In January 1962 a routine letter for Busch arrived asking why nothing had been heard from him. This was the end of the PANOPTIKUM case. Busch was interrogated by the BND just after Felfe's arrest, and the conclusion resulted that Busch had been operating honestly in respect to the BND.

- (1) Report dated 28 September 1961 by Friesen (Felfe) on the PANOPTIKUM case: "Bericht ueber Gegnertreff am 11.9.61 in Wien"., Attachment D to EGMA-56556, 23 October 1961.

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V. The End of Operation "Kurt"

For almost every year of Felfe's post-war existence an item of derogatory information was entered in the files of some Western agency. Unfortunately no one agency, much less the BND, had it all until shortly before his arrest. Both Clemens and Felfe have praised Soviet security practices as greatly superior to those of the BND, and their account of the KGB handling shows a continuing concern with operational security. The weakness of the Soviet operation cannot be laid so much at Alfred's door as at Felfe's and Clemens'. The weakness, of course, was built in: the clannishness and susceptibility of the ex-SD officers which drew them to KGB attention in the first place also bore the seeds of an eventual breakdown. Felfe and Clemens refused the discipline of maintaining contact via an Illegal, insisted on keeping up their lateral communications and their trips East to meet the KGB officers after 1958. One can at least understand what psychology might have motivated the two agents in their refusal of the impersonal and mechanical communications system. Technically their stubbornness was disastrous, and as time passed their operational practices became more and more lax. What saved them for so long was the fact - over which they had little or no control - that no thorough investigation was ever made of either Felfe or Clemens by any one agency. The BND, hamstrung between the requirements of "respectability" and the need for experienced personnel, did not (at the time Felfe and Clemens were recruited) perform background checks on new employees and did not routinely trace them with other agencies. Instead it tried to rely on rigid internal compartmentation as its primary security technique.

As early as April 1950, British files ~~on Felfe~~ contained sufficient derogatory information on Felfe to make anyone wary at the very least. Aside from such general and common post-war sins as the falsification of Fragebogen, "insecure" talk and information peddling to several agencies at once, the British

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file contained: (a) Felfe's report on Gerda Clemens' attempt to recruit her husband for the MGB Dresden; indication that Clemens might have accepted recruitment and Felfe's offer of Clemens to the British as a double agent; (b) Felfe's admission that he had sent a report on the LfV "I-Stelle" Nordrhein-Westfalen to a contact in the SED in East Berlin; (c) a report that Felfe had attempted to peddle to at least two West German news agencies the charter of the proposed BfV which was about to be presented to the Ministry of Finance for approval. The history of Felfe's possibly dangerous contacts with Max Wessel and Helmut Proebsting were also recorded in some detail, as well as indications of untrustworthiness, possible theft and general "varnishing of the truth". Some of this information was made available in general terms to the BND in January 1958 when the BND requested traces on Felfe in the course of their 1956-57 investigation of him.

CIC had a certain amount of derogatory information on Felfe by the fall of 1954, mostly from Ludwig Albert, who had become aware of the existence of black marks against Felfe in the BfV and the Bundeskriminalamt through his own early CI work. CIC also had the report of Max Wessel's alleged two approaches to Felfe.

By 1956 CIA had what CIC had, although in condensed form without source description. It also had Deryabin's information in early 1954 which indicated the existence of two MVD agents in the Gehlen Organization with the cover names Peter and Paul (Clemens' and Felfe's cover names at the time), but unfortunately Deryabin was unable to provide enough details to identify the agents. After 1957 when CIA officers began to work more closely with Felfe the file of suspicious, or at least puzzling, items about him grew.

The BND had as of 1953 Ludwig Albert's denunciations of Felfe, but these went unheeded. Albert himself made a practice of denouncing many of his colleagues who transferred from the GV"L" to the

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*add something like:  
"Monnichelau,  
the fact of  
penetration revealed  
by Deryabin's wife  
could + should have  
opened an investigation  
which ~~was~~ uncovered  
have uncovered  
the derogatory info  
on Felfe + led to a  
much earlier apprehension.  
It did not."*

*Also add details of  
Deryabin's lead  
to "P + P"*

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headquarters CE units and furthermore was not entirely above suspicion himself. The first concerted investigation of Felfe of which we have record was begun by the BND in 1956 on the official grounds of "Suspected SD and Eastern Connections". When the BND traced the British in the course of this investigation they received a memo on 21 January 1958 generally outlining Felfe's insecure and deceptive practices as a British agent and specifically pointing out suspicious contact with Helmut Proebsting and "the RIS attempt to recruit Clemens". The memo did not contain an account of Felfe having offered Clemens to them as a double agent. In addition the British pointed out that as late as August 1957 Felfe had attempted to establish an unofficial connection to a British intelligence officer in Duesseldorf. None of this seems to have stirred the BND particularly. Felfe was "called on the carpet" and asked to explain his SD connections (a rather pro forma reprimand we suspect) and Felfe (equally pro forma) denied them, and here the "investigation" seems to have petered out.

In the meantime, during 1956 or 1957, the CIA security liaison officer to the BND had been making a review of the horrendous GV"L" flaps of the early 1950's. He reasoned quite simply and accurately that if the KGB had deliberately sacrificed a number of agents in the GV"L" bases, they did not do so without leaving some penetrations in place to report on the subsequent CE/CI organization of the BND. To find the remaining penetrations one should look primarily in the headquarters CE section and in the Frankfurt-Cologne field base, which had absorbed a number of the old GV"L" officers after the dissolution of that base. In a memo dated in early 1957 this officer suggested several candidates for investigation among whom were Felfe, Reile, Clemens and Schuetz. His conclusions were given to the BND security section where they were added to the general suspicions of Felfe and his coterie, but again, unfortunately, did not succeed in sparking any sort of investigative action which might have tested out the logical analysis.

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The security situation continued to fester quietly in this way until early 1959, when finally the emergence of a high-level "inside" source (BEVISION) shot us into action. In March 1959 we received a report from him that the KGB had had two agents in the BND group which visited the U.S. in September 1956. The KGB also had an agent, BEVISION reported, who was in position to obtain information on a joint American-BND office running operations against the Soviet Embassy in Bonn and against the Soviets travelling in the West. The KGB had guidance papers used by this office and prepared by the Americans in 1956. The original source of this information was at the highest level of the KGB, the chief of the internal counter-intelligence department who had addressed the assembled satellite intelligence chiefs in 1958. On the basis of this information and of several other leads from BEVISION, all of which had a definite ring of truth, CIA began a quiet, closer investigation of suspect KGB agents in the BND. (The BND was not immediately informed because of the extreme sensitivity of the source.) From the list of participants in the BND group visiting the U.S. in September 1956 Felfe and Reile emerged as the two most likely suspects. As to Felfe, the first step was to pull together file information on him and on the stranger of his operational activities - the LENA case and PANOPTIKUM - and to try to restrict, if possible, his access to the most sensitive information - at least to monitor him to some extent.

By early 1961 the circumstantial evidence against Felfe, the positive evaluation of BEVISION's information in general and the fact that BEVISION had ~~arrived~~ safely <sup>defected to</sup> in the West, brought CIA to the point where it felt it must inform the BND. When General Gehlen was told in February 1961 of the specific report about two KGB agents in the group which visited the U.S. in 1956, he immediately nominated Felfe as his own major suspect! He set up a small special task force to investigate BEVISION's leads in the BND. Now, with the impetus of information from "the horse's mouth" the new investigation picked

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up rapidly where it had left off six years previously. A tap was placed on Felfe's telephone in mid-March 1961 and from this point on the KGB's operation "Kurt" unraveled rapidly. The first lead came from a remark of Clemens who complained to Felfe about the high cost of his phone calls to Felfe: if these had been official calls there would have been no need to complain. The BND then began to look at Clemens more closely and discovered that he was in correspondence with his daughter in Dresden via a third person (Tiebel) even though he went to great pains to give the public impression that he had no connection with his East German family. The BND security team also discovered that Felfe had been falsifying his expense accounting: they noticed his relatively high standard of living, including a weekend house built, suspiciously it seemed, right on the Austrian border. In the summer of 1961 Felfe began dropping remarks about having received a large bequest from a recently deceased aunt in the U.S. CIA checked and found the aunt very much alive and that there was no record of her having made any foreign money transaction. Indeed, a few weeks later she applied for a passport to make a trip to Germany to visit Felfe and Felfe began mentioning a loan instead of a bequest.

During the course of the spring and summer of 1961 telephone coverage on both Felfe and Clemens revealed that they were definitely in clandestine operational contact with each other on business matters which could not be identified with official Gehlen operations. They spoke quite openly - very "insecurely" - about Gehlen affairs on the telephone, but double talked certain other matters. It was also evident that they were corresponding with each other on operational matters of some kind although they had no official BND reason to do so. Mail coverage was placed on Felfe. By piecing together various scraps and shavings from the taps and from close observation of Felfe, the BND security officer was able to establish a significant pattern of action on Felfe's part. It became clear that Felfe was always extra curious and aggressive just after his bi-monthly trips to Cologne. (The investigator drew up an impressive analysis showing how Felfe pushed for information on a subject not normally of direct concern to him - namely the whereabouts of an engine

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recovered by the BND from wreckage of a Czech owned IL-18 which had crashed in Bavaria - at a time when normal interest in the air crash had died down, but just after one of Felfe's trips to Cologne. Felfe later admitted that the whereabouts of the IL-18 engine had been an urgent EEI from Alfred.) The investigators reached the conclusion that Felfe was receiving his EEI in Cologne via Clemens, who served as a communications link to the East. In August three very damning telephone intercepts revealed that Clemens had been "called" and asked to find out from Felfe what had happened in the Pripoltsev affair. Felfe told Clemens that he had written something about it the previous day, which would be "over there" the following day. By early October it was clear to monitors that Clemens was receiving OWVL, and they were able to establish his frequencies and schedules (every Saturday at noon, alternate repeat on Mondays at 1700 hours). Several messages were subsequently broken when Clemens relinquished his OTPs.

In addition to this form of observation, Felfe's more extraordinary operational behavior was being scrutinized as never before. In the LENA case a full scale security review was ordered - the reviewer unaware of the pressing reasons for it, however. Within two months after this order was given the slippery principal of the LENA case, Hofe, announced that the Soviets had lost interest in him and turned him over to the MfS. In Felfe's safe evidence was found that he had falsified official Registry records on the LENA case. In the PANOPTIKUM case both CIA and BND investigators watched nervously as Felfe and Clemens prepared to accompany Busch to the 9 September 1961 meeting with the KGB in Vienna. A successfully discreet surveillance of Felfe in Vienna by CIA revealed that he took extreme evasive tactics when leaving his hotel at a time when no activity was scheduled for Busch (e.g. to go to his own meeting with Alfred).

