

*Forging an Intelligence
Partnership: CIA and
the Origins of the BND,
1945-49*

A Documentary History

Volume I

NAZI WAR CRIMES DISCLOSURE ACT

Approved for Release
by the Central Intelligence Agency
Date: 2002

EXEMPTIONS Section 3(b)
(2)(A) Privacy
(2)(B) Methods/Sources
(2)(G) Foreign Relations

Editor
Kevin C. Ruffner

FOR COORDINATION WITH US Army

*CIA History Staff
Center for the Study of Intelligence*

*European Division
Directorate of Operations
1999*

Blank Page

Contents

	<i>Page</i>
Foreword	ix
Preface	xiii
Notes on Sources	xxxix
Acronyms and Abbreviations	xxxiii
Persons Mentioned	xxxv
Chronology	xliii
Photographs	xlix
Part I: Firsthand Accounts	
1. Statement of Gerhard Wessel on Development of the German Organization [undated]	1
2. Statement of General Winter on the History of the Organization [undated]	7
3. Statement of Hans Hinrichs on Early History of the Organization [undated]	9
4. Statement of Heinz Danko Herre, 8 April 1953	11
5. Statement of General Gehlen on Walter Schellenberg Story (Post Defeat Resistance) [undated]	17
6. Report of Initial Contacts with General Gehlen's Organization by John R. Boker, Jr., 1 May 1952	19
7. Statement of Lt. Col. Gerald Duin on Early Contacts with the Gehlen Organization [undated]	35
8. Report of Interview with General Edwin L. Sibert on the Gehlen Organization, 26 March 1970	43
9. Debriefing of Eric Waldman on the US Army's Trusteeship of the Gehlen Organization during the Years 1945-1949, 30 September 1969	45
Part II: Stunde Null	
10. Seventh Army Interrogation Center, "Notes on the Red Army—Intelligence and Security," 24 June 1945	51
11. Headquarters, Third US Army Intelligence Center, Preliminary Interrogation Report, Baun, Hermann, 16 August 1945	57
12. Captain Owen C. Campbell, Evaluation Section, to Lt. Col. Parker, Enclosing Interrogation Reports No. 5724 and 5725, 29 August 1945	59
13. Crosby Lewis, Chief, <input type="checkbox"/> German Mission to [], 25 October 1945 <input type="checkbox"/>	65

Part III: The Vandenberg Report

14.	SAINT, AMZON to SAINT, Washington, "Russian Experts of German Intelligence Service," 8 January 1946	67
15.	Headquarters, US Forces European Theater (USFET), Military Intelligence Service Center (MISC), "Operations of the Blue House Project," 11 May 1946	73
16.	Headquarters, USFET, MISC, CI Consolidated Interrogation Report (CI-CIR) No. 16, "German Methods of Combating the Soviet Intelligence Services," 3 June 1946	75
17.	Headquarters, USFET, MISC, Lt. Col. John R. Deane, Jr., to Assistant Chief of Staff, G-2, USFET, "Plan for the Inclusion of the Bolero Group in Operation Rusty," 2 July 1946	93
18.	Lewis to Chief, Foreign Branch M (FBM), "Operation KEYSTONE," 9 September 1946, enclosing Lewis to Brigadier General Sibert, G-2, 6 September 1946	99
19.	Maj. Gen. W.A. Burress, G-2, to Lt. Gen. Hoyt S. Vandenberg, Director of Central Intelligence, "Operation RUSTY—Use of the Eastern Branch of the Former German Intelligence Service," with attachments, 1 October 1946	103
20.	Lewis to Richard Helms, Acting Chief of FBM, 8 October 1946, enclosing Lewis to Donald H. Galloway, Assistant Director for Special Operations, 22 September 1946	153
21.	Draft to Deputy A, "Operation Rusty," 16 October 1946	159
22.	Galloway to DCI, "Operation Rusty," 17 October 1946, enclosing Heidelberg Field Base to Chief, IB, "Agent Net Operating in the Bamberg Area," with attachment, 17 September 1946	163
23.	DCI to Maj. Gen. Stephen J. Chamberlin, Director of Intelligence, War Department, "Operation Rusty—Use of the Eastern Branch of the Former German Intelligence Service," 20 November 1946, enclosing Burress to Vandenberg, "Operation RUSTY—Use of the Eastern Branch of the Former German Intelligence Service," 1 October 1946	189
24.	Col. W.W. Quinn to Galloway, "Operation Rusty," 5 December 1946	193
25.	Helms, Memorandum for the Record, "Operation RUSTY," 19 December 1946	195

Part IV: The Bossard Report

26.	Cable, Special Operations to [] 31 January 1947	197
27.	Cable, SO to [] 10 February 1947	199
28.	Lt. Col. Deane to the German Chief of Operation RUSTY, "Assignment of Responsibilities," 25 February 1947	201
29.	Cable, SO to Frankfurt, 6 March 1947	203
30.	Cable, Heidelberg to SO, 11 March 1947	205
31.	Report, "Operation KEYSTONE," 13 March 1947	207
32.	Cable, SO to Heidelberg, 14 March 1947	209

33.	Samuel Bossard to [Galloway], 17 March 1947	211
34.	Memorandum to Helms, "American Intelligence Network," with attachment, 18 March 1947	213
35.	Bossard to [] Chief, [] German Mission, 20 March 1947	221
36.	Cable, Heidelberg to SO, 21 March 1947	223
37.	Report, "American Intelligence in Bavaria," 29 March 1947	225
38.	SC, AMZON to FBM for SC, Washington, "KEYSTONE: LESHCINSKY," 31 March 1947	227
39.	Memorandum to [Galloway] and Bossard, "Evaluation of RUSTY CI Reports," with attachments, 1 April 1947	229
40.	Cable, Heidelberg to SO, 8 April 1947	333
41.	[Bossard] to [Galloway], 5 May 1947	335
42.	Bossard to DCI, "Operation Rusty," 29 May 1947	359
43.	Galloway to DCI, "Operation RUSTY," 3 June 1947, enclosing Bossard to DCI, "Operation Rusty," with annexes, 29 May 1947	363
44.	Memorandum for [unspecified], "Operation RUSTY," with attachment, [undated]	379
45.	DCI to Secretary of State, et al, "Operation Rusty," [undated], enclosing "Memorandum on Operation RUSTY," 6 June 1947	383
46.	Cable, Central Intelligence Group to ACS, G-2, European Command, 5 June 1947	387
47.	Cable, EUCOM to CIG, 6 June 1947	389
48.	Galloway, Bossard, Memorandum for the Record, 11 June 1947	391
49.	Brig. Gen. E.K. Wright, Memorandum for the Record, 20 June 1947	393
50.	Galloway, Bossard, Helms, "Report of Meeting at War Department 26 June 1947," 26 June 1947	397
51.	Bossard, "Recommendations drawn up at request of Gen. Chamberlin for the attention of Gen. Walsh," 27 June 1947	399
52.	Cable, SO to Heidelberg, 27 June 1947	401
53.	Cable, SO to Heidelberg, 27 June 1947	403
54.	Cable, Heidelberg to SO, 24 July 1947	405
55.	Chief of Station, Heidelberg to FBM, "RUSTY," 1 October 1947	407
56.	Headquarters, First Military District, US Army, General Orders Number 54, "Organization of 7821 st Composite Group," 1 December 1947	409

Blank Page

viii

Forging an Intelligence Partnership: CIA and the Origins of the BND, 1945-49

Foreword

I am pleased to present this volume of historical documents to the *Bundesnachrichtendienst*, [

] Since 1949, the Central Intelligence Agency (CIA) has maintained close ties to the Gehlen Organization which became West Germany's BND, or Federal Intelligence Service, in 1956. Through the long decades of the Cold War, the CIA and the BND worked closely together to expand freedom in Europe. [] both countries face new threats in the form of terrorism, proliferation of weapons of mass destruction, and unrest in Europe and other regions of the world.

Forging this intelligence partnership between the United States and Germany was not an easy task. In 1945, the United States and its allies had just been at war with Nazi Germany. Germany itself lay in ruins, its towns and cities destroyed, while American, British, French, and Soviet troops divided the country into occupation zones. Democratic government was reestablished in the Western zones while a totalitarian system was forced on the East by the Soviet Union.

Germany then became a new battlefield between East and West. The Soviet blockade of Berlin in 1948 clearly signaled that the wartime alliance had dissolved. In order for Western Europe to recover from the war and to survive the threat of Communism, Germany had to be rebuilt and its government restored. The United States promoted these efforts through the Marshall Fund, the formation of the *Bundesrepublik*, the rearmament of West Germany, and its membership in the North Atlantic Treaty Organization, and the United Nations.

The Gehlen Organization operated in the vacuum of the Cold War. After the war, Gen. Reinhard Gehlen, a senior German army intelligence officer and expert on the Soviet Union, directed his officers to preserve their records and surrender to American forces. In the summer of 1945, a handful of US Army officers recognized that Gehlen's position as the head of *Fremde Heer Ost* (Foreign Armies East) could be useful in obtaining information about the Soviet army. Until this time, the United States had not focused its intelligence collection efforts on the USSR.

After sending Gehlen and several of his officers to the United States for debriefings in the summer of 1945, the Army also began to use former German intelligence officers as operatives in the American occupation zone in

Germany. Between 1945 and 1949, the US Army handled the Gehlen Organization and funded its intelligence collection.

During this period, the US Army wanted the CIA and its predecessor organizations to assume responsibility for the Gehlen Organization. CIA, still getting itself established in Washington as the nation's first peacetime, centralized intelligence organization, had reservations about the Army's efforts for it to take over the Gehlen Organization. Many of the documents in this book reflect CIA's internal debate about assuming responsibility for the Gehlen Organization from the US Army. The documents also highlight the tensions that existed between General Gehlen and various US Army officers as well as discussions between Gehlen and the Agency's representative in Munich. The Agency's decision to assume responsibility for the Gehlen Organization in mid-1949 was not made lightly and it was reached only after long debate.

