

*It ended at NTC's request.  
felt this was a bit  
"dampening"*

MGKW

28 February 1951

To: COS, Karlsruhe Attn: BOB  
From: Chief, FDM

Subject: Operational  
Approval for Developmental Project CADUCITY

Ref: (1) MGBA-7964, (2) MGBA 7656, (3), MGBA 7578, (4) MGBA-7591, (5) MGKW 7819

1. CADUCITY is hereby approved as a developmental project for the period 1 January to 30 June 1951 and the sum of 2400 DM West (400 per month) is allocated for compensation to cover that period. The sum of 300 DM is allocated for a special operating fund to be used at case officer's discretion for non-recurrent purposes during the January-June period. Retroactive approval of the 572 DM West expended during the course of agent's recruitment is also granted.

*2. We feel, however, that*  
~~full and final~~ *should* payment of the 2400 DM allotted for compensation ~~be~~

~~should~~ depend on whether agent's eventual production will have justified this expenditure. While he seems to have excellent access to ~~important~~ intelligence, he will have to prove himself; it is now too early to assess his value to this organization.

3. If agent's salary is being held in escrow, how can he have signed receipts for money received, as was stated in your discussion of control factors in the FPO? Or does this refer to payments possibly made from the 300 DM operating fund?

4. We agree wholeheartedly that the recruitment was very smoothly ~~handled~~ handled and hope this happy new arrangement will work to the advantage of this government and not be merely the gravy train way for CADUCITY to indulge his expensive tastes. Your reporting indicates that you are

*he is being very as a young  
whether he may have wanted to be recruited  
by PIS connection*

[ ]

well aware of his weaknesses, and will take these into consideration in your dealings with him.

5. In paragraph 7 of reference 1 you state: "Unless controlled by the RIS, his working relationship with the AIS... would result in severe punishment." You have obviously given some thought to the possibility of CADUCITY's being RIS controlled, but what testing has been done so far in regard to this problem? With all due respect to the ~~skill~~ skill and astuteness of all those involved in the recruitment process, there still remains the possibility that the ease with which CADUCITY was recruited <sup>might</sup> be attributed to RIS connections.

5. ~~xxxxxxxxxxxx~~ Thank you very much for your excellent reports on the ~~some~~ initial contacts ~~and~~ recruitment and for the analysis of agent's potential productivity. *We are looking forward to the progress reports on this case.*

K2-6-2  
FDM  
STB

AJM