By the end of October 1961 the evidence from telephone intercepts was convincing enough to prompt the BND to seek the opinion of the Attorney General's

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office as to the chances for taking executive action against Felte. On 19 October the State Attorney advised that none of the tapping evidence was juridically useful so far, but he advised to continue the investigation. On the 28th of October a series of very provocative telephone calls were recorded between Clemens and Felte. From these calls it emerged that Clemens was having difficulty deciphering a "call from Alfred". Clemens said, "They must have called when I wasn't here", since "several pages seem to have been skipped". When Clemens was at last able to read Alfred's message, he reported to Felte that Alfred wanted Felte's advice for the continued direction of a press campaign currently being directed against the BND regarding the murder of the Ukrainian emigre leader, Stefan Bandera. (The cases of Stefan Liebholz and Bogdan Stashinskiy.) The KGB had already learned from Felte about planned American and German publicity on this case, and on the basis of Felte's information and with his guidance were preparing to steal the show with counter publicity of their own. Alfred also wanted Felte's opinion about the further handling of Fritz Busch's operation. Most important for the investigators, however, was Felte's news for Clemens that he had just made arrangements for Clemens to accompany Busch to Berlin in mid-November as a counter-surveillant for a meeting Busch was to have with a double agent. Clemens could, therefore, have an opportunity to see Alfred again. Felte remarked that the double agent didn't know yet that there was to be a meeting, but that Felte was about to write (to Alfred) to arrange a meeting on the 13th or 14th of November. At last it looked as though there would be an opportunity to catch one or the other of the agents with incriminating evidence on him. Furthermore, it seemed certain that Felte's request to the KGB to make a specific meeting arrangement, would produce a response from the KGB in the next scheduled OWVL broadcast. This was to be on Saturday noon, 4 November, or alternately on Monday afternoon at 1700 hours, 6 November. Furthermore it was likely that Clemens would be telephoning to Felte immediately after the receipt of the OWVL message to report its contents. Perhaps at this point the much needed evidence would appear.

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All assumptions were accurate. The expected OWVL message was picked up on Saturday noon. During the afternoon Clemens made three telephone calls to Felte the gist of which was that Alfred's message contained more about the press conference, nothing as yet about the new meeting in Berlin, in fact "nothing special", consequently Clemens would just send it along to Felte by registered mail. Thus the weakest joint in the KGB's communications channel was presented to us. The opportunity was ideal. The following day, Sunday, saw hurried legal conferences between the BND security chief and the Federal Attorney's office and between CIA and the chief of the intercept service. The coordination and planning among these offices for Felte's arrest was superb - not a simple matter since Felte's own "special connections" had to be circumvented without arousing ire or suspicion.

At 1030 on Monday morning, 6 November, Clemens' registered letter to Felte was officially handed to the BND and the Federal Attorney. By 1130 the appropriate police officers with BND escort were assembled at the BND headquarters building in Pullach; Felte had been summoned to the office of a senior BND official on an unalarming pretext; the compound gates were locked, the telephone lines cut; all principles were armed and the BND doctor was standing by for any emergency. A few minutes later the arresting officers entered the office in which Felte was conferring and served their warrant. Felte's first reaction was to grab for his wallet and attempt to destroy a scrap of paper which was in it. There was a small scuffle; the officers retrieved the paper, subdued Felte. By an enormous stroke of luck the captured notes turned out to be Alfred's typewritten EEI which Felte had received in Vienna in September. Felte refused for several days to make any admissions. Clemens, whose arrest had been carried out in Cologne about eight minutes after Felte's, began talking immediately and led his arrestors to the place where he had hidden his OTPs. Erwin Tiebel was arrested the following day in his home town. Thus ended nearly ten years to the day Felte's career as a Gehlen Organization officer. Agent Kurt had at least been rendered inoperative; but, unfortunately, this was not the end of the story of BND penetration. At 1700 hours on Monday, some five and a half hours

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after the arrests and while knowledge of them was still very much restricted, the OWVL message of 4 November should normally have been repeated by the KGB. It was not.

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V. (a) Aftermath

By 8 December 1961 news of the arrests was generally known throughout the West German government. By 12 December it was in the newspapers. The trials took place after lengthy (and from the counterintelligence officer's point of view, unsatisfactory) interrogations in July 1963. Felfe received a sentence of 14 years in prison; Clemens nine years in prison and Tiebel two years at hard labor. Through his mother in Dresden Felfe managed to reestablish contact with the KGB and ~~has~~ <sup>even</sup> continued to correspond with them from his prison cell. (Ever resourceful, Felfe first prepared an S/W system from the alum in his shaving kit - later he undoubtedly received a better system. From time to time he has "recruited" criminals about to be released to smuggle his letters out for him. Some of his letters have been intercepted, but not all, and it is apparent that Felfe has asked the KGB to send him, suitably concealed in laundry, reading matter, chess set, etc., various paraphernalia for escape and for clandestine communications. He has also obviously been giving the KGB a fairly comprehensive and self-exonerating damage report - blaming as much as possible on Clemens.) As of the last reporting, Felfe remains confident that he will eventually be pardoned, exchanged or will manage to escape.

*shouldn't  
past tense  
be used here?*

In Felfe's two major deception operations, LENA and PANOPTIKUM, the KGB endeavored to act as naturally as possible. Fritz Busch received a routine message in early 1962 asking why he hadn't corresponded lately with the KGB. Hofe of the LENA case went to elaborate lengths to misconstrue or simply to ignore the danger signals which the BND kept sending him and insisted on sending "political intelligence" back to his West German case officers. The KGB even went so far as to let him come to ~~West~~ <sup>East</sup> Germany on one of his regular business trips, at which ~~he~~ <sup>time</sup> he was arrested and interrogated on charges of espionage. He refused to admit KGB control; however, there were enough inconsistencies in his story to bolster the earlier analysis that he had been KGB directed from the beginning. After a brief period in prison, Hofe was returned to East Germany in a prisoner exchange agreement.

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The manner in which the East Germans conducted these negotiations was evidence in itself that Hofe was regarded by the East as a person of special importance, whose return was urgently desired.

The von Bonin case was recently "burned" by the KGB in an ~~apparent~~ <sup>use</sup> effort to salvage it for propaganda purposes. In a January 1966 interview with the Moscow correspondent of Der Spiegel, on the subject of The Penkovskiy Papers, a self-styled "retired Colonel of Soviet Intelligence" described the von Bonin case as an attempt on the part of General Gehlen to establish a connection with the KGB in order to explore possibilities for an East-West rapprochement. These efforts failed, said the Colonel, because of Gehlen's unwillingness to halt espionage activity against East Germany. He also said that von Bonin had offered to put the Soviets in touch with political representatives of West German splinter parties of the Socialist Party to discuss neutralism and reunification, but the Soviets claimed to have found von Bonin an unsuitable mediator. (Der Spiegel, No. 3, 10 January 1966.)

*The propaganda objectives & circumstances of this reporting could be explained more clearly. SB/C/P has file.*

In 1960 an officer from the KGB Rezidentura in East Germany returned home to the USSR. At KGB headquarters in Moscow he told a colleague that double agent operations had become very much in favor in Germany in recent years because they gave great scope for influence. He said that there was really nothing much that the Western intelligence services couldn't find out about the East German services. Consequently, the KGB disposed of a vast amount of expendable build-up or throw-away material from East Germany which could be used in support of its double agent operations. (1)

*This is new topic, introduced too abruptly without explaining its pertinence to the "aftermath" which is heading of this section.*

While it is clear in myriad ways that Felfe was not - is not - the only KGB agent of his level in the West German intelligence and security services,

(1) AELADLE. Interview with BND, January 1963.

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it is probably safe to say that his work as a Soviet agent contributed heavily to the development of KGB CE theory. One can see it take shape in the increasing elaboration of the deception cases, the piggy-back operations, which dot Felfe's career, from the relatively simple "Balthasar" to the absurdly convoluted "Panoptikum". If any single major point needs to be stressed in conclusion it is that a penetration of a CE office - the recruitment of an officer responsible for double agents - can be a useful tool for any type of operation against any type of target, to collect or disseminate. To this end, the KGB is demonstrably willing to support a good agent to the hilt and in the process deception plays an inextricable role. But, such excellent support, such tenacity and singlemindedness as we can see in Operation Kurt are impossible without:

(1) A large working capital of agents at various levels, for the direct operational support or protection of the source, and more importantly as throw-aways for deceptions and diversions designed to protect the source or to further his operations;

and

(2) The ability to give away information on a great variety of subjects. This includes information on Soviet targets of interest to the West, information on Soviet and Satellite intelligence operations, personnel and equipment deliberately given to the West to further the source's operation. It also includes information which the Western enemy gathers through its own operations which the KGB cannot terminate without endangering its source.

As corollaries to these conditions we see that the KGB is willing to mount whole operations if necessary in order to maneuver a source or to protect him and that for any given step of deception, careful attention is paid to providing the Western agencies with apparent

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cross-checks and confirmations. The same is true in the KGB defensive tactics, where we can point out numerous cases of a creative use made out of a known Western penetration. This is particularly true of Western audio penetrations and of certain double agent operations which are used to feed back items of deception or otherwise to divert us from our course.

It is obvious that Operation Kurt would never have survived as long as it did without many helping hands, in the BND and in other German agencies as well. What really saved it was that in the West it took investigators so long to put reason to the test; that it took the fortuitous appearance of a defector, or source-in-place, to start the investigation which the extraordinarily accurate security analysis of 1957 had indicated <sup>was urgently necessary</sup> when the detective work did begin it was a brilliant and tightly handled operation.

*nothing or  
unwitting?*

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Annex Comment 1:Helmut Proebsting (201-311447)

SS Hauptsturmfuehrer in the Dresden SD prior to World War II, ran CE operations in Holland (BdS Niederlaende) during the war where he knew Felfe. Proebsting and Felfe were interned together in Blauw Kappel near Utrecht. Proebsting reported to Blauw Kappel camp authorities in 1946 that he and Felfe had been approached with the suggestion to work for the Soviets by one of the Dutch interrogators, Max Wessel. Both Felfe and Wessel later denied this, and Proebsting when questioned about Wessel several years later did not mention the approach. Proebsting escaped from Blauw Kappel in November 1947 and with the aid of Dutch friends (presumably former sources of his during the occupation) he assumed the identity of one Dirk Kruiff and managed to live illegally in Holland until his rearrest in February 1949. During this period, November 1947 to February 1949, Proebsting worked for the CVD as an informant, using, among others, Felfe as a sub-source. Felfe through his work for the British was able to provide Proebsting and the CVD with information on East Germany. Proebsting's contact in the CVD was said - according to British records - to have been one (fnu) Lagas. Traces on this name suggest that it might be one D. Lagas - SYMPATHIZER 45, who has appeared in our records once in connection with work on the Russian Orthodox Church and once as a security interrogator.

While in touch with Lagas, Proebsting was also very much involved during 1948 with a Professor Coops, described as an old friend, who was organizing an anti-communist underground group to penetrate the CPN, spread Titoist and anti-Moscow propaganda and thereby divide and disrupt the party. Proebsting took an active part in this deviation work and obtained through Felfe a considerable amount of anti-Soviet propaganda material on East Germany, primarily East Zone newspapers. The British gave us in 1962 copies of Proebsting's correspondence with Felfe during this period which contains many names, identification of

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targets and tasks to be carried out in connection with Coops' organization. Coops is possibly identical with a well known professor of chemistry named Jan Coops (201-182724) who has occasionally been of interest to us and to SYNCHRONIZER. In addition to Lagas and Coops, Proebsting was also unofficially in contact with a Utrecht police official, (fnu) Decker, who was also working on the CPN.

Proebsting remained in Dutch detention from February 1949 until 12 June 1950, when he was sent back to Germany. In December 1950 he was interviewed by British Military intelligence officers in Krefeld, to whom Proebsting gave information on his work for the Dutch, his acquaintance with Felfe and Wessel, but omitted the episode of Wessel's suggestion to work for the Soviets. The British memo of this interview concludes with the notation that Proebsting would probably be willing to accept any assignment from the British.