It is my hope that this book of documents from 1945 to 1949 will help illuminate this fascinating period in Cold War history. The documents from the CIA's Archives and the photographs [] are the primary sources that historians in future years can draw upon to write the complete story of American and German relations immediately after World War II.

In my role as the Deputy Director for Operations, I am responsible for the collection of intelligence to ensure that our national leaders have the information necessary for informed policy decision making. As the DCI stated in his July 1998 Statement on Declassification, "although much of our work must be done in secrecy, we have a responsibility to the American people, and to history, to account for our actions and the quality of our work." In this context, we have made a serious commitment to the public release of information that, with the passage of time, no longer needs to be protected under our security classification system.

The CIA has an active historical program and separate classification review and release programs. The Agency sponsors historical conferences, and our historians research and write on a multitude of historical topics. In recent years, the Agency has released millions of pages of historical documents ranging from World War II Office of Strategic Services records, CORONA satellite and U-2 aircraft imagery, documents for the *Foreign Relations of the United States* series, material on various Cold War covert action projects, and information for the John F. Kennedy Assassination Records Review Board. In addition, the Agency responds to thousands of Freedom of Information Act (FOIA) and Privacy Act requests each year.

None of this is easy. There are no shortcuts here. It takes experienced, knowledgeable people sitting down with each document and going over it page by page, line by line. There is no alternative. We take our obligation to protect those who have worked with us in the past very seriously. We also have to consider the release on our ongoing diplomatic and intelligence relationships. A mistake on our part can put a life in danger or jeopardize a bilateral relationship integral to our security.

Although the documents in this volume, *Forging an Intelligence Partnership: CIA and the Origins of the BND, 1945-49*, are already 50 years old or older,

We cannot declassify material of this nature, nor do we want to Until the time that this material can be released to the general public,

We owe a great debt of gratitude to the early pioneers, both in Germany and in the United States, who struggled during this period to form new and close ties to both countries. These pioneers, including General Gehlen and his colleagues as well as American intelligence officers, persevered in the face of uncertainty. Their determination in the 1940s has resulted in a strong intelligence partnership based on cooperation, trust, and focus as we move into the 21st century.

Jack Downing
Deputy Director for Operations

Blank Page

Forging an Intelligence Partnership: CIA and the Origins of the BND, 1945-49

Preface

The Central Intelligence Agency's sponsorship of the nascent West German intelligence service in mid-1949 marked an expansion into uncharted operational waters.¹ This new direction irrevocably linked the CIA to former members of the General Staff of the defeated Wehrmacht and Nazi Germany's intelligence services, some of whom had notorious wartime reputations.² The Agency made this decision after a long-running debate with the US Army about the wisdom of supporting a resurrected German General Staff and a quasi-independent national intelligence organization. (U)

Collapse of the Third Reich

The story behind CIA's involvement with the Gehlen Organization actually started during the ebbing hours of World War II. With the Soviets fighting in the streets of Berlin and the British and Americans racing across the shell of the Third Reich in the spring of 1945, many German officials realized the desperation of their cause. *Generalmajor* Reinhard Gehlen, the former chief of the *Fremde Heer Ost*, or Foreign Armies East, the German Army's intelligence branch dealing with the Eastern Front and Soviet forces, planned to survive Hitler's *Gotterdammerung* as the thousand year Reich crumbled. Like most Germans, Gehlen preferred surrender to the Western Allies as opposed to an uncertain fate at Russian hands. (U)

Born in 1902, Gehlen entered the Reichswehr, the Weimar Republic's small army, shortly after the end of World War I. He advanced through the officer ranks and joined the General Staff as a captain in 1935. During the invasion of Poland four years later, he served as a staff officer in an infantry division where his organizational planning and staff work attracted the attention of

¹ For an "open" history of the American relationship with the German intelligence service after World War II, see Mary Ellen Reese, *General Reinhard Gehlen: The CIA Connection* (Fairfax: George Mason University Press, 1990). Other books, of varying degrees of reliability, include E.H. Cookridge (nom de plume for Edward Spiro), *Gehlen: Spy of the Century* (London: Hodder and Stoughton, 1971); Heinz Hohne and Hermann Zolling, *Network: The Truth About General Gehlen and His Spy Ring*, trans. by Richard Barry (London: Secker and Warburg, 1972); and lastly, Reinhard Gehlen, *The Service: The Memoirs of General Reinhard Gehlen*, trans. by David Irving (New York: World Publishing, 1972). A draft manuscript by James H. Critchfield, entitled *Germany: From Enemy to Ally 1946-1956*, promises to add significantly to the literature on this topic. (U)

² For a radical view regarding the CIA's link to the West German intelligence service, see Carl Oglesby, "Reinhard Gehlen: The Secret Treaty of Fort Hunt," *Covert Action Information Bulletin* 35 (Fall 1990), pp. 8-14. (U)

senior officers. By mid-1942, Gehlen took charge of the *Fremde Heer Ost*, with the responsibility of preparing intelligence on the Soviet Union. Gehlen's work in this position eventually incurred Hitler's wrath who rejected Gehlen's pessimistic reports about the strength and capabilities of the Soviet Army. Hitler summarily dismissed Gehlen in April of 1945. (U)

Gehlen did not leave Berlin emptyhanded. He knew that the FHO had some of the most important files in the Third Reich and that the possession of these records offered the best means of survival in the post-Hitler period. As the Soviets drew closer to Berlin, Gehlen dispersed his staff and transferred the FHO's intelligence files to secret locations in Bavaria. There, Gehlen and his handpicked officers waited to surrender to American forces. Gehlen believed that the Western Allies and the Soviet Union, while wartime partners, would soon become peacetime rivals. With his knowledge about the Russians, combined with the FHO's collective resources, Gehlen felt he could influence relations between the East and West and help shape Germany's role in post-war Europe.³ (U)

The US Army Picks Up Gehlen

Even before Nazi Germany's capitulation, Allied forces were on the lookout for German officers and enlisted personnel with intelligence backgrounds. Indeed, as the Americans looked for Gehlen, he tried to surrender to an American unit. After a circuitous route, the US Army finally delivered Gehlen and his men to the 12th Army Group Interrogation Center near Wiesbaden in June 1945. Interned at the "Generals' House," Gehlen reassembled his staff and files under the overall direction of Army Capt. John R. Boker, Jr. (U)

Boker, who had previously interrogated other German officers, expressed his feelings as he started his interrogation of General Gehlen. "It was also clear to me by April 1945 that the military and political situation would not only give the Russians control over all of Eastern Europe and the Balkans but that as a result of that situation, we would have an indefinite period of military occupation and a frontier contiguous with them." Boker quickly became the 12th Army Group's resident expert on the Soviet Army because of his interrogation of German officers who had fought on the Eastern Front. (~~SECRET-GER~~)

Gathering Gehlen's staff and records required some subterfuge on Boker's part. He was aware, from previous experience, that "there existed in many

³ For a review of German intelligence during the war, see David Kahn, *Hitler's Spies: German Military Intelligence in World War II* (New York: Macmillan Publishing Company, Inc., 1978). (U)

American quarters a terrible opposition to gathering any information concerning our Soviet Allies." He did, however, gain the support of Col. Russell Philp, commander of the Interrogation Center, and Brig. Gen. Edwin L. Sibert, G-2 for the 12th Army Group, to employ the former FHO staff members to produce reports on the Soviets. Gehlen also wanted Boker to establish contact with some of his frontline organizational elements, such as *Oberstleutnant* Herman Baun, who commanded *Stab Walli I*, which conducted espionage work against the Soviets using Russian defectors and collected raw intelligence for Gehlen's FHO. Gehlen insisted that he had access to still-existent agent networks in the Soviet Union through Baun's sources. (~~S REL GER~~)

Army headquarters in Washington learned about Gehlen's activities at Wiesbaden, and, after some discussion, Boker received orders to bring the German group to the United States. Army G-2's primary interest, however, centered on the retrieval and analysis of the FHO records, not in its personnel. Boker, who had become quite attached to his project, opposed losing control of Gehlen and his staff section after their departure for Washington on 21 August 1945. Placed as virtual prisoners in a classified location at Fort Hunt, Virginia (known simply as P.O. Box 1142), the Army planned to use Gehlen in conjunction with a larger project being conducted at Camp Ritchie, Maryland, to compile a history of the German army on the Eastern Front. (~~S REL GER~~)

Through Boker's efforts (he accompanied Gehlen's group to the United States) and those of officials with the Eastern European Order of Battle Branch at the Pentagon, the situation for the Germans gradually improved. The BOLERO Group, as Gehlen's unit became known, served under the direction of Army Capt. Eric Waldman until its return to Germany in June 1946. By this point, Gehlen's men not only prepared reports based on German records but also had access to and commented on American intelligence reports. (~~S REL GER~~)

SSU Rejects Gehlen

While the Army exploited Gehlen and his officers in Washington, US intelligence also sought to question German scientists and engineers about Nazi rocket and atomic developments. The Office of Strategic Services, however, played little role in these activities. In the throes of disbandment during the fall of 1945, OSS declined the Army's invitation to employ Baun in Germany. The new Strategic Services Unit also expressed some reluctance about using the German FHO for American intelligence purposes. SSU, however, did try to determine the exact nature of the relationship between

Gehlen and Army intelligence. On 25 October 1945, Crosby Lewis, SSU's X-2, or counterintelligence, branch chief in Germany, asked for "Special Sources" information from files pertaining to *Stab Walli* and various German personalities, including Baun and Gehlen. The German Mission stated:

For your information only, Baun and a group of other members of Fremde Heere Ost, experts in the G.I.S. on espionage against the Russians, are being collected by two officers of the G-2 section, USFET, who are responsible only to Gen. Sibert. It appears likely that Sibert got an OK from Washington on this when he was in the US last month, at which time it appeared that OSS might fold up. Von Gehlen and several high-ranking staff officers who operated for Fremde Heere Ost and for some of the Army Group staff on the Eastern Front during the war have been flown to the US— all this without any contact with the OSS here. (~~S-REL GER~~)

