CASE NAME:

"OSTEREI"

AGENT NAME:

Gerd KCEGEL

GIS C/O:

(Hqs) Heinz FELFE

@FRIESEN

(in Bonn)

@LUDWIG V-2070

CIA C/O:

Original handling officer:

known

as i [

Liaison Officer to GIS:

OPPOSITION C/O:

fnu FINDEISEN (MFS) cut-out for Soviet Lt. Col.

VASSILOV

OPPOSITION SERVICE:

RIS, probably KGB, Karlshorst

OPPOSITION TARGETS:

Supply biographies and descriptions of leading West German Foreign Office personalities, and eventually to procure intelligence information from the West

German Foreign Office.

OPPOSITION CONTACT:

Carbon S/W to a cover address in Leipzig. Personal

meetings in East Berlin.

CIA and later GIS CONTACT: Personal meetings in safe areas in Bonn.

SUMMARY: This case came to CIA's attention in February 1956 when Subject appeared at the U.S. Embassy in Bonn requesting to be put in contact with CIC. He told the following story to embassy officials; that he was formerly a medical student at a university in Bonn, but quit in 1952 when he went to East Berlin where he represented himself as an actor. The East Berlin reception officials sent him to Leipzig where he became a writer of political skits, and manager of the "Pfeffermuehle" cabaret. He became involved in some difficulties with the local police because he allegedly wrote some political satires that showed too much "pacifism". In September 1955 he was visited by a German policeman, fnu FINDEISEN, who eventually admitted the political nature of his visit. This policeman asked Subject if he would return to Bonn for the purpose of spying for the Russians. After being threatened with retaliatory action based on his "pacifism", he agreed, and he met with a Soviet case officer, Lt. Col. VASSILOV. VASSILOV briefed Subject on his targets, as stated above, and his communication system including parole for possible contact in the West. Subject was instructed to put himself in position to report on the Foreign Office, by applying for the job of secretary of the IBERO Club, a Foreign Office sponsored organization intended to promote German relations with South America. Subject's entre was to be his old friend Dr. Karl Heinz CASPARS, the chairman of the Board of Directors of the Ibero Club. In order to facilitate his acceptance for this job, the RIS instructed Subject to study Spanish.

NAZI WAR CRIMES DISCLOSUBE ACT

(2)(A) Privacy

(2)(B) Methods/Sources @

(2)(G) Foreign Relations

MITORA/CORTROL

bectassified and Approved for Release by the Gentral Intelligence Agency Date: 2005

SECRET

Before Subject contacted the U.S. Embassy, he confessed his agent status to another member of the Ibero Club board, Hans ACKERMANN. While CIA cleared the case with the BfV which agreed to our stated desire to run the case at least for awhile, nevertheless, ACKERMANN was thought to be too uncompromising to permit the satisfactory development of the case through the Ibero Club. Subject therefore re-directed his approach by looking for employment with newspaper, radio or television as a writer. He eventually secured a job with a film company as a script writer.

Subject made his first personal meeting with the RIS in East Berlin on 23 March without difficulty. Beginning about May 1956, however, Subject began to express fears about continuing to make personal contact with the RIS. He felt that he had strayed from his initial target, the Bonn Foreign Office, to an extent which might cause the RIS to be suspicious of him. He was also worried about finances, because the RIS had instructed him not to accept regular employment. After a pep talk from the CIA handling officer, Subject agreed to go to East Berlin again. It was however decided to turn Subject case over to the BfV as soon as possible, first because we could not clear spielmaterial on the Foreign Office without coordination, and secondly because we had no essential control over Subject. The case was presented to the BfV for consideration on 3 June 1956, but on 15 June 1956, the BfV informed us that they could not take over the case, primarily because of our poor evaluation of Subject as material for a double agent role, and also because of difficulties inherent in clearing spielmaterial on the Foreign Office.

The GIS had been informed of the existence of this case as early as February 1956 (through an oversight) and when the BfV refused to take over the case, it was offered to the GIS. The GIS was interested in the case because of its similarity to operations CICERO, THEODOR, and, in part, ASKARI. The case was therefore turned over to the GIS on 19 June 1956, and actual control of Subject later that month. There has been little development in this case since the turn over, except that the GIS has been able to persuade Subject to return to East Berlin at least once more. The last reporting was received on 15 August 1956.

Some interesting features of this case are:

a. the carbon S/W system which we have to date not been able to develop. It was at first believed that the system might be a fraud, but a meeting requested by the S/W did take place which seems to confirm the practicality of the method.

b. The RIS control over Subject while he is in the West seems to be physical control over his mistress in the Fast Zone, the 19 year old dramatics student, Marianne BROCK. She once confessed to Subject that she had been recruited by the MfS as an informant in local actor circles. It has been theorized that she is also an MfS-RIS window on Subject's inner thoughts and motivations. As it happens, Subject writes to BROCK about four times per week. The mails seems innocuous enough, and Subject has not attempted to hide the correspondence from us, but it is indicative of Subject's lack of security



<u>vis-a-vis</u> BROCK. Particularly interesting was BROCK's unannounced arrival in Bonn in July 1956. There seemed no purpose for her visit, and it has been theorized that she was sent by the MfS-RIS as a check on Subject's personal status.

This case has suffered from perhaps too much suspicion of Subject's bona fides which were confirmed in part by a CIA surveillance of one of his meetings with the RIS in East Berlin. With the GIS capabilities for clearing spielmaterial and for control over Subject the case has some prospects of eventually being a productive D/A operation.