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Annex Comment 2:Max Wessel

Part Dutch, part Indonesian, born in the Netherlands East Indies in 1921; employed as interrogator at Blauw Kappel interrogation center for German intelligence personnel from March 1945 to September 1946, when he was fired by the Dutch, presumably on security grounds. Proebsting reported Wessel's veiled recruitment attempt shortly before this, but Wessel had already been the subject of a variety of unconfirmed accusations that he was a communist courier. Although no longer officially employed by the Dutch, Wessel continued to represent himself as a Dutch intelligence officer. In October 1948 he approached CIC-Wiesbaden claiming to be a Dutch IS officer interested in gathering information on former Nazi and Nazi "underground organizations" in Germany and wishing to "exchange information" with CIC. (Interestingly enough, in one of his first letters to Felde in connection with Coops' intelligence organization, Proebsting asked this same question about Nazi underground organizations. This may be pure coincidence, but it is worth noting that this was a typical avenue of approach for MGB spotters during these years.) When CIC discovered that Wessel was not an officially accredited Dutch intelligence officer, they interrogated him. In the course of the interrogation Wessel denied having tried to recruit Proebsting or Felde, but admitted that he had seen Felde a few days previously on the street in Bonn and that they had discussed old times. The British files go a little further on this point and state that Wessel tried to recruit Felde again at this meeting allegedly for a Dutch intelligence officer named Horstmann.

When questioned on these contacts - Proebsting and Wessel - after his arrest in 1961 Felde made significant efforts to avoid any comment.

For references please see, in addition to the relevant 201 files, Volume XIV of UJDROWSY Ops Chrono, British records sent under EGMA-58737, 10 May 1962.

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Annex Comment 3:Recruitment

There is a great deal in Clemens' and Felfe's own admissions about their early post-war years which suggests that Felfe might have been recruited by the MGB in East Germany sometime in the '40's rather than the '50's. Interestingly enough when BEVISION read Felfe's testimony he came immediately to this conclusion also. He said he thought Felfe had probably been recruited while working for the British and traveling to the East. Our best guess is that this would have been in 1948 when he was allegedly arrested by the VoPo and released by a benefactor in the Education Ministry. BEVISION surmised that it was probably Felfe who spotted Clemens to the MGB, which then assigned the "recruitment" of Felfe to Clemens as a test. Clemens was probably never the wiser. BEVISION stated that he thought the Soviets did not employ this technique of "concealed recruitment" (the writer's terminology) too often, but claimed to have seen it often enough to be completely familiar with the method. Certainly Clemens' account of his recruitment of Felfe makes Felfe seem as though he had been waiting for it with open arms.

To add to these speculations of BEVISION - and, indeed, several other observers - are certain curious parallels in an important deception case, the LENA case (see discussion in main text). LENA was a double agent ostensibly controlled by the BND, actually by the KGB. He was set up by the KGB primarily to provide Felfe with cover and mobility for carrying out KGB tasks within the Gehlen Organization. In very many respects this case was a sort of overt shadow play of Felfe's secret Soviet career. Many of the techniques and maneuvers used by the KGB with Felfe seem to have been tried out at some time or another with LENA. For this reason an example of the concealed recruitment method which appears fairly early in the LENA case is worth noting. LENA reported

*This speculation is interesting but not essential, and if above para is put into main text, this para could be deleted.*

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to the BND in early 1954 that he had spotted a close business colleague of his for the KGB. He said that the KGB case officer told him he would recruit LENA's colleague and then instructed him to recruit LENA in turn as a subsource. LENA should pretend to accept the approach without admitting that he already was a Soviet agent and responsible for the other man's recruitment in the first place. In this way the KGB would have an excellent double check on the new agent and LENA himself would enjoy a slightly greater degree of security since he and the other man were very close professional colleagues. (Readers familiar with the LENA case will recognize here an episode involving Dr. Scuria of the Verlag der Nation.)

More than just parallel ✓ are Felfe's and LENA's experiences with a KGB spotting mechanism in the East German Ministry of Education. When Felfe (as a British agent posing as a communist student) attended a KPD function in East Berlin in August 1948, he received an invitation from an official concerned with student affairs named Herbert Theuerkauf to stay on and attend a two-week interzonal KPD course at the University of Jena. It was at some point during this visit that Felfe says he was arrested by the VoPo and later rescued by Theuerkauf. Theuerkauf's chief in the Ministry of Education was one Rudolf Boehm, who during the early 1950's became notorious in the intelligence community in Germany as an RIS spotter and possible principal agent. He was even thus black-listed in a Gehlen Organization handbook of Soviet agents. He later became LENA's chief in the East German Office for Literature and Publishing (Literatur und Verlagswesen), and when LENA became a KGB-Gehlen double agent in early 1954, he reported that it was Boehm who had put him in touch with the KGB.

*Unless this can be made more pertinent to the main story, suggest it be deleted.*

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Annex Comment 4:Wilhelm Krichbaum (201-24823)

Schuetzpolizei member Dresden, 1933; Geheimefeldpolizei, Abwehr/II, RSHA/I and IV during World War II. Served as a witness at Nuremberg for twenty months in 1947-48, entered the Gehlen Organization in February 1950 as chief instructor of special training for CI officers, later head of field unit, BV/Sued of GV"L", July 1951. Became chief of BV/Bayern of GV"L" in February 1952; relieved in April for incompetence as result of Ponger-Verber case and assigned to innocuous CI jobs. Died in 1957.

*sample 2* → Krichbaum had some sort of contact to MGB/Dresden in 1946 according to BND security investigators. He was not suspected of Soviet agent activity by the BND until 1961, however, when AELADLE provided a description of a KGB agent whose background paralleled that of Krichbaum. Krichbaum was investigated by the BND in 1953 as a result of the revelation that Kurt Ponger had been using him to collect information on the Gehlen Organization for the Soviets. Kurt Ponger and Krichbaum had been acquainted since Nuremberg days and during 1952 Ponger had been using Krichbaum as a source. The goal of Ponger's operation was apparently to place in the Gehlen Organization someone (Willi Hoettl) whom the MGB hoped would be able to rise to a controlling position within it. Ponger hoped that Krichbaum could help in hiring Hoettl for the Gehlen Organization, although Krichbaum had no success as of the time of Ponger's arrest. Ponger said he had suspected Krichbaum of being a Soviet agent; Krichbaum said he had not suspected Ponger, however. The result was the conclusion that Krichbaum had been an innocent incompetent who had been used unwittingly by Ponger. It is interesting to note that in the Gehlen Organization's report to CIA concerning Krichbaum during the Ponger-Verber investigations, there is the statement that Krichbaum had not recruited anyone for the Gehlen Organization. (Reference: PULL-5344, 2 April 1953.)

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Annex Comment 5:Oscar Reile (201-10590)

Along with Felfe, Reile has appeared as a prime suspect for KGB penetration described by both BE-VISION and AELADLE. He was the subject of a covert investigation by the BND but unfortunately no information was produced by it which qualified legally as evidence of treason. (Under German law this practically means that the suspect has to be caught in flagrante.) However, the BND and CIA officers who were concerned with Reile's case are personally persuaded by the circumstantial evidence available that Reile is a long-standing KGB agent. Reile was retired from the BND in August 1963, but still remains very much a target of CIA/CE interest.

Reile was born in West Prussia in 1896. After service in the Reichswehr in World War I and internment in a British POW camp, he entered the Danzig Police force. In 1934 he joined the Abwehr, posted first to Kassel, then Trier. During World War II he was Commander of Abwehr in Paris (Leitstelle III West fuer Frontaufklaerung) from which base he ran CE operations against the Allies in France, Spain and North Africa. A notation by Reile on one of his personal history records states that he traveled to the USSR "as a soldier" sometime between 1939-44. Reile became a British POW for a second time in 1945; was released to the French in 1948. Reportedly, he obtained his release from the French by agreeing to work for the French intelligence service in 1949. He has maintained various explained and unexplained contacts with the French until the present day - some of them probably "vest-pocket" operations of General Gehlen. In 1949 Reile was hired by GV"L" for which he worked first in Trier, then in Bad Mergentheim and for a while in Berlin on foreign counterespionage operations. He was Felfe's first Gehlen Organization supervisor. Reile's Gehlen Organization pseudonym was Otto Rischke.

In the summer of 1952 Reile transferred from ~~the field CE/CI~~ base to the headquarters CE ~~section~~   
 GV"L" Group

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of the Gehlen Organization,, and there was responsible for helping Felfe along in his career. Of particular interest at this time would be the revelation of the true facts surrounding the transfer of the LENA case from the French to the BND and within the BND to Felfe. Several BND and CIA analysts feel strongly, although proof is lacking, that the various administrative and bureaucratic maneuverings of this very important deception operation were deliberately controlled by the Soviets, possibly with Reile's help. Reile remained in the CE section working on Soviet cases until about 1956, when he transferred to work on Arab, especially Egyptian targets. He also appears to have been involved in an operation to contact the OAS.

In 1956 Reile traveled, with Felfe and six other BND officers, to the United States in a CE orientation group. When BEVISION's lead that the KGB had two agents in this group was analyzed, Reile and Felfe were considered to be the most likely candidates. Also to be measured against BEVISION's information about Soviet agents who were candidates for leading positions in various West German security services, is the fact that Reile did indeed consider himself at one time as a possible successor to Gehlen (this was more a reflection of Reile's vanity apparently than of the true state of affairs). In early 1950 Reile had been more actively considered for the post of deputy chief of the BfV. His name was actually proposed, but one report states that it was vetoed by the French; another states that Reile refused to take the job because of his antipathy for Otto John (Chief, BfV), who had interrogated him while he was a British POW! In any case, Reile considered himself to be of some importance and assumed that he was to a certain extent a protege of Adenauer, for whose son Reile had done some favor during the war.

From AELADLE we have various other leads which seem to fit Reile. AELADLE believes he saw a file on Reile in the KGB in the summer of 1951. This was among a group of files from which AELADLE remembers

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that one of the Soviet agents was a former RSHA officer in France who had operated in Spain and North Africa. This topic was developed by BND interviewers and AELADLE during talks in January 1963.

Finally, a much more conjectural lead, but one of potentially great importance, is the possibility that Reile's Danzig Kripe history may tie him into one of the operations (Loellgen) which BEVISION has described under the code name "Hacke".

*Should describe what happened to Reile after the Felfe arrest. Wasn't he investigated, & then perished off?*

*Just then why does the author seem so certain of own version (which is much too much on Felfe's own version, admittedly not reliable since author says he has not tried all or changed allegations -*

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Annex Comment 6:Friedrich Wilhelm Heinz (201-66844)

Heinz' story - or what we know of it - illustrates the Soviet program to unseat and replace General Gehlen in the early and mid-1950's. While their agent material, Heinz, was extremely shrewd, intelligent and capable, he was at the same time too ambitious and unscrupulous for anyone to work with. His own natural talent for making enemies eventually rendered him useless to the Soviets as a serious candidate for high-level office in West Germany, but the KGB did try to salvage their connection with him for the purpose of creating a scandal.