In early January 1946, Lewis, now the chief of SSU's German Mission, reported to Headquarters what it had learned "through discreet inquiries" about the Army's activities. Lewis described the flight of Gehlen and his FHO staff from Berlin and their activities with the Americans. His report also noted that Gehlen had recommended that Herman Baun be contacted to provide further information about the Soviets while the general worked in the United States. In the meantime, Baun had been arrested by the US Army as a "mandatory arrestee" (members of Nazi party organizations and high-ranking German Army and SS officers were subject to immediate apprehension by the Allies) in late July 1945 and interrogated at the Third Army Interrogation Center the following month. The announcement of his arrest and the distribution of a Preliminary Interrogation Report raised great concern at Army G-2 because the Soviets now demanded the extradition of both Baun and Gehlen. (~~S-REL GER~~)

The Army, however, refused to accede to Soviet demands and secluded Baun and several other FHO personnel at the Military Intelligence Service Center (MISC) at Oberursel on the outskirts of Frankfurt (also known as Camp King and later officially designated as the 7700th European Command Interrogation Center). The small group, including Gerhard Wessel, who had succeeded Gehlen as the head of FHO in 1945, was quartered at the "Blue House," where Baun planned to develop a full-scale intelligence organization. According to SSU, the Army's G-2 in Germany wanted to use Baun to resurrect his Abwehr network against the Soviets. This proved difficult, and SSU reported that it "advised them [the US Army] to interrogate Baun at length and have nothing to do with his schemes for further intelligence activity." (~~S-REL GER~~)

In November 1945, in fact, the German Mission had responded to a request by General Sibert that SSU take over Baun's operation from the Army. After reviewing Baun's plans, SSU rejected them outright, calling them "rather grandiose and vague suggestions for the formation of either a European or worldwide intelligence service to be set up on the basis of wartime connections of Oberst Baun and his colleagues, the ultimate target of which was to be the Soviet Union." SSU found a number of shortcomings with the employment of Baun, including cost, control, and overall poor security measures. The fact that the Russians wanted to question Baun and Gehlen, as well as other German intelligence figures, also did not sit well with the American intelligence organization. (~~SECRET GER~~)

Meanwhile, a SSU/X-2 officer in Munich had interrogated another officer of *Stab Walli* about German intelligence activities against the Russians. In fact, SSU felt that this officer was a better source of information on German intelligence activities on the Eastern Front than Baun, a Russian-born German. Despite SSU's advice that the Army dismiss Baun and reduce its reliance on FHO-derived intelligence, the opposite took place. Baun thrived under US Army auspices, and he established a service to monitor Soviet radio transmissions in the Russian zone in January 1946. Two months later, Baun received further authorization from the Army to conduct both positive and counterintelligence activities in Germany. (~~SECRET GER~~)

Operation Rusty

In July of that year, the Army returned General Gehlen and the remaining FHO members to Germany from Washington. At this point, Lt. Col. John R. Deane, Jr., MISC's Operations Officer, announced his plans to merge Gehlen's BOLERO group with Baun's already-existent staff, known as KEYSTONE, at Oberursel. General Gehlen would coordinate the functions of both elements of the German organization while he had direct responsibility for the Intelligence Group. This element evaluated economic, military, and political reports obtained by agents of Baun's Information Group. The Army designated the entire organization as Operation RUSTY, under the overall supervision of Col. Russell Philp, Lt. Col. John R. Deane, Jr., and Capt. Eric Waldman, who had preceded Gehlen's return to Germany from Washington.⁴ (~~SECRET GER~~)

⁴ The operation is variously described as getting its designation from either a nickname given to Lt. Colonel Deane's young son or that given to Col. Russell Philp. See Reese, *General Reinhard Gehlen*, p. 207. One source emphatically states that Operation RUSTY was named after Deane's son. (U)

Gehlen's reports, Deane expected, "will be of great value to the G-2 Division in that they will furnish the closest thing to finished intelligence that can be obtained from sources other than US." Deane's optimistic outlook indeed spurred the Army to submit even greater number of requests to Operation RUSTY. Baun quickly expanded his collection efforts to meet the Army's insatiable appetite for information on the new Soviet threat in Europe. By October 1946, Gehlen and Baun claimed to have some 600 agents operating throughout the Soviet zone of Germany, who provided the bulk of intelligence on the Russian Order of Battle. ~~(S REL GER)~~

As the Army's demands grew, Operation RUSTY transformed from a select cadre of German General Staff officers to a large group that suffered from poor cohesion and mixed allegiances. In addition to covering the Soviet zone, Operation RUSTY took on new missions in Austria and other areas of Europe as well as broadened FHO's wartime contacts with anti-Communist emigre groups in Germany and with members of the Russian Vlasov Army. The few American officers assigned to the Blue House barely knew the identities of RUSTY agents, thus making it difficult to confirm the validity of German reporting. Baun's recruiting and training of his agents proved haphazard, while their motivation also raised questions because of RUSTY's black-market activities. Throughout the Western Allied zones of Germany, men and women openly claimed to be working for American intelligence, leading to many security breaches that undermined RUSTY's overall effectiveness. ~~(S REL GER)~~

Lacking internal control and American oversight, Operation RUSTY was an expensive project. By mid-1946, the Army found itself running out of funds, and it once again tried to persuade SSU to take over the operation after Gehlen returned to Germany. On a tour of SSU installations in Germany, Col. William W. Quinn, SSU's director in Washington, DC, conferred with General Sibert and Crosby Lewis about the Army's proposal. Once again, Lewis repeated many of his objections that he had made earlier in the fall of 1945, and he suggested that SSU make a "thorough study" of RUSTY prior to any decision by Headquarters. In early September, the German Mission chief specified in writing to General Sibert the conditions in which SSU would be prepared to assume responsibility for Operation KEYSTONE.⁵ He emphasized the need for US intelligence to have complete access to all German records and identities of leading personalities and agents for initial vetting. ~~(S REL GER)~~

⁵ The Americans referred to the German intelligence service through a variety of project names, including BOLERO, KEYSTONE, and RUSTY. The use of the term "RUSTY" supplanted KEYSTONE in 1946 until CIA's assumption in 1949. After that point, the operational terms changed once again. (C REL GER)

Neither SSU's chief of mission in Germany nor any other American official expressed any doubt about employing America's former enemies as sources of information. The Americans, for example, had already launched an extensive project using German officers to write about their wartime experiences. The Army's German Military History Program continued until the mid-1950s and influenced US Army doctrinal and historical writing.⁶ The debate about Gehlen's project, as it evolved after 1945, centered around more practical matters, such as cost and security. A summary of SSU's viewpoints about RUSTY was prepared for Col. Donald H. Galloway, Assistant Director of Special Operations, in September 1946:

It is my opinion that SSU AMZON should be given complete control of the operation and that all current activities of this group be immediately stopped before further security breaches nullify the future usefulness of any of the members of the group. I further recommend that an exhaustive study be made along CE lines of the entire operation, past and present, so that at least, if it appears that the group is too insecure to continue an operation, the wealth of intelligence which is contained in the minds of the various participants as regards Russia, Russian intelligence techniques, and methods of operation against the Russians, could be extracted. In conclusion, however, it is most essential that if a final decision is made to exploit these individuals either singly or as a group, SSU understands that their employment in the past and their exploitation in the future constitutes to a greater or less degree the setting up of an incipient German intelligence service.

~~(S REL GER)~~

The Vandenberg Report

Upon the conclusion of General Sibert's tour as G-2 in Europe, the discussion about which agency should be responsible for Operation RUSTY shifted from Germany to Washington. Maj. Gen. Withers A. Burrell, Sibert's successor as the chief intelligence officer in Germany, appealed to Lt. Gen. Hoyt S. Vandenberg, formerly Army Chief of Staff for Intelligence and now Director of Central Intelligence, to have the newly formed Central Intelligence Group (CIG) assume control of RUSTY. His memorandum, supported by extensive documentation, noted that the Army's headquarters in Germany considered RUSTY to be "one of its most prolific and dependable sources." ~~(S REL GER)~~

⁶ Kevin Soutour, "To Stem the Red Tide: The German Report Series and Its Effect on American Defense Doctrine, 1948-1954," *Journal of Military History* 57 (October 1993), pp. 653-688. (U)

General Vandenberg, in turn, directed that the CIG take a fresh look at RUSTY. On 16 October 1946, CIG presented its summary of the Burress material and dismissed Gehlen's Intelligence, or Evaluation, Group as "drawing broad conclusions from inadequate evidence and a strong tendency to editorialize." Regarding Baun's Information Group, CIG determined that "there is no evidence whatsoever which indicates high-level penetration into any political or economic body in the Russian-occupied zone." The review also blasted Operation RUSTY for its yearly budget of [redacted] while CIG's German Mission cost only [redacted] CIG decidedly rejected assumption of RUSTY although it did call for a full study in order to identify salvageable aspects of the operation. The report made two significant comments that reflected CIG's overall frame of mind:

1. It is considered highly undesirable that any large scale US-sponsored intelligence unit be permitted to operate under even semi-autonomous conditions. Unless responsible US personnel are fully acquainted not only with the details of each operation carried out but also with the identities and background of all individuals concerned, no high degree of reliability can be placed from an American point of view upon the intelligence produced.