Heinz was born in Frankfurt/Main in 1899. As a young man he had been a member of the "Stahlhelm" and of the "Freikorps" and at various times had written articles which ranged from the extremely nationalist-militarist to "bolshevistic". He entered the Gestapo in the 1930's; became a member of the Abwehr under Admiral Canaris in 1930. Sometime in 1934 he made the acquaintance of a Soviet cultural attache in Berlin named Alexander Hirschfeld whom he continued to visit regularly at the Soviet Embassy until the outbreak of hostilities between Germany and the USSR. This contact was documented in NKVD headquarters files under the cryptonym "Khlyust". Hirschfeld was apparently co-opted at some point, *or Heinz?* but whether the association amounted to a formal recruitment or was merely a developmental operation is not clear. In any case the contact was lost until the early 1950's. Because of his early leftist sympathies Heinz was obviously always documented with the Soviets as a potential friend and aid. In July 1944 Heinz was arrested - held briefly and released - in connection with the plot against Hitler. After his release from arrest and dismissal from his job he went into hiding in the home of an old "Stahlhelm" acquaintance. At the end of the war he remained in East Berlin and was given the job of mayor of a small town near Potsdam - in itself an indication of some measure of Soviet trust. In May 1946 Heinz and his family fled

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to West Berlin claiming that they were in danger because Heinz refused to join the SED and because the Soviets had "found out" that he was a former Abwehr officer. In Berlin he went to work for various Western intelligence agencies: from some-time in 1947 to July 1948 he ran an O/B collection chain for the CIA predecessor's Berlin Base. He was dropped when it was discovered that he was sharing the information collected with the French, for whom he then went to run a more expanded collection operation. It was suspected that he also had some contact with MI-6 and also with the Dutch.

*who is he?*

In 1949 Heinz moved to West Germany where he immediately set about reviving his old political contacts. He quickly entered the good graces of Ritter von Lex whom he served for a while as unofficial intelligence-security advisor on plans for the BFV, but the British and the French rejected him as of "questionable character". Nevertheless, he continued to work ex officio for von Lex and became, in addition, a secret agent under the direction of the LfV Nordrhein-Westfalen (at about the same time Felde was attempting to do the same thing without British knowledge). During the same period, late 1949-1950, Heinz attached himself to General Schwerin, then Adenauer's unofficial military adviser. For Schwerin, Heinz worked out the liaison system between the German security agencies and the HICOG Intelligence Section. After General Schwerin's dismissal in late fall 1950, Heinz was provisionally appointed as operations chief for the Intelligence Section of the embryonic German Defense Ministry (Blankamt). In December 1950 this appointment became official. The Chief of the Defense Intelligence Section at this time was Achim Oster (who at the same time was reportedly one of Heinrich Schmitz' sources for Operation CAMPUS). During the next two years Heinz was in the vanguard of Blankamt-Gehlen Organization rivalry. It culminated in July 1952 in the preparation by the Gehlen Organization of a 22-page document for the Press and Propaganda Chief of the SPD which included the accusation that Heinz was a Soviet agent. The

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politiking and backbiting had become so bad between the two organizations that in October 1953 Heinz was suspended from his job and asked to resign formally as of the 31st of March 1954. This was supposed to clear the air between the two agencies. In the meantime Heinz was also facing trial on charges of perjury.

To what extent the MVD actually thought during 1951 and 1953 that Heinz had any chance of assuming a leading position in the Gehlen Organization we do not know. It was fairly widely rumored in Germany that Heinz was a candidate for the job, and it is interesting that the Soviets should mount two operations involving him just at the point when he was being dismissed from the Blankamt. Petr Deryabin reported to us in early 1954 that as of September 1953 Heinz was not, to his knowledge, a recruited agent of the MVD, but he was a target. The old "Khlyast" file had been pulled out of the archives and had been circulating in the German section during the first part of 1953 to see what could be done with it. The confessions of Alfred Friedrich, who was arrested at the end of October 1953 after an unsuccessful attempt to recruit Heinz, illustrate, at least in part, to what use the former Hirschfeld contact was put. Friedrich himself is also another illustration of the usefulness of the thoroughly blown and thoroughly low-level agent. He had performed various low-level tasks for the MGB/MVD since his recruitment in 1949, but between February 1952 and February 1953 he had been left alone. In February 1953 Friedrich was recontacted and given the assignment to approach Heinz and to remind him of his former acquaintance with Alexander Hirschfeld. (Friedrich was to give Heinz a cigarette case which Heinz had once presented to Hirschfeld.) Friedrich was then to tell Heinz that the Soviets had information that the Gehlen Organization was in possession of evidence that Heinz had committed perjury (in connection with a criminal procedure in which Heinz had been involved) and that the Gehlen Organization intended to prove that Heinz had maintained a connection with the Soviets. Friedrich should invite Heinz to come to the East where he would be welcomed by the Russians.

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Nothing came of this first contact. But, after Heinz' suspension from duty on 1 October, Friedrich was sent back to him. On 29 October Friedrich visited Heinz and informed him that if he would remain in the West and work for the Soviets, that the Soviets in turn would see to it that he would be maneuvered into the position of Chief of the Gehlen Organization. The Soviets, Friedrich was told, were at that time arresting many Gehlen agents and were endeavoring to have the Gehlen Organization so discredited that it would be possible to steer Heinz into General Gehlen's position. As proof of Friedrich's story, Heinz should listen to the Deutschland Sender on the evening of 31 October. (This proved to be the date of the announcement of Hans Geier's "arrest" and of the rollup of Gehlen Organization agents in the Soviet Zone.) In return for Soviet help Heinz was asked to report on Blankamt agents. Heinz' reaction to Friedrich's approach was to call the police and have him arrested, and considering the extreme low calibre of Friedrich as an agent as well as the crude recruitment pitch and its inopportune timing we can conjecture at least that Heinz' action was just what the Soviets expected of him. The Gehlen Organization - perhaps not for the right reasons - immediately conjectured that the Friedrich approach was a whitewashing operation to convince people that Heinz really was not a Soviet agent. Heinz was too "dirty" to be whitewashed, however. The Gehlenites averred that Heinz must have rigged the operation himself, but that is probably not a serious hypothesis. The fact that the KGB was still targeting Heinz during 1954 shows at least that they still thought they were in his good graces.

In September 1953, just shortly before Heinz' suspension, KGB agent "Siegfried" was given the mission to recruit the chief of the Berlin branch of the Blankamt Intelligence Section. This was Jacob Kolb, who had already recommended himself for agent work by serving as a POW informer while in Rumania in 1945 and 1947. "Siegfried", better known as Heinz Stoeckert, had been a State Security agent since 1949. He had worked side by side with Felfe for the Kaiser Ministry as a refugee debriefer both in Giessen

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and in Berlin, and he apparently reported to the same case officers as did Alfred Friedrich. (At one point Felte's KGB case officer urged him to try to get Stoeckert into the Gehlen Organization. Stoeckert had been begging Felte to help him, but Felte told the KGB that he couldn't stand Stoeckert personally and did not want to recommend him to the Gehlen Organization.) Stoeckert, alias "Siegfried", was unable to carry out his approach to Kolb immediately, however, because Kolb was caught embezzling Blankamt funds and sent to prison. In early July 1954 after Kolb's release, Stoeckert was finally able to see him and invited him to meet Soviet intelligence officers in East Berlin. At this point, according to Stoeckert's later admissions, Kolb remarked that Heinz had "given his approval" for Kolb to accept a Soviet recruitment pitch! Obviously there is much that is left untold here, but the implication, along with Heinz' later strange behavior, is that Heinz was already, quite independently of Friedrich, in touch with the KGB. Shortly after Stoeckert's visit, Kolb accompanied him to Karlshorst and was given the mission to "approach" Heinz and bring him to a meeting with the Soviets. This Kolb was able to do in September 1954. In mid-December, Heinz and Kolb received a summons to "defect", to come to the East and remain there. Stoeckert was similarly recalled the following week. Heinz explained, Stoeckert later reported, that these "defections" were part of a political action operation. Kolb and Stoeckert obeyed and remained in the East Zone for the next two years. Heinz stayed only one day and then returned to West Berlin with the fantastic story, which he promptly reported to the police, that he had been arrested by the Soviets in East Berlin, but had managed to "escape". (Kolb and Stoeckert reported years later that Heinz had simply walked out the front door of the Karlshorst safehouse with no difficulty. Heinz was later tried for treason in West Germany. Kolb and Stoeckert - the latter had been turned over to the MfS as a principal agent - turned themselves in to Western security authorities in 1957.)

Obviously this account is very incomplete and full of question marks and mysteries. Nevertheless,

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the events surrounding Heinz in the early 1950's form an important part of the Soviet work against the Gehlen Organization and an important, though as yet not understood, part of the history of the security problems of West German intelligence. Undoubtedly there are still "live" ramifications of this case. Looking at these events in the context of our knowledge of overall Soviet operational policy during this period to unseat Gehlen and to denigrate his Organization, we offer one tentative, and admittedly simplified, view of the Heinz case: that Heinz, with all the political distractions which he quite naturally created, was seen by the Soviets as a diversion and a decoy. The underlying thesis is relatively simple and we have met it often before (explicitly in historical accounts of the great Okhrana and OGPU deceptions, and implicitly certainly in the LENA case, to take one example): advertise your plan or your target in such a manner as to give the impression that you have failed in your mission and that you are probably incapable of succeeding. Behind this screen of incompetence do your best. Here we may repeat the comments ascribed by BEVISION to General Griбанov: During the period 1953-55 the KGB had two agents in the Gehlen Organization hierarchy. One was foreseen as a replacement for General Gehlen. The KGB threw away "over 100 agents" in an effort to bring about Gehlen's dismissal by discrediting him.

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Annex Comment 7:The Lilli Marlen Case

This was one of the KGB's operations designed to discredit and demoralize the Gehlen Organization at a crucial period in its existence when it was striving to become legalized as the official German foreign intelligence service.

Using information gathered (we believe) by several penetrations of Gehlen's CE branches, the KGB prepared a comprehensive document on the personnel, organization and operations of GV"L" (the CE/CI field base). The document had the appearance of a report from an agent in place in GV"L" or near the chief of GV"L" and was signed with the name "Artur". The content was genuine and implied a real Soviet penetration or penetrations, but there were some discrepancies in the use of organizational terminology which suggested that the document itself might be a fabrication. The document was photographed on microfilm and the microfilm placed in a dead drop at the base of a lamp post in the West German city of Ludwigsburg by an agent whom we have never identified.

The document was brought to the attention of West German police by two agents, one who was briefed to report to the police that he had accidentally discovered the dead drop and by another who was briefed simply to empty the dead drop and in doing so, unwittingly, to walk into the police stake-out, be arrested and thus provide confirmation of the existence of a Soviet operation in GV"L". The account of the recruitment, preparation and handling of these two agents (drawn largely from their confessions) provides some excellent examples of tactical deception techniques. In general it should be noted that both agents were of very low calibre - too low to possibly be used in any real intelligence operation; both had already been blown in one capacity or another

*This not substantiated  
by descriptions on next page*  
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to various Western intelligence agencies. The KGB presumably used them in the Lilli Marlen operation not only in spite of their low agent quality but because of it! Their handling exhibits meticulous attention to problems of compartmentation.

The Agents:

"The Informer": Bodo Fromm, born in 1915, was a former Wehrmacht Lieutenant from the Dresden area. He joined the Fighting Group against Inhumanity in early 1951, was caught distributing leaflets in East Germany and recruited by MGB/Dresden. Fromm continued to work for the Dresden MGB/MVD as a penetration of the Fighting Group; staged a "flight" to West Berlin when the Soviets arrested his colleagues. Subsequently he tried, on Soviet instruction, but without success, to get agent work with the French, the British and the Americans in West Berlin. Later he was able to operate as a penetration of the Committee for Liberation from Totalitarianism, a group which was eventually taken over by the Gehlen Organization. At this point Fromm was introduced to a new case officer in Berlin who told him that his targets were the BfV and the Gehlen Organization. In the fall of 1953 all the West German agents whom Fromm had been able to identify to the Soviets <sup>were</sup> arrested in the Soviet Zone (except one - so that Fromm might not be suspect), and Fromm was ordered to refugee to West Germany where he was to await further instructions.

"The Throw-Away": Walter Kunde, born in 1908 in Berlin, a periodically unemployed salesman. In 1950 and 1951 Kunde worked for the British in Berlin, but was dropped on charges of being a swindler and a fabricator. While employed in a West Berlin department store in 1951 and 1952 Kunde made the acquaintance of an East Berlin customer named Rolf Rhedin. Rhedin was an old KPD member from Dresden, a long time Soviet and MfS principal agent, spotter and recruiter. He was already documented in the files of various Western intelligence services. (Of particular interest in connection with the Lilli Marlen case is the fact that Rhedin had also appeared in the case of Wolfgang Hoehner, a Soviet penetration of one of CV"L"'s sub-bases in Berlin who had returned to the East through a staged kidnapping in 1953 and who could very well have provided some of the information contained in the Lilli Marlen document.)

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Kunde lost his job in mid-1952, was destitute for the next year and a half. In late November 1953 he accidentally met Rhodin on the street; told Rhodin his troubles and accepted Rhodin's offer of help in return for "favours", to be specified at a later date. Kunde thought at the time that Rhodin was referring to matters connected with East-West trading. Between November 1953 and mid-May 1954 Rhodin met Kunde fairly often without making any specific points, but was apparently assessing him closely.

The Operation:

As of spring 1954 both Fromm and Kunde were on call for the KGB/CE section. Fromm was a completely initiated Soviet agent and was in direct contact with KGB officers. Kunde knew only Rhodin and had no precise idea of whom or what Rhodin represented. Neither agent knew the other.

In mid-May 1954 Fromm received a summons from the KGB to come from West Germany to Karlshorst for a meeting. Rhodin at the same time called on Kunde and told him to prepare himself to make a trip to West Germany. (Kunde had to apply for the appropriate travel documents.) On 24 May Fromm met his case officer in Karlshorst and was told that in the near future he was to receive instructions to do something (not specified) within a 50 km radius of his home in Stuttgart. The case officer gave Fromm instructions in S/W, a cipher and open code signals to be used for making meeting arrangements.

On the 10th of June 1954, Fromm received a telegram summoning him again to Karlshorst, but Fromm was unable to travel until the 17th. He let four days go by, however, before he informed the KGB of this fact. In the meantime Rhodin had told Kunde to keep in very close touch with him since he was waiting daily for a telegram from West Germany which would give him some idea of when Kunde could make his trip. Kunde had his travel documents ready by the 11th of June.

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On 17 June 1954 Fromm arrived in Karlshorst for his meeting with the KGB case officers. They were annoyed that he had not been able to come earlier and said that Fromm's task concerned a very important matter which had "already cost many thousands of marks". It was crucial that Fromm be in Ludwigsburg on 18 June at precisely 0700 hours. Fromm was then given his mission: he was to look for a minox box concealed at the base of a certain lamp post. If he found it he was to leave it there and go punctually at 0800 to the Chief of the Ludwigsburg police and tell him the story of seeing a man put something near the base of the lamp post. He was to give a plausible excuse for being at that spot himself early in the morning and was to say that the man had acted suspiciously, making Fromm suspect some spying activity. The Soviets also gave Fromm a physical description for the man, which they said was notional and which he could relay to the police. Fromm was to be sure to report only to the Chief of the Ludwigsburg Police since he was known to be very pro-American and would certainly inform American agencies and have the dead drop surveilled.

The Soviet case officers further explained that another man would empty the dead drop, would be arrested and would confess that he worked for the Soviets in Karlshorst. (Here they relied on Rhodin's personal assessment of Kunde's character.) As soon as Fromm had completed this assignment he was to send a report to Rolf Rhodin. (This was the only time Fromm was to use Rhodin's address.)

While Fromm was being thus briefed, Kunde was meeting with Rhodin. Rhodin explained that the matter of Kunde's trip to West Germany (task still unspecified) would become acute two days later, on the 19th of June. Rhodin would meet Kunde on the morning of the 19th and give him the exact details of his mission.

On the 18th of June Fromm arrived in Ludwigsburg, found the minox in its cache as predicted and reported to the Chief of Police at 0800 precisely as

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as instructed. Later in the day he returned to Stuttgart and sent his report to Rhodin. On the 19th Rhodin informed Kunde how to travel to Ludwigsburg and where to find the dead drop. He instructed Kunde to empty it between 0600 and 0700 on Monday, 21 June. He then told Kunde that he should wrap up the film capsule and mail it to his own address in West Berlin, then return to Berlin and give the package to Rhodin on either the 22nd or the 24th of June, when Rhodin would meet him. He promised Kunde a reward of a new suit, a pair of shoes and full set of dentures. Kunde was given no advice about what to say if he was picked up by the West German police. The bewildered man was arrested exactly according to Soviet expectations and willingly told all he knew about his contact with Rhodin.

Not according to KGB plan, however, was the fact that Fromm had aroused the suspicions of the Ludwigsburg police when he made his first report about accidentally finding the dead drop. Fortunately the LfV surveilled Fromm after they arrested Kunde and observed Fromm mailing the letter to Rolf Rhodin in East Berlin. Fromm was an unconvincing actor and the name of Rhodin was already suspect. The first reaction to the Lilli Marlen document was also contrary to Soviet hopes: A Gehlen analyst writing on 24 June interpreted this case to be an opposition play designed to denigrate the Gehlen Organization in the eyes of the rest of the government"... and "as a diversionary tactic, in order to divert us from its (the opposition's) actual sources."

Fromm was eventually arrested and confessed his role in the Soviet deception. The fact still remained, however, that the Soviets had had, and probably still did have, penetrations in the Gehlen CE element. Furthermore, the Soviets wished Gehlen and the West German government to know this; but they also wanted to control the matter of which Soviet spies would be discovered by the West Germans and which would not. In an effort to provide a scapegoat for the Lilli Marlen affair, the KGB

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arranged an operational provocation against a Gehlen agent named Artur, whose case officer was the Deputy Chief of GV"L" and whose brother-in-law occupied a very high position in the Gehlen Organization. This provocation was unsuccessful. Very successful, however, from the KGB point of view, was the operation run a year later against this same Deputy Chief, Ludwig Albert, which made him the scapegoat for most leaks in the Gehlen Organization.

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Annex Comment 8:Artur Karl Weber (201-24920)

Born in Frankfurt/Main in 1904, a General Staff Lt. Colonel during World War II, was taken prisoner at Stalingrad and held in a Soviet POW camp from January 1943 to December 1949. While in POW camp Weber was recruited (as a condition for release and on the threat of prosecution for war crimes) by a Colonel Stern, who was chief of Antifa training in Krasnogorsk and in charge of part of the program to recruit German officers.

Weber was released in December 1949 and resettled in the Rheinland, where he was to await instructions from a Soviet courier. In fact, he reported his recruitment immediately to his brother-in-law, Gerhard Wessel, at that time in a high level position in the Gehlen Organization. Wessel referred the matter to Ludwig Albert of GV"L", who became Weber's case officer. Albert was primarily interested in Weber because of Weber's excellent connections in the Blankamt intelligence section and starting in about September 1950, Albert used Weber as a "special connection" to the Blankamt.

In late December 1950 a Soviet courier arrived at Weber's home and reminded Weber of his promise to work for the Soviets. At this point a new and more immediate form of coercion was introduced, namely persecution of Weber's parents-in-law - Wessel's parents - who lived in the Soviet Zone. At a second meeting in February 1951, the Soviet courier informed Weber that his targets were to be "West German re-militarization". At subsequent meetings this was specified as the Blankamt, and consequently Weber's work for Albert served both the Gehlen Organization and GV"L". The Gehlen Organization of course knew this, but apparently it was a while before they realized to what extent they really were involved in a "piggy back" operation. Although their reporting to CIA on

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this operation was incomplete, it was obvious that by early 1952 they realized that Wessel was probably more of a target than they had at first suspected.

Throughout Weber's contact with the Soviet courier he had flatly refused to meet a Soviet case officer on Soviet controlled territory. He proved an extremely difficult person to handle both for the Soviets and for Albert. He was apparently strong-willed and not good double-agent material, although the Gehlen Organization never doubted his personal loyalties. In early 1952 Wessel's parents managed to come to West Germany and Wessel and Albert's chief decided to break off the case. (This was, incidentally, known as Fall "Spinnerei" and Weber's Gehlen cover name was Walter.) The Soviets tried once more to get Weber to meet with them in East Berlin, but he refused. They then agreed to send a courier to meet him in Frankfurt in April 1952. CIA mounted an operation to arrest the courier at the planned meeting place but the courier did not appear and nothing more was heard from the Soviets in the Weber case for two more years.

On 25 June 1954, four days after Walter Kunde had been arrested while trying to retrieve the Lille Marlen documents, a new Soviet courier arrived unheralded at Weber's door armed with a written request that Weber come to Karlshorst for a meeting with Soviet case officers on 6 July 1954. Weber refused to have any further contact, whereupon the courier provocatively suggested that Weber call the police and have him arrested. This Weber also refused. This event remained somewhat in obscurity as far as the Lilli Marlen case was concerned, although it was very probably connected to it in Soviet operational planning. If, as Albert remarked in one of the reports which Heinrich Schmitz passed on to CIC, Artur Weber had either "disappeared" or defected behind the iron curtain or had helped to provoke another scandal by having the courier arrested, the additional publicity about "another Soviet agent in the Gehlen Organization" would certainly have exacerbated the already strained situation. It is likely from the manner of the courier's approach as well as the request to come to the East, which Weber had consistently refused to do in his

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previous contacts with the Soviets, that the Soviets rather hoped or expected that Weber would cause the approach to be publicized. Obviously the possibilities for scandal and confusion were varied: Weber had the same first name as the putative "Lilli Marlen" agent, but the "Lilli Marlen" agent had to have access to a source at or near the top of GV"L" - Albert? Weber was a special connection in the Blankamt (and was also being groomed as a Gehlen "special connection" in Switzerland during this period): the revelation that he had been reporting to the Soviets as well as Gehlen on the Blankamt would certainly have served the Soviets' divisive operational policies at that point; Weber was also related to a high-level Gehlen official. Wessel had succeeded General Gehlen briefly at the end of the war as commander of the Fremde Heere Ost, in the early 1950's he was chief of Gehlen's evaluations department. From ca. 1952 to 1955 he was detailed to the staff of General Speidel in Paris which was concerned initially with planning the defense establishment of the European Security Community and later preparatory planning for NATO. In 1956 Wessel left the Gehlen Organization to form the armed forces security office of the Ministry of Defense, eventually known as the ASBW, which is the counterintelligence service of the combined GFR armed forces. Today he is chief of the German Committee of the NATO Standing Group in Washington, D. C.

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Annex Comment 9:

The Sokolov Case: Read for example of tactical deception, use of throw-away agents and throw-away of equipment; also of aggressive, provocative investigation.

The principal <sup>figure</sup> ~~element~~ <sup>intelligence</sup> in the Sokolov case was a Major in the RU Transborder Point at Erfurt. Sokolov had been trying to collect OB on various American air bases since the early 1950's. Numerous traces on him from low-level agents rested in the files of CIC under various names: Petr Sokolov, Sokol, Sokolovskiy, Falke, etc., etc. The consensus of file information on him was that he was an almost unbelievably careless operator: a drunkard, an insecure talker, a flamboyant and promiscuous type well known around Erfurt for exactly what he was. One of his longer-lived operations involved a group of low-level West German agents whose main target was the American air field at Sembach. CIC became involved in this operation when one of these agents, a railroad employee named Karl-Heinz Kiefer, confessed and volunteered his services to CIC. CIC played the agent as a double against Sokolov very passively - so much so, said the annoyed Kiefer, that he was sure their dalliance had made the RU suspicious. (Possibly the CIC case officer, like a few CIA analysts later, felt that Sokolov's flamboyant insecurity was a little too good to be true. Also, many of Sokolov's RU chief's remarks, as reported by Kiefer, suggested that the Soviets might indeed be suspicious of Western control.) In any case, after five years of no great accomplishment CIC decided to turn the case over to the BfV with a recommendation that the net with which Kiefer worked be rolled-up and the operation terminated.