2. One of the greatest assets available to US intelligence has always been the extent to which the United States as a nation is trusted and looked up to by democratic-minded people throughout the world. Experience has proven that the best motivation for intelligence work is ideology followed by common interests and favors. The Germans, the Russians, their satellites, and to a lesser extent [redacted] have employed fear, direct pressure of other types, and lastly, money. With most of these factors lacking to it, Operation RUSTY would appear to be dependent largely upon the last and least desirable. (~~SECRET~~)

The Bossard Report

In a letter to Gen. Vandenberg in October 1946, Colonel Galloway reiterated CIG's concerns about RUSTY's costs and questions about its security. He recommended that CIG not take over the operation. The Army and CIG, however, agreed in the fall of 1946 that the CIG could conduct its own examination of RUSTY. As a result of discussions held in New York City in December, Samuel B. Bossard, CIG's representative, arrived at Oberursel in March 1947 to evaluate the German operation and its future potential. Unlike Crosby Lewis, Bossard had a different, and favorable, impression of Operation RUSTY during the course of his two-month study. "The whole pattern of operation is accordingly positive and bold; the factors of control and risk have become secondary considerations and thus yield to the necessity of obtaining information with speed and in quantity." (~~SECRET~~)

In a stunning reversal of earlier criticism of RUSTY, Bossard compared the operation to the wartime work of OSS with various resistance groups where results mattered more than control. He dismissed "the long bill of complaints prepared by our own counter-intelligence agencies against the lack of security in this organization." He declared, "in the end [this] serves more as a testimony to the alertness of our counter-intelligence agencies and a criticism of our own higher authorities for not effecting a coordination of interests than a criticism of the present organization and its operating personnel." ~~(S-REL GER)~~

The Bossard Report marked the first time that either SSU or CIG had an independent opportunity to examine the operation and to question both Gehlen and Baun as well as other members of the German organization. Impressed with the anti-Communist sympathies of the Germans and the breadth of their contacts (especially with various emigre groups), the CIG representative found "no evidence to prove that the unusual confidence that had been placed by American authorities in the German operators had been abused." He made eight recommendations to the DCI, with the bottom line being that the CIG should take responsibility for RUSTY. ~~(S-REL GER)~~

The CIG representative believed that Operation RUSTY had proven to be a useful anti-Communist intelligence organization. If the United States abandoned RUSTY, it would still have the same intelligence requirements as before although with fewer resources. Likewise, American control of the German operation could only strengthen the overall project and reduce its security risks. He felt that Operation RUSTY offered the Americans a readymade, knowledgeable German intelligence service that formed a "strong core of resistance to Russian aggression." ~~(S-REL GER)~~

The findings unleashed a flurry of activity in Washington during the summer and fall of 1947. On 3 June, Colonel Galloway recommended to Rear Adm. Roscoe H. Hillenkoetter, who had just taken over as DCI from General Vandenberg, that he approve Bossard's report. Galloway added that CIG's takeover of RUSTY should be cleared through the G-2 in Germany and brought to the attention of the National Intelligence Authority, predecessor to the National Security Council. Colonel Galloway remained concerned that support of the GIS could conflict with both State Department policies in dealing with a "potential resistance group" as well as interfere with the signals intelligence work of the US Army and Navy. ~~(S-REL GER)~~

A few days later, Admiral Hillenkoetter prepared a memorandum for the secretaries of State, War, Navy, as well as President Truman's personal representative to the National Intelligence Authority on Operation RUSTY. It outlined the organization's history and CIG's earlier examination into the question of assuming responsibility. In his cover memorandum, Admiral

Hillenkoetter expressed the "strong" recommendation that "Operation RUSTY be liquidated and that CIG assume no responsibility for its continuation or liquidation." Hillenkoetter felt that the CIG should have no connection with RUSTY without the knowledge and approval of the National Intelligence Authority. ~~(S-REL-GER)~~

Hillenkoetter's recommendation raised a furor in Army circles. At a high-level conference on 19 June 1947 to discuss Army-CIG relations and Operation RUSTY, Maj. Gen. Stephen J. Chamberlin, the Army's Director of Intelligence, asked that Hillenkoetter's proposed NIA memorandum be withdrawn. He stated that he did not plan to discuss the matter even with the Secretary of War. Consequently, the Army momentarily relented in its efforts to have CIG assume responsibility for RUSTY. Hillenkoetter warned Chamberlin about the national security risks posed by the US support of a resurgent German General Staff and intelligence service. General Chamberlin agreed that this perception created problems and promised to have Maj. Gen. Robert L. Walsh, the chief intelligence officer in Germany, oversee tighter control over the operation. ~~(S-REL-GER)~~

While the CIG and the Army debated the merits of Operation RUSTY in Washington, Lt. Colonel Deane at Oberursel oversaw the almost-daily growth of Gehlen's intelligence service. The rapid expansion of agents and reports in 1946 presented a challenge in terms of control and quality. General Gehlen, upon his return that summer, discovered that Baun had his own plans for a German intelligence service that did not meet with Gehlen's approval. Baun's ambitious grasp for control of the organization coupled with mounting questions about his agents and finances resulted in his gradual removal by the Americans and Gehlen during the course of 1947.⁷ The Army, in the meantime, did take some steps to improve its control over RUSTY, including the formation of a new military cover unit. In late 1947, RUSTY moved from Oberursel to its own compound in Pullach, a small village near Munich. In addition, Col. Willard K. Liebel replaced Deane as Operations Officer.⁸ ~~(S-REL-GER)~~

⁷ The situation between Baun and Gehlen created internal division within the GIS within days after the general's return to Germany in 1946. Gehlen, however, retained Baun and decided to send him to Iran to conduct strategic planning in the Middle East. He died in Munich in December 1951 at the age of 54. ~~(S-REL-GER)~~

⁸ Reese, *General Reinhard Gehlen*, pp. 93-97. Relations between Colonel Liebel and General Gehlen deteriorated quickly after Liebel's arrival; in part due to the American officer's insistence on obtaining identities of the German agents. Colonel Liebel also criticized Gehlen (referred by his operational name Dr. Schneider) for poor security practices. Captain Waldman supported Gehlen's stand during this period, which created tension within the American chain of command. Liebel departed Pullach in August 1948, and Col. Russell Philp arrived as his successor in December 1948. Liebel's own black-market activities and the poor discipline of US personnel at Pullach ultimately injured the Army's efforts to tighten control over the Germans. (U)

CIA's Lack of Enthusiasm Toward RUSTY

There was still little enthusiasm for RUSTY after the establishment of the Central Intelligence Agency in the fall of 1947. In March 1948, a CIA officer in Germany provided an update to Richard Helms, chief of CIA's Foreign Branch M that handled CIA's operations in Central Europe, about the German intelligence organization's activities. The officer observed that, while RUSTY "enjoys the unqualified backing of the Army in Germany," he felt that the Soviets must have penetrated the German group. "The political implications alone (leaving aside the espionage angle) would come in handy if the Russians at any time should look for a pretext to provoke a showdown in Western Germany." Likewise, he was concerned about "the political implications of sponsoring an organization that in the opinion of qualified observers constitutes a re-activation of the German Abwehr under American aegis." ~~(S REL GER)~~

With great disgust, the acting chief of CIA's Karlsruhe Operations Base related his experiences with RUSTY in an August 1948 memorandum to Headquarters. This officer first encountered Baun's operatives in the summer of 1946 when the Army's Counter Intelligence Corps (CIC) arrested a number of Germans who claimed to work for American intelligence. CIC informed the SSU representative about these arrests who launched an investigation as to the background of the German agents. He found that "some of the agents employed were SS personnel with known Nazi records and, in most cases, undesirable people. Recruiting methods then employed," he complained, "were so loose that former German officers and noncoms were blindly being approached to work for American intelligence in espionage activity directed against the USSR." ~~(S REL GER)~~

RUSTY's approach went against all principles of intelligence work. "In the recruitment methods no attention was paid to the character of the recruits, security, political leanings, or quality with the result that many of the agents were blown almost immediately." This officer felt that RUSTY's "recruiting methods indicated a highly nationalistic group of Germans who could easily become the nucleus [sic] of serious subversive activity against any occupying power. At the same time, the distribution of operational supplies, money, and so forth was so loose and elaborate that the influence on the black market certainly was considerable." ~~(S REL GER)~~

He expressed his displeasure with RUSTY and protested any plans for future association between this group and CIA. In a lengthy summary, this officer presented the viewpoint of many of his colleagues:

The general consensus is that RUSTY represents a tightly-knit organization of former German officers, a good number of which formerly belonged to the German general staff. Since they have

an effective means of control over their people through extensive funds, facilities, operational supplies, etc., they are in a position to provide safe haven for a good many undesirable elements from the standpoint of a future democratic Germany. Most of these officers are unable to find employment and they are therefore able to maintain their former standard of living without having to put up with the present difficulties of life in conquered Germany. They are likewise able to maintain their social standing as former officers and to continue their own study in the military field and continue training along military lines. The control of an extensive intelligence net makes it possible for the leaders to create a cadre of officers for the perpetuation of German general staff activity. The organization of RUSTY makes it possible for them to continue a closely knit organization which can be expanded at will.

~~(S REL GER)~~

A former SSU/X-2 chief in Germany and now head of CIA's Munich Operations Base related his views of RUSTY in a July 1948 memorandum to [] who had replaced Crosby Lewis as chief of mission in Germany. Like his colleagues, this officer protested RUSTY's poor security practices and its "free-wheeling" methods of agent recruitment. He expressed particular distaste at RUSTY's abuse of the denazification laws that undermined the operation's overall standing. Quoting a "local cynic," this officer noted that "American intelligence is a rich blind man using the Abwehr as a seeing-eye dog. The only trouble is—the leash is much too long." ~~(S REL GER)~~

In summarizing the sentiments of Agency officials in Germany, Richard Helms told Colonel Galloway in March 1948 that "nothing about RUSTY has been altered which could lead us to change the position taken by us last year. In fact, the reports in the Soviet dominated press in Germany concerning the use of former German staff and intelligence officers are such that there is no question that the Russians know this operation is going on even though they may have some of the details wrong." Helms added, "certainly the fact that so much publicity has been given to this indicates serious flaws in the security of the operation." ~~(S REL GER)~~

Little by little, however, the Army managed to get CIA more involved with RUSTY, despite complaints from the field and even Admiral Hillenkoetter's overall opposition to the project. In December 1947, General Walsh brought up the issue of CIA's taking over of RUSTY with CIA's chief of base in

Berlin. Walsh maintained that, while the handling of RUSTY by the Army in 1947 might have been considered a "sin of commission," the failure for the Americans to continue the operation in 1948 would constitute a "sin of omission." ~~(S REL GER)~~