At the end of March 1959 CIC Kaiserslautern formally dropped the case and the BfV proceeded to interview the agent. In doing so they became fascinated by the large number of names of contacts and suspects in the RU net, as well as by the evidence that one of Kiefer's contacts was a W/T agent. They

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decided that before taking executive action they ought to follow up some of these leads. They thought that perhaps CIC mishandling might have been the reason for the lack of productivity and were tempted by the idea of trying to salvage various possibilities. At this moment the case suddenly began to move. Sokolov gave Kiefer an OWVL system and introduced him to two Erfurt-based agents, a man and wife, who acted as principal agents and safehouse keepers. They were to help Kiefer in a project to recruit a source in the Sembach Airfield. The names of these agents were Lore and Waldemar Poehlmann; the wife was already a longtime Soviet and MfS agent, the husband for some time had been the subject of references in CIC Central Registry as an RU Transborder <sup>intelligence</sup> agent. It seemed as though Sokolov must be unaware, after all, of Western control.

In May 1959 the BfV briefed CIA about the case - complaining not a little about CIC's failure to inform them for so long of a case involving a Federal employee - even if he was only a railroad worker. CIA then took on the job of coordinating the case between the BfV and CIC, which in turn represented OSI. The summer months were spent in investigating Kiefer's information and in planning a roll-up of his net for sometime in the fall. In September, however, two new tangles presented themselves. CIA discovered that it already had an agent in contact with Sokolov and the BND discovered a link to the Poehlmann's. CIA's agent was a refugee from Erfurt of very obscure loyalties named Bruno Droste. Droste had found a job giving music lessons to Americans in Frankfurt in 1958. At his very first lesson with one American officer he offered information about a Soviet intelligence officer in Erfurt named Starov who also used the alias Sokolovskiy, a remarkably insecure drunkard who ran operations against US installations in Wiesbaden. Droste remained in loose contact with the Frankfurt Operations base after this, <sup>and was</sup> ~~which~~ warned ~~him~~ not to respond to further Soviet attempts to contact him. Contrary to these orders, however, Droste went to East Berlin in September 1959 and met the case officer in a Karlshorst safehouse. It now became clear that this was the same man

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as the one handling Kiefer. To clinch this identification a review of Droste's file revealed an earlier report from Droste that in 1957 while at his case officer's Erfurt safehouse, he had accidentally noticed a large number of blank East German residence permits with the name Kiefer signed to them. Now it was assumed that Droste might be part of Kiefer's net. In October, CIA turned him over to the BfV for handling. This meant a long period of investigation and probing of his rather doubtful bona fides. Sokolov continued to contact Droste however, and by late fall CIA and the BfV had come to the conclusion that it might be worthwhile to try to use him as an avenue to defect Sokolov in the context of a general roll-up of his West German net. This operation was now planned for December.

In the meantime, unbeknown to the other services, the BND was developing its own version of the case. In April 1959 the MfS section of the BND had received a spotting report from Erfurt indicating that a certain Wilhelm Haller would be amenable to recruitment and could provide information on MfS activities. He was ~~as a result~~ easily recruited and in September, just as Droste was meeting Sokolov in Berlin, Haller started to supply information on the Poehlmann couple saying that they were MfS and Soviet agents. Later in the fall he sent word that Frau Poehlmann was having an affair with a Soviet intelligence officer named Sokolov, for whom she worked as translator, spotter, safehouse keeper and general support agent. In mid-November Haller wrote that Frau Poehlmann planned to spend her holiday in West Germany, and in early December Haller reported that Sokolov had gone away on leave. By this time the BND was certain that Frau Poehlmann was more correctly classified as a Soviet case rather than an MfS case, and consequently Felfe was briefed on the matter and finally took it over as handling officer. The BND program was to recruit Frau Poehlmann with an eventual recruitment of Sokolov in mind. And so, just as the BfV was proposing a strike against Sokolov's net, these surprises came

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into the open. On 1 December the BND requested priority traces on Waldemar and Lore Poehlmann. Within the week the BfV, CIC and CIA responses revealed that everyone was working against the same target, and that the BND was possibly the closest to it. Lore Poehlmann was even then in the Federal Republic taking a cure at the health resort of Bad Mergentheim. She had arrived there on the 9th of November and the BND had had their man in contact with her a few days later. The BND man was, incidentally, Richard Schweizer of the old CAMPUS operation. Posing as a fellow guest at the health resort and as the security officer for a large West German concern, Schweizer quickly struck up a liaison with Frau Poehlmann. He found her more than approachable; in fact, he reported, she seemed to go about the business of being promiscuous as though it were a duty. When the cure was finished on 16 December she left - with Schweizer still in tow - for Wuerzburg, where she visited a friend who worked for an insurance company catering to American service personnel. There, according to Schweizer, she spent considerable time taking notes on the files in her friend's office.

While this new information was being unraveled, the BfV reported another turn in Kiefer's case. The possibilities of getting closer to a W/T agent in direct two-way contact with Sokolov had suddenly improved. Kiefer's relations with the W/T operator - a relative - hitherto very strained, had taken a definite turn for the better and it seemed as though Kiefer might be able to get more information on the net's communication. Too many plums seemed just within reach: for CIA - an RU case officer, for the BfV - a net with W/T operating inside West Germany, for the BND - a clutch of East German agents. Everyone agreed to slow down. The BND proposed a general coordinating conference, and on 11 February 1960 representatives of the BfV (Lfv Mainz representative, Kurt Lahr), the CIA (Frankfurt Operations Base) and the BND (Felfe and two others) met in Cologne to discuss further procedures. As a result a system was devised whereby the coordination at the respective headquarters would be

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supplemented by daily operational coordination by the various case officers from LfVs Rhineland-Pfalz and Hessen, BND's Frankfurt Base and CIA's Frankfurt Operations Base (who, as it turned out, devoted his full time to this one liaison operation for the next six months). Felfe's first appearance in this case was at this Cologne meeting. He had already sent Alfred some of the pertinent documents, however, after his first general briefing on the case in the fall of 1959. Felfe's German colleagues remarked later that his behavior at this meeting, and in subsequent liaison, was somewhat unusual. Instead of railing constantly at his Frankfurt colleagues for their incompetence, his usual custom apparently, he just sat back and allowed them free rein in handling the Kiefer side of the affair. The Poehlmann contact was run solely by a BND office and Felfe's only really aggressive action was to insist that this contact be kept viable if and when the Kiefer operation should be brought to an end. In his directives to the Frankfurt field office he represented his opinion as BND consensus that the Kiefer net should be kept going as long as possible so that Sokolov could be recruited (contrary to CIA's idea which was to force Sokolov's defection by arresting his West German agents). Even if Kiefer and company were arrested, it should be done so as not to endanger Poehlmann and Haller, or Droste.

In the meantime, in January 1960, there had occurred a curious and amusing incident which convinced us finally that we were dealing definitely with the RU Transborder Point. On January 24th as monitors listened for Kiefer's scheduled OWVL message, an unexpected call-up tune came over the air - a song called "Ein Finkenpaar im Schwarzwald" which was the theme song for a Dutch double-agent in touch with another RU Transborder Point in Schwerin. It seemed as if the RU had its signals badly mixed. Actually, if CIA itself had not had at that moment overriding problems of source protection of its own, this song might have led to some less amused considerations about the nature of the Kiefer and Poehlmann cases. From our own excellent and highly sensitive source on GRU operations, we had some information, the import of which did not become clear to us until much later. This information

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suggested that the RU (under the aegis of KGB/CI it is assumed) was deliberately continuing to run, with increasingly elaborate communications, cases which the Soviets knew to be under hostile Western control. Concerning several Transborder cases aimed at Holland (including the one in which the theme song was identical to Kiefer's), our GRU source reported their case officer as saying to him in July 1958 that his "entire Dutch residency had been compromised". Interestingly enough it was after this that the Dutch agent received OWVL as a communications system. Also in 1958 our GRU source told us that the Erfurt RU Transborder point was scheduled to be moved because, he thought, of a number of security incidents in which double agents had revealed too much information about it. In comparing both the Kiefer case and the Dutch case (BVD cryptonym PARKER) we see that from our point of view there was internal evidence suggesting RU (read KGB) suspicion of Western control before the introduction of OWVL (as well as other elaborations in communications and assignments); that there is high-level source information showing that both RU points concerned knew that some of their agents had been doubled as of 1958; that OWVL was introduced in one case in 1958 and in the Kiefer case in 1959. We can only assume - with the help of hindsight - that the KGB for some time had ordered, or simply allowed, the RU to continue to play these cases for its own (KGB) purposes. (1) Sokolov, whom we had still not been able to identify by true name, was reportedly still

- (1) It is interesting to note that 1958 is also the year in which Clemens and Felte received their OWVL instruction. The following year, when one of Felte's BND agents got it, Felte announced that this was the first BND/Soviet case to have OWVL! See the PANOPTIKUM case. In considering the significance of the RU case officers giving their agents OWVL after they knew them to be controlled by Western services, we surmise that this action had a certain protective value to the RU. It allowed them to keep the cases running with a minimum of direct personal contact between case officer and agent. It also allowed a formal contact to be dragged out for a considerable length of time without any real substantive content. For example the number of Kiefer's OWVL broadcasts consisting simply of a call-up signal and a negative message indicator is impressive. So is the number of broadcasts which were unintelligible for technical reasons.

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in Moscow on leave in January 1960 according to Lore Poehlmann. (Our GRU source reported that a Lt. Col. Kuznetsov from the Erfurt Point had been sent home in July 1958 for being a drunkard, but we have no way of knowing whether he might have been identical with Sokolov.) Waldemar Poehlmann had in the meantime been in close contact with a colleague of Sokolov's whom we were able to identify quite readily with the help of a photograph and the information from our GRU source.

Throughout the spring and early summer of 1960, the three-way coordination for the Sokolov operation worked in high-gear. The coordination worked well, but involved an enormous amount of bureaucratic complication. The basic overall policy agreement was that "no service will undertake any action which might risk the security and viability of (this) operation without coordinating such action beforehand with the other services concerned...that there would be a free and full exchange of information among the three services concerned." (1) The full bag of identified and suspect agents radiating from Kiefer, other members of his net, including operational and personal associates, from Droste, the Poehlmanns' and Haller amounted to some 200 people in an area covering Hannover, Berlin, Bonn, Saar, Kaiserslautern, Wiesbaden, Mainz, Frankfurt, Darmstadt, Wuerzburg, Fulda in West Germany, and East Berlin and Erfurt in East Germany. The crisscrossing of trace information seemed to imply overlaps with the GRU, KGB and MfS operations, even a Polish operation and one or two FLN activities in West Germany, according to the Frankfurt Operations Base case officer writing in July 1960. This case officer added, however, that with rare exceptions most of these people offered poor material for intelligence work and little or no relevance to our goal of recruiting Sokolov.

In mid-July Lore Poehlmann was sent to West Germany on a new scouting trip. Now she was in close operational contact with Kiefer. On 21 July Kiefer reported to an LfV case officer that he thought Lore was definitely defectable. Moreover he said she

(1) EGFA 31201, 5 July 1960

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had quoted Sokolov as saying he would gladly accept an American offer of asylum rather than return to the USSR for retirement in September. Lore herself was required to return to Erfurt in three days time. The coordinating committee hurriedly called a conference (from which Felfe was absent) and decided to move to recruit Poehlmann at once. If she would not comply and help to defect Sokolov she would be placed formally under arrest, Sokolov would be approached by means of a letter and his West German agents would be arrested. On 23 July Frau Poehlmann was arrested and interrogated. She made an ostensible confession and agreed to work as a double agent; however, after a few hours of talking to her it became clear that she was confessing only as much as her interrogators already seemed to know. The next day it was decided that she was probably unreliable and she was formally arrested on 25 July. She nevertheless agreed to write a letter to Sokolov endorsing our defection invitation. Our defection letter which was written in Russian was mailed to her husband for delivery to Sokolov and contained directions for contacting an American intelligence officer in West Berlin. At the same time Felfe dispatched to Alfred extracts from the SG's official protocol containing Lore Poehlmann's statements that Sokolov was immoral, insecure and expressed "Western tendencies".

On 27 July the roll-up of Sokolov's West German net began. The BfV started off with a tentative list of 23 persons compiled on the basis of Kiefer's information. The W/T operator was among the first: he quickly confessed and two W/T sets, one of which he received in 1958 and which was, he said, one of the "newest" high speed transmitters, were taken from him. So was a great quantity of espionage gear: photographic materials, encoding and decoding materials. However, there was little indication that he had supplied the RU with any truly sensitive information on U.S. forces. And, as the interrogations of Frau Poehlmann continued, the SG came to the conclusion that much of what she had told Kiefer about her activity for Sokolov was exaggerated; they added that "interrogation of some 22 persons tends to confirm this." (1) The list of total active agents now was believed to be around 10 to 15.

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(1) BONN 0046, August 1960

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In the meantime Kiefer's OWVL and the W/T agent's communications systems were still producing messages from the East indicating that the RU was still supposedly unaware of the arrests - ten days after they had begun. Haller had come to Berlin on 30 July to see the BND case officers and to report that Waldemar Poehlmann was very worried about his wife, but that a Soviet - representing Sokolov, who was unavailable - had called him from Berlin on the 29th and told him not to worry, that Frau Poehlmann would be home by the 1st of August. From this message we assumed that our letter to Sokolov via Poehlmann had been intercepted or gone astray, and we decided to send a second letter. While we were still considering the problem, Haller made another visit to West Berlin bringing Poehlmann with him. They reported that Poehlmann had indeed received the letter destined for Sokolov, but since Sokolov was absent had not delivered it. When he began to worry about his wife, he opened the letter and although he couldn't read the Russian text, recognized a West Berlin telephone number and decided to investigate for himself. (Haller said he had taken the opportunity to visit his children who lived in West Berlin and to help Poehlmann out at the same time since Poehlmann was deaf and couldn't hear very well on the telephone.) They reported that a colleague of Sokolov's had told them that Sokolov had had an automobile accident and was in the hospital, but that he was expected to be released soon. (Felfe during this week of 1-8 August was, incidentally, in the Berlin Command Compound substituting for the Karlshorst operations officer who was on leave. He also had a long visit with Alfred in East Berlin during this period.)

Despite a general feeling of uneasiness about Poehlmann's story, BOB decided to give him another letter to deliver to Sokolov. The two men returned to Erfurt, and three weeks later, on schedule, Poehlmann reappeared again for another meeting with BOB case officers. He reported that Sokolov was still absent, that he had met only "new Soviets" in the interval. BOB's report of this meeting reflects increasing wariness: they wrote that they had the impression from their discussion with the BND case

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officers handling Haller that the BND had not checked Haller out very well, that their control over him was very loose and that Haller was possibly lying about his personal affairs; however, they had no firm evidence that he was controlled by MfS or the Soviets. BOB thought that Poehlmann was probably sincere in his relations with us, although he might very well be monitored by the Soviets. They doubted now that anything would come of the effort to approach Sokolov.

During 16 and 17 September 1960 the arrests of Sokolov's agents were publicized in the West German press and radio. They were given considerable publicity. The actual take by now had shrunk to five arrested agents: their espionage upon examination was somewhat less impressive than seemed likely in the beginning - they had been collecting U.S. Forces newspapers, telephone directories, making observations for OB information, etc. Their sentences ranged from four months to two years. Still, the number of "suspects" on the list remained high and the impression of a massive operation still remained vivid. After this date no further traffic was heard on either Kiefer's or the W/T operator's frequencies.

At the same moment, 17 September, Frau Haller appeared in West Berlin and reported to BND officers the news from Waldemar Poehlmann that Sokolov had gone to Moscow, but was expected back in two months. For some unexplained reason, the BND did not pass this information on to CIA until 6 October. When CIA complained, the BND replied that the delay had been caused by the fact that the chief, Felfe, had been away on TDY and no one else could release it for passage to CIA. Felfe was apologetic and proposed that henceforward all BND case officers be given the telephone number of the BND Karlshorst coordination officer in the Berlin Command Compound so that they could report any similar urgent development affecting American intelligence through him. Berlin Operations Base objected strongly to this proposal, noting that it reflected an increasingly frequent tendency to bring this BND officer - Felfe's direct subordinate - into liaison with BOB on matters other than Karlshorst operations. There was another

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BND officer (not in Felfe's chain of command) who had this responsibility and who had just as fast a means of communicating with BOB as the Karlshorst operations officer. We particularly did not want the latter to have liaison with BOB on other matters because he was fully backstopped and supported with U.S. Army credentials and facilities and any BND embarrassment involving him would be particularly embarrassing to the U.S. position in Germany. Coincidentally, the only remaining BND agent in the Karlshorst Compound at this time had just refugeeed, thus making the BND Karlshorst operations officer's position even more untenable, and perhaps even more a reason for Felfe to push for his use on other matters.

On 2 October the Haller couple appeared in Berlin asking to be accepted as refugees. They reported that on 27 September Poehlmann had been arrested by the MfS and questioned about his relations with Sokolov! Haller himself had been questioned by the MfS on 1 October, but the MfS appeared to be uncertain as to whether he was guilty of Western connections or not. Thus the operation ended - for us. Haller's brother wrote to him from Erfurt sometime later saying that the MfS had decided Haller was not a Western spy and that it would be safe for him to return. Haller announced his intentions of going back; and, while CIA looked very much askance at this development, the BND/MfS section was eager to let him go in the hope that he could develop further leads to the MfS in Erfurt. Whether the BND did in fact continue to operate with Haller we do not know.

This series of operational events, comprising the Sokolov case, was hailed as a great success. The BfV was delighted with its take and the resultant publicity. The BND was left with expectations of further MfS leads. CIA was impressed by the proof that close operational liaison could be effective and amicable. CIC and OSI found out that Sokolov had done less damage than had been supposed. The MfS got their agents back. Felfe received a bonus of 1,000 DM and the KGB was able to clean up an insecure RU point while enjoying an opportunity to observe German-American operational liaison at close range. Only the RU was left out in the cold.

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Annex Comment 10:ZUVERSICHT

This case summary illustrates certain problems of source protection. The KGB learned from Felfe, or possibly from another penetration of the BND, that an agent of the GRU had been doubled. The KGB informed the GRU of this fact, but requested that the GRU continue to run the agent in order to protect the KGB source. Our source for this information was an officer of the GRU at the time. The GRU did continue to run the operation as requested, but only in the most nominal way. Not having quite the same operational interest in the matter, their handling was reduced to the barest minimum so as to provide protection of their own assets.

ZUVERSICHT (BND cryptonym) was a West German Merchant Marine Captain, who was recruited in 1951 by the then GRU Naval Point in Karlshorst while on a visit to his family in East Germany. When he returned to West Germany he reported the recruitment to the Criminal Police and was eventually turned over to the BfV. For four years - 1953 to 1957 ZUVERSICHT was run by the BfV (cryptonym: SEEBÄER) as a double agent. MI-6 (cryptonym: ILLUSTRIOUS) acted as advisor on the case from about May 1954 on. During this period ZUVERSICHT joined the West German Navy (Bundeswehr Marine) at RU urging. The RU gave him S/W, dead drops, OWVL and promised to instruct him in a new kind of W/T. When it was determined, however, that ZUVERSICHT would not be able to obtain a commission in the Navy (because of his agent status) he decided to resign and enter the Merchant Marine. At this point, since the agent's activities would undoubtedly take place outside the Federal Republic his case was transferred to the BND. This occurred formally in September 1957, but the BND received detailed operational briefings on the case in mid-July.

In July 1957 the RU case officer requested ZUVERSICHT to meet him in Vienna in August. On 24 July the BND held a conference with the BfV on plans for the

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meeting. The BND offered the use of their Vienna based surveillance personnel to the BfV and proposed the photographing of the RU case officer. The BfV later decided to reject this offer and to use its own personnel. Shortly before the meeting the BfV surveillance personnel were instructed not to attempt to photograph the RU officer. The BfV and BND also agreed that ZUVERSICHT should not yet inform the RU officer that he was transferring to the Merchant Marine, because they feared that the RU might lose interest in giving him the new W/T training if they knew this. The meeting took place as scheduled, and, in fact, the RU officer informed ZUVERSICHT that he would not have W/T training after all, but would henceforth work through a dead drop, which would be serviced by a W/T operator he never met.

Shortly after this, in September 1957, CIA's RU source informed us that this RU officer was Captain Yuriy Pavlovich Sklavets of the Naval operational group in Karlshorst and that his case had recently been discussed at a routine RU officers' meeting. At this meeting it was announced that the KGB had recently informed the RU Naval group that Sklavets' agent was doubled and that Sklavets had been photographed by a Western CI service during his meeting in Vienna. The KGB requested the RU to keep on running it in order to protect the KGB source. (To our knowledge no photograph was officially taken of Sklavets in Vienna, but there is always a theoretical possibility that the BND might have taken one on its own.)

The further handling of ZUVERSICHT, after his transfer to the BND and joining of the Merchant Marine, shows the RU gradually cauterizing the penetration. After ZUVERSICHT's return from Vienna, he informed the RU of his impending transfer to the Merchant Marine. He told them that his office in the Bundeswehr Marine was undergoing a security review and that he had taken fright and decided to resign and go back into the Merchant Marine. This story had been concocted - an actual security review was staged - by the BfV and the BND in order to

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avoid giving the RU the real reason for the transfer and in order to provide an excuse for the abrupt notification. The RU replied to ZUVERSICHT by ordering him to stop operating and to send his family to East Germany, but by the time the letter reached ZUVERSICHT's home address he was already on the Atlantic bound for a year's duty in Mexico.

After the meeting with Sklavets in Vienna in 1957 ZUVERSICHT had no further personal contact with the RU; he received no EEI. Messages were few and far between and inevitably timed to arrive in his home port just after ZUVERSICHT's ship had put out on a cruise of many months. The method of communication became more and more "insecure". The RU officer simply wrote a letter using ordinary postal channels and a very simple open code. The only sign of assertiveness was one request that ZUVERSICHT try to get a berth on a ship putting in to Baltic ports! Felde kept his end of the game up with characteristic style. He frequently elaborated on the theme that the RU is generally an incompetent organization (as indeed it seemed in this case), and he had ZUVERSICHT write a letter of complaint to his RU case officer criticizing him for the insecure communications and generally shabby treatment. The ZUVERSICHT case ran in this manner until 1961!