As late as mid-1948, Admiral Hillenkoetter resisted the Army's overtures to assume control of RUSTY. In July 1948, the DCI informed the Army's Director of Intelligence that he did not want the Army to use a 1946 letter of agreement between the War Department and CIG to obtain services, supplies, and equipment for the Army's cover organization for RUSTY. Hillenkoetter believed that a new, and separate, agreement should be drawn up between both organizations to support the Army's requirements for RUSTY. ~~(S REL GER)~~

At the same time, Hillenkoetter provided General Chamberlin with some news about RUSTY that he had learned from various sources. In one case, the CIG officer who had reviewed the Gehlen Organization in 1947 received a letter from a mysterious "R. Gunner" about "some dangerous points." Gunner, believed to be General Gehlen, asked for "personal advice concerning certain business questions" and wanted him to come to Munich. Disagreements between Gehlen and his American military counterpart, Colonel Liebel, now made their way to the highest levels of CIA. The entire project appeared on the verge of disintegration. ~~(S REL GER)~~

The Critchfield Report

Matters soon came to head that forced the CIA to act whether it should assume responsibility for the German intelligence organization. In October 1948, General Walsh informed Admiral Hillenkoetter that the Army could no longer fund RUSTY for any activities other than Order of Battle intelligence. During a visit to Germany, the DCI discussed the matter with Walsh and agreed to provide limited funds while CIA conducted an investigation of the Army's German operation. Immediately prior to Admiral Hillenkoetter's agreement with the Army, Colonel Galloway and CIA's chief of mission in Germany conferred about RUSTY. They concluded that the Agency ~~(S REL GER)~~ RUSTY, "or at least [be] carefully watched and reported upon, and that we should pay particular attention to its attempts to become the official German intelligence service."

On 27 October 1948, Colonel Galloway told ~~(S REL GER)~~ that he wanted James H. Critchfield, the newly arrived chief of Munich Operations Base, to examine RUSTY and prepare a report similar to that done by CIG in 1947.

Critchfield's mandate specified that he should evaluate RUSTY's OB facilities and determine which elements should ~~be~~ exploited, left with the Army, or liquidated. The report, Galloway noted, should be thorough, but finished within a month. (~~SECRET~~)

Critchfield, a young US Army combat veteran, had served in military intelligence staff positions in both Germany and Austria when he joined the new CIA in 1948. He embarked on his new project with vigor and met his deadline when he cabled a summary of his findings to Washington, DC, on 17 December. His full report, with annexes, arrived at Headquarters after that point. An extensive study, Critchfield and several associates examined the Army's relationship with RUSTY, its funding, organizational structure, intelligence reporting, overall operations and procedures, and Gehlen's own future projections for his group. Critchfield's report stands as the CIA's (and its predecessors) most thorough review of the growing German intelligence service. (~~SECRET~~)

Critchfield's report also set the tenor for future CIA relations with Gehlen. While he made several important points, Critchfield observed that CIA could not ignore the presence of RUSTY. He wrote:

In the final analysis, RUSTY is a re-established GIS which has been sponsored by the present de facto national government of Germany, i.e. by the military occupational forces. Because the 4,000 or more Germans who comprise RUSTY constitute a going concern in the intelligence field, it appears highly probable that RUSTY will emerge as a strong influence, if not the dominant one, in the new GIS. Another important consideration is that RUSTY has closest ties with ex-German General Staff officers throughout Germany. If, in the future, Germany is to play any role in a Western European military alliance, this is an important factor. (~~SECRET~~)

As Critchfield pointed out, RUSTY was a *fait accompli*, regardless of whether CIA wanted the German organization or not. He advocated the Agency's assumption of RUSTY because, "from an intelligence viewpoint, it seems desirable that CIA enter RUSTY at that point where it can control all contacts and operational developments outside of German territory." Admiral Hillenkoetter, however, reluctantly agreed to this move and made it clear that "CIA was not asking to take over Rusty and was expressing a willingness to do so only because the Army was requesting it."

~~(SECRET)~~

Gen. Omar Bradley, the Army's Chief of Staff (and soon-to-be Chairman of the Joint Chiefs of Staff) and Secretary of Defense James V. Forrestal both supported the Agency's move as did individual members of the National Security Council. Throughout the first months of 1949, the Agency, the Department of the Army, and Lt. Gen. Lucius D. Clay, US military governor of Germany, debated the issue of the CIA's assumption of RUSTY. Likewise, Critchfield in Pullach had his hands full with ongoing disputes between Gehlen and Colonel Philp, the US Army commander on the scene. With General Clay's departure from Germany in May, the Agency assumed control on 1 July 1949.⁹ ~~(S REL GER)~~

CIA's Trusteeship of the Gehlen Organization

Even before the official transfer in mid-1949, Critchfield specified the terms of agreement between the CIA and the German organization. The basic agreement reached by Critchfield and Gehlen in June 1949 recognized that "the basis for US-German cooperation in this project lies in the mutual conviction of the respective parties that increasing cooperation between a free and democratic Germany and the United States within the framework of the Western European Union and the Atlantic Community is indispensable for the successful execution of a policy of opposition and containment of Communist Russia." ~~(S REL GER)~~

Critchfield acknowledged that "the members of the German staff of this project are acting first and foremost as German nationals working in the interest of the German people in combating Communism." Yet, the Agency's chief of base insisted that, until Germany regained its sovereignty and the two countries made new arrangements, the Central Intelligence Agency would remain the dominant partner and call the shots. Critchfield, for example, would specify US requests to Gehlen for intelligence priorities and that "complete details of operational activities will be available to US staff." While US officials would deal with the Germans in "an advisory and liaison capacity," Critchfield planned to closely examine the Gehlen Organization. "All operations outside of Germany will," Critchfield noted, "be reduced to a project basis with funds provided for each project as approved

⁹ Shortly after CIA took over RUSTY from the Army, the Office of the US High Commission for Germany (HICOM) assumed control from the Office of the Military Government for Germany (OMGUS) and the Occupation Statute went into effect. In September 1949, the Federal Republic of Germany formed following the ratification of the Basic Law, the new republic's constitution, in May. In the spring of 1952, Germany and the Western Allies replaced the Occupation Statute with Contractual Agreements. Three years later, West Germany became a sovereign nation and joined the North Atlantic Treaty Organization (NATO). Several months later, West Germany formed its military forces, and the Gehlen Organization became West Germany's Federal Intelligence Service in 1956. (U)

and on the basis of continuing review of operational details and production." ~~(S REL GER)~~

Relations between the Agency and German intelligence service during the first half of the 1950s were often at odds. Gehlen resented CIA's intrusion into his affairs that were far more sweeping than the Army's. In 1950, for example, Critchfield reduced the number of Gehlen's projects from 150 to 49, and he soon whittled this latter number to 10. CIA cut the vast bulk of German projects for nonproduction of any worthwhile intelligence or even possessing any potential value. Critchfield bluntly told Gehlen in 1950 that "it was high time he recognized the fact that his organization, while viewed in a most creditable light for its tactical collection and especially its military evaluation work, was considered definitely second class in any intelligence activity of a more difficult or sophisticated nature, and that if he had any aspirations beyond that of producing a good G-2 concern for the future German Army, some drastic changes were in order." ~~(S REL GER)~~

While the Central Intelligence Agency and its predecessors had long protested against the use of the German intelligence service, the American service soon found itself defending its own ties to the Gehlen Organization. As early as 1953, the two agencies had become so entwined that even Roger M. Keyes, Deputy Secretary of Defense, criticized the Agency's role in Germany. Frank Wisner, the Deputy Director of Plans, responded that "there is no adequate answer or correction of the assumption that we rely very largely upon the [Gehlen Organization] effort for intelligence on Eastern Europe generally." Wisner stated, "this is a common fallacy which is always cropping up and it should be pointed out that we have our own independent operations in addition to the [Gehlen Organization] effort." Despite Wisner's rebuttal, the Agency learned that it was expensive to support the Gehlen Organization and that the CIA never had full control of the German personnel. ~~(S REL GER)~~

A Double-Edged Sword

CIA's support of the Gehlen Organization proved a double-edged sword. On the one hand, US assistance to the nascent West German intelligence service strengthened ties between the two countries. The United States and the Federal Republic of Germany remained close allies during the long years of the Cold War, which witnessed not only the collapse of the Berlin Wall and the German Democratic Republic, but also the end of the Soviet Union itself. □

On the other hand, CIA's relationship with the Gehlen Organization also had serious counterintelligence implications and boosted the Warsaw Pact's propaganda efforts. The Communists branded the BND as the successors to Nazi Germany's military and intelligence heritage. Gehlen's intelligence service suffered devastating penetrations by the KGB as seen by the Hans Clemons and Heinz Felfe spy scandals of the early 1960s. These disasters highlighted the Central Intelligence Agency's concerns about the Gehlen Organization that it had warned about as early as 1945. []

[]

The Agency's support to the Gehlen Organization remains a controversial topic, yet it took on this responsibility after lengthy debate and with the full knowledge of the risks. The CIA recognized that its ties to Gehlen meant it inherited many negative aspects that had also plagued the US Army between 1945 and 1949. Gehlen's intelligence on the Soviet Union, however, outweighed these problems during the hottest years of the Cold War. The history of postwar Germany needs to take into account the origins of the CIA's trusteeship of the Gehlen Organization []

[]

Blank Page

xxx

Notes on Sources

This volume of historical documents pertaining to the Central Intelligence Agency and the Gehlen Organization from 1945 to 1949 is drawn from original records in the possession of the Central Intelligence Agency and declassified records at the National Archives and Records Administration (NARA). In the early years, CIA, and its predecessor organizations, including the Office of Strategic Services, the Strategic Services Unit, and the Central Intelligence Group, obtained its information on the Gehlen Organization from a variety of sources.

The US Army provided some of the material presented in this volume as it attempted on several occasions to persuade CIA and its predecessors to assume responsibility for the German intelligence service. The Army documents, now located in the CIA's Archives, have been reviewed by Army declassification officials and approved for publication in this classified volume.