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Annex Comment 11:MERKATOR

Whereas ZUVERSICHT illustrates a situation in which a ~~liaison~~ <sup>the KGB</sup> service continued to tolerate an enemy penetration at KGB request and did it with the barest effort possible giving itself the appearance of great incompetence, the MERKATOR case shows a more creative reaction to the presence of a double agent. The more purposeful handling ~~is probably~~ <sup>may be</sup> attributable to the fact that MERKATOR was an agent of the East German foreign intelligence (HVA) and as such more directly controllable by a KGB advisor.

MERKATOR was a student at Bonn University in 1957 and worked part time as a waiter at state receptions. He was spotted by an MfS/HVA agent in the CDU/Ost (Section of the Christian Democratic Party for East Germany) and recruited for the East German service in East Berlin in January 1957 (HVA cover name OFEN) to report on security precautions at state receptions in Bonn; to spot agent candidates among personnel concerned with the organization of receptions, handling of hotel accommodations (for the purpose of making audio installations, etc.). He was put in contact with an HVA resident in West Germany. MERKATOR turned himself into the BfV and the BfV subsequently ran him as a double in what they considered a good and productive operation.

Not long after MERKATOR's doubling, Felfe paid a visit to some BfV colleagues and was briefed off-the-record about the case because it was so interesting. Felfe was told he could mention the case informally at BND headquarters. About six months after this, about mid-1958, the operation went bad. MERKATOR's HVA case officer (Max Heim, who defected to the West in May 1959) reported to us later that just when he thought his operation was going very well, the Soviet advisor approached him and informed him that his agent had been "doubled by Gehlen" (sic). Heim was then requested to turn his agent over to another section (Heim specialized on the CDU-CSU)

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which would continue to run the case as an operation known to be controlled by a Western service. Heim said that at this point the HVA residency which had been supporting MERKATOR in West Germany was withdrawn and direct, personal contact with Heim was continued. The new purpose of the operation was to deliver disinformation along the following lines: the West German counterintelligence service should be diverted to expend its suspicions upon some person in the CSU who heretofore had been politically irreproachable. At the same time political disinformation should be played onto the CE service through Heim, and the HVA would then be able to observe the West German CE methods in handling a double agent. This operation was broken off after Heim's defection in May 1959.

*earlier it says he  
turned case over to  
another section.*

An interesting footnote to this case appears in the PANOPTIKUM case which Felfe had recently taken over. In July 1959 the PANOPTIKUM double agent, General Panzinger, received a KGB EEI via OWL to find out if Heim had been a BND or a BfV agent prior to his defection. This was not the kind of information General Panzinger had access to at all, but presumably the EEI was expected to serve Felfe as an excuse to find out something about the matter.

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Annex Comment 12:KGB Officers Appearing in "Operation Kurt":

The following composite descriptions from Felfe and Clemens of the various case officers they met throughout their careers is taken from the BND summary of the case and is included here as a handy reference. Hopefully, the true identities of the principal case officers will be discovered someday.

Max (Colonel):

Born in approximately 1900 or 1905, approximately 170 to 172 centimeters tall; powerful, heavy build; dark, thick hair; round, full face; wholesome complexion; complete set of good teeth; very well-groomed appearance, elegant, always well dressed; speaks very good German; good manners, worldly-wise, gives the impression of a diplomat; diamond rings on both hands (only Clemens); likes to play the piano. Married, has one or two children, a son of his has studied atomic physics; wishes to retire in early 1962. Must have lived for several years in Western countries, possibly in France (Felfe's impression).

Stationed in Dresden until approximately 1951 or 1952; transferred to Berlin in approximately 1951 or 1952; superior of "little Alfred". Withdrew as director of the operation about the end of 1952. Felfe believes that he only saw Max again at a meeting on 30 October 1954 in Linz. Returned to Moscow (Clemens) or Omsk (Felfe) at the end of 1952 or the beginning of 1953.

Max's Successor:

After the withdrawal of Max from the operation, a KGB officer appeared at the end of 1952 or the beginning of 1953 at about three meetings with Clemens; he is described by Clemens as the successor of Max.

Born in approximately 1914-1917; approximately 172 or 175 centimeters tall; slender figure; narrow,

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pale face; unhealthy appearance; pockmarked, had a serious stomach disorder; spoke German poorly.

Felfe gave no information on this KGB officer.

"Little Alfred":

The KGB officer whom Felfe and Clemens designate as "little Alfred" was the regular agent-handling officer of the team from approximately autumn 1952 until 1961; he was stationed in Karlshorst; with few exceptions (approximately 3 or 4), he attended all meetings and also led the discussions. Felfe, Clemens and Tiebel gave personal descriptions which coincided and give the following picture:

Born in about 1926 or 1928; about 168 or 172 centimeters tall; slender, graceful, delicate figure; long head; light-blue eyes; face small, narrow, long, somewhat pointed; youthful, pale complexion; ears not particularly large, but for his small face they gave the effect of being large; hair light blond or medium blond, sleek, thick, parted on the right, combed back, receding at the temples; a small, narrow nose; thin lips; no glasses; non-military bearing, a typical civilian; always speaks in a uniformly soft tone; calm unexcitable; does not seem to be a typical Russian, is more like a Scandinavian.

Knowledge of languages: speaks excellent German with an East German accent (slow manner of speaking), also is able to speak English.

Inclines somewhat toward a sailor's stride.

Military rank unknown (Clemens claims that he has seen Alfred in uniform but was not able to determine his rank).

Felfe and Clemens made the following further statements concerning "little Alfred", which they claimed they had learned from himself:

A soldier during the war.

Attended a language school after the war, did not enter the RIS during this period.

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While Felde claims that "little Alfred" was comparable to "big Alfred" both as to rank and function, Clemens assumes that "little Alfred" was subordinate, first to Max, then to "Max's successor", then to the "Vienna Major", and finally to "big Alfred".

Clemens believes he recognizes "little Alfred" in the picture of Aleksei Ivanin, born in 1925, which was shown to him. Clemens is not completely certain, but he says that the resemblance is at least extraordinarily great. (This photograph could not be located in CIA Headquarters as of May 1966.) However, it must be said that, in the passport photograph which is at hand, Aleksei Ivanin certainly does not give a "Scandinavian" impression. With regard to him, it is known that he was in Austria in early September 1960; that is, at a time when "little Alfred" had a meeting in Vienna.

Meetings of "little Alfred" in Austria which have been established:

30 October 1954	-	Linz, Vienna
15 January 1955	-	Linz, Amstetten
31 August 1957	-	Salzburg
5 September 1959	-	Vienna
3 September 1960	-	Vienna
9 September 1961	-	Vienna
10 September 1961	-	Vienna

The "Vienna Major":

The KGB officer designated by Felde and Clemens as the "Vienna Major", took part in meetings in East Berlin along with "little Alfred" in approximately 1953, according to statements by Clemens. The "Vienna Major" also appeared at the meeting with Clemens on 21 June 1958 in Brussels. Neither Felde nor Clemens saw this KGB officer again after that. According to statements by Felde, the "Vienna Major", accompanied by "little Alfred", took part in a meeting in Linz and Amstetten on 15 January 1955 and also in a meeting in Salzburg on 31 August 1957. Felde interprets his

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observations to mean that the "Vienna Major" must have been stationed in Austria from time to time. His somewhat Viennese dialect also would favor this interpretation. Then in 1955, probably after the Austrian state treaty had been concluded, he was transferred to Berlin. The personal descriptions, which coincide, can be summarized as follows: born in approximately 1922/1929; approximately 172 centimeters tall; a powerful build, well proportioned, heavy-set, medium slender; a round face, with a wholesome complexion; dark hair, almost black and slightly wavy; two gold teeth in his right upper jaw which were visible when he laughed; a well-groomed appearance; he had a spirited and friendly nature.

"Big Alfred":

"Big Alfred", at least after the departure of the "Vienna Major", was permanently assigned to handling the operation and attended most meetings, where, however, he left the leading of the discussions to "little Alfred".

Felfe claims that he met "big Alfred" as early as fall 1951 as a subordinate of Max. After a meeting in Berlin on 2 June 1958, Felfe was taken by the two Alfreds by automobile to the sector border at the Warschauer Brücke, which Felfe crossed on foot to West Berlin. On the bridge, Felfe was halted by People's Police and asked for his identification. Felfe, who did not wish to identify himself, answered the questions of the People's Police evasively until "big Alfred" could arrive and take over the conversation. According to Felfe's description, in contrast to that of Clemens, "big Alfred" pulled out his identification - on which Felfe was able to read the name Stepanov and the title Embassy Counsellor - and ordered Felfe to go ahead, the matter would be taken care of.

Clemens, on the other hand, only described "big Alfred" as the "Ambassador". In the interrogations after his arrest, Felfe attempted to reinterpret the name Stepanov as Studakov or Stetosov, or something similar.

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Personal description of "big Alfred". Statements by Clemens: born in about 1921-1926; 172 centimeters tall, with a slender build; light brown, wavy hair; an oval face, with prominent cheek-bones; light-colored eyes, heavy eyebrows; thick lips; a Slavic appearance; uses glasses for reading; a scar on the right side of his face; understands German well, speaks German less well.

Statements by Felfe: born in approximately 1921-1923; 178 centimeters tall; broad-shouldered, has an athletic build; light brown hair, balding at the temples; a broad, angular face, with essentially Slavic features; grey-green eyes; hard of hearing on one side; clean-shaven; frequently wore thick horn-rimmed glasses for reading; quick, regular movements; good teeth; elegantly dressed in the style of a diplomat; married.

Description of the Stepanov who appeared in 1957 as a member of the Soviet Trade Delegation in East Berlin: an unwieldy build; thick, wavy dark hair; a square-shaped face; good teeth; thick lips; actually did not wear glasses, but his facial expression showed that he was near-sighted; possibility had defective hearing; spoke German.

Felfe and Clemens made the following further statements about "big Alfred", part of which they claimed to have learned from him himself:

With interruptions, was included in the Felfe/Clemens KGB operation beginning in approximately 1951. Beginning in approximately 1955, he was the permanent agent-handling officer along with "little Alfred".

Last meeting with "big Alfred" on 12 February 1961.

Went back to Moscow in early 1961; was assigned to the German Department of the KGB (report of "little Alfred" to Felfe).

Postage stamp collector.

Felfe claims to have seen him once on the street in Berlin by accident.

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Substitute for "Little Alfred":

According to Felfe, "little Alfred" was replaced for two months in summer 1961 by an agent-handling officer whose name was not known. He appeared on 10 August 1961 at a meeting with Felfe in West Berlin, on Budapester Strasse, at the Aquarium. Felfe describes this agent-handling officer as follows:

Born in approximately 1930; approximately 176 centimeters tall; powerful build (like a furniture mover); black hair combed tightly back; spoke German medium well.

Appeared uneducated but obviously was well educated and not stupid.

The "Director":

On 7 September 1958 in Vienna and on 23 October 1958 in the Soviet compound in Berlin-Karlshorst, Felfe had two conversations lasting several hours apiece with a KGB officer who was presumably of high rank, who was announced by "little Alfred" as the "Director" and who, according to his own statement to Felfe on 23 October 1958, had come from Moscow by air for the express purpose of talking with Felfe.

Born in approximately 1900; 178 to 180 centimeters tall; ash-blond hair; slender build; deep creases from his nose to the corners of his mouth, skin-colored warts on his tongue; spoke German with a Viennese accent; described himself as an old "chekist".