A handful of documents pertaining to German World War II intelligence on the Soviet Union have already been declassified and are held at the National Archives in College Park, MD. They are published in this classified volume to highlight the importance that the US Army regarded information on the Soviet Union provided by German military personnel.

The bulk of the material presented in this book is drawn from CIA's Archives and consists of classified documents generated by CIA officials in Germany and in Washington, DC. These documents represent the bulk of CIA's holdings on the Gehlen Organization during this early period. Most of the documents are cables and dispatches to and from CIA officials in Germany and Headquarters discussing the merits of the Gehlen Organization, the Army's own operations, and whether the Agency should take control of the German service.

The documents have been organized into six chronological sections. Part I, covering the first months after the war, contains firsthand accounts by some of the key players as the Germans and Americans began to work together. These accounts were written in the 1950s although some interviews were conducted as late as 1970. Part II deals with the end of World War II in 1945 as the US Army began to interrogate German officers about their knowledge of the Soviet Union. Part III focuses on what the CIG knew about the Army's efforts to work with Gehlen and his officers as well as the Army's attempt to get CIG to assume responsibility of the Gehlen Organization.

During 1947, CIG conducted an investigation of the Gehlen Organization, which forms the basis for Part IV. The following year, CIA conducted another investigation of the Gehlen Organization, which is Part V. In 1949, CIA assumed responsibility for the German service from the US Army; documents pertaining to this takeover are found in Part VI.

The volume also includes a list of acronyms and abbreviations, identifications of persons mentioned in the documents, and a chronology of world events as well as highlights in the relationship between the Army, CIA, and the Gehlen Organization from 1945 to 1949. A few of the documents have been "sanitized," or had some words or passages removed to protect intelligence sources and methods. Limitations in space have forced us to print some documents only in part. For example, the lengthy 1948 Critchfield Report does not contain all of the annexes. The excerpts published in this volume, however, constitute the most useful and historically relevant information.

The documents reproduced in this book vary greatly in quality. Some are copied from typed or printed originals, but others are faint carbon copies or reproduced from microfiche. Thus, we may have a poor copy to work from, and its reproduction for this volume further reduces its legibility. Over the years, the documents have been marred by classification stamps and other extraneous markings that have also been "sanitized" to some extent.

All of the documents, with the exception of the declassified material at the National Archives, [

]

The photographs in this volume are unique. They come from the [] as well as the holdings of the CIA. They lend a personalized view of the first years of the German-US intelligence relationship.

~~This information is Confidential Rel GER.~~

Acronyms and Abbreviations

Abwehr	German military intelligence service in World War II
ADSO	Assistant Director for Special Operations (CIG and CIA)
AMZON	American Zone of Occupation in Germany
CIA	Central Intelligence Agency (1947-)
CIC	Counter Intelligence Corps, US Army
CIG	Central Intelligence Group (1946-47)
COPS	Chief of Operations (CIG and CIA)
DCI	Director of Central Intelligence (CIG and CIA)
DDCI	Deputy Director of Central Intelligence (CIG and CIA)
DoD	Department of Defense
EUCOM	European Command
FBM	Foreign Branch M (CIG and CIA)
FHO	German Fremde Heer Ost, or Foreign Armies East
G-2	Intelligence section
HICOM	Office of the US High Commission for Germany
JCS	Joint Chiefs of Staff
MIS	Military Intelligence Service
MISC	Military Intelligence Service Center
NIA	National Intelligence Authority (interdepartmental)
NSC	National Security Council

OMGUS	Office of the Military Government for Germany (US)
OSO	Office of Special Operations (CIG and CIA)
OSS	Office of Strategic Services (1942-45)
RSHA	Reichssicherheitshauptamt (Reich Main Security Administration)
RSHA VI	Department VI (foreign intelligence) of the RSHA
SAINT	X-2 (counterespionage) (OSS, SSU, and CIG)
SC	Security Control (successor to X-2 in CIG and CIA)
SHAEF	Supreme Headquarters, Allied Expeditionary Force
SSU	Strategic Services Unit, War Department (1945-47)
USFET	United States Forces in the European Theater

This information is Unclassified.

Persons Mentioned

This section provides a brief identification of the Americans mentioned in the various reports and correspondence.

**Boker, John
Robert, Jr.**

Born in New York in 1913, Boker graduated from Yale University in 1933. He served in Army intelligence in Europe during the war, where he interrogated Gehlen. After the war, Boker operated a family-owned manufacturing firm.

**Bossard, Samuel
Brennan**

Born in Pennsylvania in 1912, Bossard graduated from Princeton University in 1933 and Columbia University in 1938. He studied in Germany during the 1930s and was a professor of German. During the war, Bossard served as an enlisted man and officer in OSS where he was assigned to X-2. He remained as a liaison officer with CIG and CIA and handled the Gehlen Organization at CIA's Headquarters. Bossard resigned from the Agency in 1950. He died in 1996.

**Bradley, Omar
Nelson**

Born in Missouri in 1893, Bradley graduated from the US Military Academy at West Point, N.Y., in 1915. During World War I, Bradley served in the United States and he spent the interwar years as an instructor or student. He commanded two infantry divisions in World War II and rose to corps, army, and, finally, 12th Army Group command by 1945. After the war, Gen. Bradley served as director of the Veterans Administration and then as Chief of Staff of the Army. Bradley became the first Chairman of the Joint Chiefs of Staff in August 1949. Promoted to the rank of General of the Army in 1950, Bradley retired three years later. Bradley died in 1981.

**Burress, Withers
Alexander**

Born in Virginia in 1894, Burress graduated from the Virginia Military Institute at Lexington, VA, in 1914. He served in World War I with the 2nd Division's 23d Infantry Regiment at Chateau-Thierry, St. Mihiel, and in the Aisne-Marne offensive. Between the wars, Burress served at the Infantry School at Fort Benning, GA, and attended various military schools. Promoted to brigadier general and then major general, Burress commanded the 100th Infantry Division in World War II. He held command and staff assignments in Germany after the war and commanded the Infantry School. In 1951, Burress commanded the VII Corps in Germany and then the First Army until his retirement in 1954. Burress died in June 1977.

**Chamberlin,
Stephen J.**

Born in Kansas in 1889, Chamberlin graduated from the US Military Academy at West Point, NY, in 1912. He was commissioned in the Infantry and served in the United States during World War I. During World War II,

Chamberlin held staff positions in the Pacific Theater of Operations and in Washington. He served as Assistant Chief of Staff, G-2, at the War Department from October 1948 through August 1950. In 1948, Chamberlin commanded the Fifth Army, and he retired as a lieutenant general in 1951. Chamberlin died in October 1971.

Clay, Lucius D.

Born in Georgia in 1897, Clay graduated from the US Military Academy at West Point, NY, in 1918. An Engineer officer, Clay took various assignments in the United States and in Panama. During the war, Clay served in Washington and in Europe where he was named as deputy military governor for Germany in 1945. Two years later, he was assigned as military governor and commander of all US forces in Germany. Lt. General Clay retired in 1949, and he died in 1978.

Critchfield, James Hardesty

Born in North Dakota in 1917, Critchfield graduated from North Dakota State in 1939. Commissioned in the Regular Army, Critchfield rose from second lieutenant in 1939 to lieutenant colonel by 1943. Critchfield commanded a battalion in the 36th Infantry Division and saw extensive combat in Europe. After the war, he served as the chief of the Counter Intelligence Branch of the Third Army in Germany from March 1946 until January 1947 and then as chief of the Intelligence Branch of the United States Forces in Austria from January 1947 until January 1948. Critchfield joined CIA in March 1948 and was assigned as the Agency's chief in Munich from September 1948 until March 1949. He later was the Agency's representative to the Gehlen Organization at Pullach from June 1949 until 1956. Critchfield held a number of senior positions in CIA until his retirement in 1974.

Deane, John Russell, Jr.

Born in California in 1919, Deane graduated from the US Military Academy at West Point, NY, in 1942. Commissioned as an Infantry officer, Deane commanded a battalion of the 415th Infantry Regiment of the 104th Infantry Division from 1942 to 1945. Following postwar service in Germany and in Washington, Deane was a battalion commander in the 17th Infantry Regiment, 7th Infantry Division and later commanded the 2d Battle Group, 6th Infantry from 1961-62. In 1965, Deane was the assistant commander of the 82d Airborne Division in the Dominican Republic and later commanded the 173d Airborne Brigade in Vietnam. From 1968-70, Deane commanded the 82d Airborne Division and served as Deputy Director of the Defense Intelligence Agency from 1972-73. Deane retired as a full general after serving as commander of the US Army Material Development and Readiness Command in 1977.

Duin, Gerald Herman

Born in Wisconsin in 1911, Duin graduated from the US Military Academy at West Point, NY, in 1936. Commissioned in the Field Artillery, he served in various units until 1942 when Duin was assigned to the War Department.

Duin later held overseas assignments in the North Africa Theater of Operations and with the Supreme Headquarters Allied Expeditionary Force. Duin was assigned to the War Department after 1945 and served in Germany from 1947-51. He was detailed with CIA and the National Security Agency from 1951-57 and then served at the Intelligence Center at Fort Holabird, MD, until 1959. He retired in 1959 as a colonel.

Dulles, Allen Welsh

Born in New York in 1893, Dulles graduated from Princeton University in 1914 and 1916 and from George Washington University in 1926. He served in the Department of State from 1916 until 1926 and then practiced law in New York until World War II. Dulles joined OSS in 1942 and was assigned to its post in Bern, Switzerland. Dulles joined CIA in 1951 as Deputy Director of Plans and later served as DDCI and DCI until 1961. He died in 1969.

**Galloway, Donald
Henry**

Born in New York in 1898, he served with the Cavalry in World War I. Galloway graduated from the US Military Academy at West Point, NY, in 1923. During World War II, Galloway served as Deputy Chief of Staff of the VI Corps in the Mediterranean Theater in 1943-44. From July 1946 to December 1948, Colonel Galloway served as CIG's and later CIA's first Assistant Director for Special Operations. During the Korean Conflict, Colonel Galloway was the chief of staff of the Korean Armistice Delegation. He commanded the post at Ft. Myer, VA, until his retirement in 1954. Galloway died in December 1980.

Hall, William Evens

Born in Oklahoma in 1907, Hall graduated from the US Military Academy at West Point, NY, in 1929. He served in the Field Artillery and transferred to the Army Air Corps. After serving at the Army Air Forces headquarters, Hall was assigned to the Fifteenth Air Force and then as the chief of the military mission to Bulgaria from 1944 to 1945. He later served in various command and staff positions with the US Air Force, including commander of the Fourth Air Force and the Continental Air Command. He retired as a lieutenant general in 1961 and died in 1984.

**Helms, Richard
McGarrah**

Born in Pennsylvania in 1913, Helms graduated from Williams College in 1935. He worked as a journalist until the outbreak of World War II when he was commissioned as an officer in the US Navy. Helms joined the Office of Strategic Services in 1943 and served in Europe with Secret Intelligence (SI). After the war, Helms remained with the Strategic Services Unit, Central Intelligence Group, and CIA where he served as the chief of Foreign Branch M (later Foreign Division M), which handled operations in Central Europe. In 1951, Helms was named the Deputy Assistant Director for Special Operations and later held senior positions in the Deputy Directorate of Plans. In 1965, President Johnson selected Helms as the Deputy Director of Central Intelligence. The following year, Helms assumed the DCI's post and he remained there until 1973. Helms later served as Ambassador to Iran.

**Lovell, John
Raymond**

Born in Iowa in 1904, Lovell graduated from the US Military Academy at West Point, NY, in 1927. He served as assistant Military Attache in Berlin in 1939-41 and later served in the Military Intelligence Service in Europe during the war. From 1946 to 1949, Lovell was the Military Attache in Rumania and then was assigned to the Intelligence Division at Headquarters, US Air Force. He was killed in Korea in December 1950.

McCracken, Alan R.

Born in Illinois in 1898, McCracken graduated from the US Naval Academy at Annapolis, MD, in 1922. McCracken served in Asia before and during the war and was captured at Corregidor in 1942. He spent 33 months in Japanese prisoner of war camps and was released in February 1945. Captain McCracken served as Deputy Assistant Director for Special Operations from August 1947 and as acting Assistant Director for Special Operations from January 1949. McCracken retired as rear admiral in January 1950. He died in November 1989.

**Philp, William
Russell**

Born in Ontario, Canada, in 1892, Philp joined the US Army in 1916. Colonel Philp commanded the Military Intelligence Service Center at Oberursel from June 1945 until September 1947; in this capacity, he oversaw Operation RUSTY. He was detailed to the CIA as the chief of the Foreign Documents Branch in the Office of Operations from October 1947–October 1948. He returned to Germany to take over the 7821st Composite Group from Colonel Liebel. Colonel Philp left this assignment in early 1950 after CIA assumed responsibility for the Gehlen Organization.

**Quinn, William
Wilson**

Born in Maryland in 1907, Quinn graduated from the US Military Academy at West Point, NY, in 1933. He was commissioned in the Infantry and served as G-2, or intelligence officer, of the IV Corps and later with the Seventh Army. Colonel Quinn joined the Strategic Services Unit in 1945 and served as its director in 1946-47. During the Korean Conflict, Quinn was the G-2 for X Corps and later commanded the 17th Infantry Regiment. After his promotion to brigadier general, Quinn headed the Joint Military Advisory Group in Greece and then commanded the 4th Infantry Division and Ft. Lewis in 1957. General Quinn later served as Deputy Director of the Defense Intelligence Agency from 1961-64 and then as the commander of the Seventh Army until his retirement as lieutenant general in 1966.

Schow, Robert Alwin


Born in New Jersey in 1898, Schow graduated from the US Military Academy at West Point, NY, in 1918. Commissioned as an Infantry officer, Schow was assistant Military Attache to France and then served on the staff of the Supreme Headquarters, Allied Expeditionary Force, in 1944-45. He later served as G-2 for the Fifteenth Army from 1945-46 and remained in Germany until his assignment to CIA as Assistant Director for Special Operations in March 1949. Schow remained as ADSO until February 1951

and, during that time, he was promoted to brigadier general. In 1951, Schow was promoted to major general and assigned as G-2 to Supreme Headquarters Allied Powers Europe. He returned to Washington, DC, in 1954 as Deputy Assistant Chief of Staff for Intelligence and served as Assistant Chief of Staff for Intelligence from 1956-58. He retired in 1958 and died in April 1991.

Sibert, Edwin Luther

Born in Arkansas in 1897, Sibert graduated from the US Military Academy at West Point, NY, in 1918. He was commissioned in the Field Artillery and served as a Military Attache in Brazil in 1940. During the war, Sibert commanded the 99th Infantry Division artillery in 1942-43. He later served as the G-2 of the 12th Army Group in 1944-45 and then as the G-2, USFET until 1946. Sibert was assigned as the Assistant Director for Operations in the Central Intelligence Group in September 1946, a position that he held until mid-1948. After his return to the Army from CIA, Sibert served as the chief of staff of the Far East Command in Japan and later as commanding general of Camp Edwards in 1952. Promoted to major general in 1953, Sibert retired the following year. He died in December 1977.

**Stewart, Gordon
Matthews**

Born in New York in 1911, Stewart entered the US Army in 1942. He served with OSS in both R&A and SI in Washington and overseas. Stewart remained with SSU 

**Vandenberg, Hoyt
Sanford**

Born in Wisconsin in 1899, Vandenberg graduated from the US Military Academy at West Point, NY, in 1923. He served in the Army Air Corps and commanded the Ninth Air Force in Europe during World War II. From January through June 1946, Lt. General Vandenberg was the Assistant Chief of Staff, G-2, on the War Department General Staff. In June 1946, President Truman appointed Vandenberg as the Director of Central Intelligence, and he remained in that position until May 1947. After his service with the Central Intelligence Group, Vandenberg was the Vice Chief and later Chief of Staff of the US Air Force from 1947-53. General Vandenberg retired in 1953 and died the following year.

Waldman, Eric

Born in Vienna, Austria, in 1914, Waldman immigrated to the United States in 1938. He joined the US Army in 1942 and became an American citizen the following year. After receiving his initial training at Fort Sill, OK, and Camp Ritchie, MD, Waldman spent the war in Washington, DC, where he served in the Intelligence Division specializing in German Order of Battle collection. In 1945, he debriefed General Gehlen and his officers at Fort Hunt, and he returned with Gehlen's group to Germany in 1946. Captain Waldman served as the deputy to Operation RUSTY in Oberursel and in

Pullach until his release from active duty in May 1949. Between 1950 and 1955, Waldman earned his BA, MA, and Ph.D. degrees while working with the War Documentation Project in Alexandria, VA. From 1955 to 1966, Waldman was a professor of political science at Marquette University and the director of the Institute of German Affairs. He later moved to the University of Calgary in Alberta, Canada. Waldman wrote a number of books, including *The Spartacist Uprising of 1919: The Crisis in the German Socialist Movement* (1958) and *The Goose Step is Verboten: The German Army Today* (1964).

**Walsh, Robert
LeGrow**

Born in 1894 in Washington, Walsh graduated from the US Military Academy at West Point, NY, in 1916. Commissioned in the Cavalry, he spent most of his career in the Air Corps and Army Air Forces. He was a pilot during World War I and later served as assistant military attache for air in France and Spain. During World War II, Walsh served with the US Military Mission to the Soviet Union. Promoted to major general in 1943, he was stationed with Headquarters, Army Air Forces, in 1944-45 where he served as the assistant chief of staff for intelligence. He later served as Director of Intelligence in EUCOM in 1948. Walsh retired in 1953 and died in June 1985.

**Wright, Edwin
Kennedy**

Born in 1898 in Oregon, Wright was commissioned in 1922 in the Oregon National Guard and received a Regular US Army commission in 1923. He served in the 12th Army Group in World War II and was assigned as Executive Director of the Intelligence Division, US Army General Staff, War Department, from February-June 1946. From June 1946 through January 1947, Wright (he was promoted to brigadier general in February 1947) held the position of Executive to the DCI of the Central Intelligence Group. In January 1947, Wright became the Deputy Director of Central Intelligence, a position that he held until March 1949. After his service in CIG and CIA, Wright held staff positions in the Far East Command until 1952. He was promoted to major general in 1952 and assigned as commander of the Military District of Washington until 1954. Wright commanded the 6th Infantry Division at Fort Ord, CA, until his retirement in 1955. General Wright died in September 1983.

~~This information is Confidential REL GER.~~

Chronology

This chronology provides a general timeline of major world events between 1945 and 1949. Significant developments affecting the American intelligence services and the Gehlen Organization are also listed. Where possible, the events described in this chronology are linked to specific documents presented in this volume.

1945

- 9 April Hitler removes Generalmajor Reinhard Gehlen as head of FHO; Gerhard Wessel takes charge. Gehlen proceeds to Bavaria to hide documents and personnel and await the war's end. Hiding place is at Elendsalm near Munich, while records are stored in the Alps near Schliersee, Wilde Kaiser, and Marquardtstein. (Doc. 1)
- 10 April Gehlen meets with Hermann Baun, head of Abwehr Leitselle I Ost, to coordinate plans for postwar operations. (Doc. 1)
- 8 May Germany surrenders.
- 23 May Gehlen surrenders to the US Army; he is moved from Woergel to Augsburg and then to Wiesbaden's 12th Army Group Interrogation Center commanded by Col. William R. Philp. Gehlen is interrogated by Capt. John R. Boker. (Doc. 6)
- 5 July Boker contacts Wessel to ask him to work for the United States. Wessel later meets with Gehlen who states that he had met with the G-2 of the 12th Army Group to rebuild the German intelligence apparatus. (Doc. 1)
- 17 July The Potsdam Conference of the leaders of the United States, Great Britain, and the Soviet Union convenes to discuss peace terms and the fate of Germany.
- 29 July Baun is captured. He is interrogated later in August. (Doc. 11)
- August The War Department directs that Gehlen's group and records be transferred to Washington, DC. (Doc. 6)
- 21 August Gehlen and six of his officers fly to Washington, DC, accompanied by Capt. Boker to work on intelligence reports on the Soviet Union for the Army's G-2. The group is known as the BOLERO Group. (Docs. 1, 3, and 6)

- 2 September World War II ends as Japan formally surrenders.
- 19 September Baun and Wessel meet at MISC, Oberursel, and agree to work for the Americans. (Doc. 1)
- 20 September Executive Order 9621 dissolves OSS, effective 1 October. The Research and Analysis Branch is transferred to the Department of State; Secret Intelligence (SI) and X-2 (counterintelligence) branches form the new Strategic Services Unit under the War Department.
- 1 October Project moves to the Blue House in Oberursel under US Army auspices. (Doc. 15)
- October 1945 The Army's G-2 in Germany approaches SSU and requests that it take over the German project. Crosby Lewis rejects the Army's request. (Doc. 20)
- 1946
- January Baun begins counterintelligence work in Germany and launches a radio monitoring service. He later starts positive intelligence collection in the Soviet zone of Germany.
- 22 January President Truman creates the Central Intelligence Group and appoints Rear Admiral Sidney Souers as the first Director of Central Intelligence.
- 5 March Winston Churchill delivers his "Iron Curtain" speech in Fulton, MO.
- 21 April The Social Democrats and Communists in the Soviet zone merge into a single party, the Socialist Union Party (SED).
- 10 June Lt. Gen. Hoyt S. Vandenburg is sworn in as second DCI.
- 2 July Lt. Colonel Deane prepares plan to include BOLERO Group with Operation RUSTY in Oberursel. (Doc. 17)
- 10 July BOLERO Group returns to Germany from the United States. Lt. Col. John R. Deane, Jr., is named as head of the project with Capt. Eric Waldman as assistant. (Docs. 3 and 9)
- 11 July The Office of Special Operations is constituted under Col. Donald H. Gallo-way as the first Assistant Director for Special Operations. Schedules are drawn up to merge SSU into CIG.

- July Colonel Quinn, Director of SSU, meets with Brig. General Sibert and Crosby Lewis to discuss the German project. (Docs. 20 and 24)
- 6 September Lewis tells Sibert that SSU is prepared to take over Operation KEYSTONE (SSU's project name for Operation RUSTY) under certain conditions. (Docs. 18 and 20)
- 30 September The International Tribunal at Nuremberg reaches its verdicts and proclaims the Nazi leadership, SS, and secret police as criminal organizations.
- 1 October Maj. Gen. Withers A. Burress, new G-2, USFET, requests that SSU take over Operation RUSTY from the Army. (Doc. 19)
- 17 October Col. Donald H. Galloway, ADSO, recommends against any takeover. (Docs. 21 and 22)
- 20 October SSU field personnel are transferred to CIG's OSO.
- 2 December The United States and Great Britain agree to form an economic fusion of the American and British zones of Germany.
- 19 December CIG committee meeting to discuss Operation RUSTY. Agrees to conduct an investigation of the German project. (Doc. 25)
- 1947**
- 20 January Col. Edwin K. Wright is appointed as Deputy Director of Central Intelligence.
- March Samuel B. Bossard goes to Oberursel to investigate Operation RUSTY on CIG's behalf. (Docs. 26, 27, and 29)
- 12 March In a message to Congress, President Truman announces the Truman Doctrine of aid to nations threatened by Communism.
- 10 March-24 April The Moscow Conference of the United States, United Kingdom, France, and USSR reveals great discord among the allies on the question of Germany.
- 11 April SSU headquarters personnel in Washington, DC, are transferred to CIG.
- 1 May Rear Adm. Roscoe H. Hillenkoetter is sworn in as the third DCI.
- 5 May Bossard submits report to the DCI recommending CIG takeover. (Doc. 41)

- 29 May Bossard submits additional recommendations concerning Operation RUSTY. (Doc. 42)
- 3 June Colonel Galloway submits Bossard Report to the DCI. (Doc. 43)
- 5 June Secretary of State George Marshall calls for a European Recovery Plan in a speech at Harvard University. It is soon known as the Marshall Plan.
- 5 June DCI sends a cable to G-2, EUCOM, stating that the matter should be presented to the NIA. Gen. Walsh replies in the affirmative pending concurrence by Gen. Chamberlin in Washington, DC. (Docs. 44, 45, 46 and 47)
- 11 June Colonel Galloway and Bossard brief General Chamberlin on CIG's interest in Operation RUSTY. Chamberlin opposes bringing the matter to the NIA's attention. (Doc. 48)
- 19 June DCI meets with General Chamberlin. Adm. Hillenkoetter states that CIG will not have anything to do with RUSTY without NIA's authorization. (Doc. 49)
- 20 June CIG decides to not have anything further to do with Operation RUSTY unless approached by the Army. (Doc. 45)
- 26 June CIG meets with Army once again to discuss Operation RUSTY. Bossard provides specific recommendations to the Army. (Docs. 50, 51, 52, 53, and 54)
- Summer 1947 Col. William K. Liebel replaces Lt. Colonel Deane as US commander of RUSTY.
- 26 July President Truman signs the National Security Act of 1947, which provides for a National Security Council, Secretary of Defense, and Central Intelligence Agency.
- 18 September CIG becomes the Central Intelligence Agency under the provisions of the National Security Act of 1947.
- 2 December The 7821st Composite Group is formed to provide a US military cover organization for Operation RUSTY. (Doc. 56)
- 6 December First elements of Operation RUSTY move from Oberursel to Pullach. The covername for the Pullach site is the Nikolaus Compound because the Gehlen Organization occupied Pullach on the German holiday.

17 December In NSC-4A, the National Security Council authorizes CIA to conduct covert "psychological warfare."

1948

January Maj. General Walsh announces that he will try to get CIA to take over Operation RUSTY. (Docs. 58 and 59)

25 February A Soviet-led coup in Czechoslovakia destroys that country's remaining anti-Communist leadership; the United States is concerned about Communist victory in upcoming Italian elections.

20 March Soviets walk out of the Allied Control Commission.

18 June NSC 10/2 (which rescinds NSC 4-A) expands CIA's authority to conduct covert action and gives a supervisory role to the Departments of State and Defense and the Joint Chiefs of Staff.

18 June The Western Allies introduce currency reform in western Germany.

24 July Soviets cut electricity and halt all land and water traffic into West Berlin. The Berlin Airlift begins and lasts until May 1949.

31 August DCI Hillenkoetter writes General Chamberlin about problems with the Gehlen Organization. (Doc. 64)

1 September The Office of Policy Coordination formally begins operations.

October Problems with Army's control of the Gehlen Organization come to a head. CIA will investigate Operation RUSTY. (Docs. 65, 66, 67, and 68)

November Colonel Philp assumes command of Operation RUSTY from Colonel Liebel.

18 November James H. Critchfield begins his investigation of Operation RUSTY. (Doc. 69)

17 December Critchfield completes investigation and submits report to Headquarters. (Docs. 71 and 72)

21 December Colonel Galloway provides recommendations to DCI Hillenkoetter. (Doc. 73)

- 22 December DCI Hillenkoetter meets with Maj. General Hall to discuss Operation RUSTY. (Docs. 75 and 76)
- 1949
- 19 January Maj. General Irwin stipulates the conditions for the transfer of Operation RUSTY to the CIA. (Doc. 77)
- 1 February DDCI Wright reports on reluctance of the US Army to discuss Operation RUSTY at the NSC and the unwillingness of General Clay to let CIA run the German service. (Doc. 78)
- 10 February DCI Hillenkoetter informs Maj. General Irwin of the declining state of relations between General Gehlen and Colonel Philp. (Docs. 83 and 84)
- 4 April The North Atlantic Treaty is signed; the Senate confirms the treaty in July, thus forming the North Atlantic Treaty Organization.
- 8 April The Western powers agree to an Occupation Statute for western Germany to go into effect on 21 September.
- 23 May Federal Republic of Germany is proclaimed following the adoption of the "Basic Law." The city of Bonn is designated as the new capital of West Germany.
- 1 July CIA assumes responsibility for the Gehlen Organization from the US Army. (Doc. 92)
- 15 September Dr. Konrad Adenauer is elected West Germany's chancellor.
- 23 September President Truman announces that the Soviet Union has successfully tested an atomic bomb.
- 1 October The People's Republic of China is proclaimed in Beijing.
- 15 December West Germany receives Marshall Plan assistance.

~~This information is Confidential Rel GER.~~



Adolf Hitler



The German invasion of Poland in 1939 marked the beginning of World War II



By the end of the war in 1945, Germany lay in ruins.



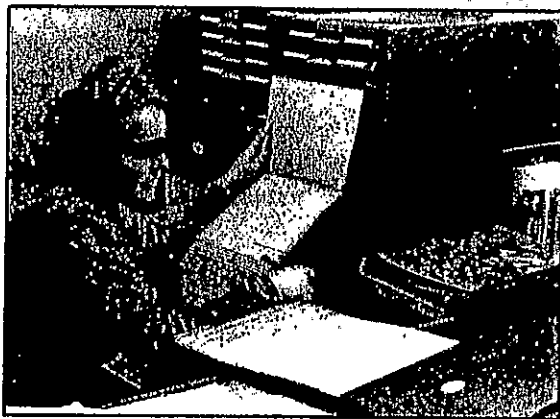
The Allied conquest of Nazi Germany meant that Germany was now an occupied country divided into four zones. Berlin was a divided city.



The Allies quickly sought German military intelligence personnel among the millions of prisoners in the spring and summer of 1945.



German wartime intelligence files, in particular, were valued by the victors. Files of the German Fremde Heer Ost contained a wealth of information on the Soviet Union and the Red Army.



The US was particularly interested in the FHO's Soviet Order of Battle information.



Generalmajor Reinhard Gehlen commanded the FHO from 1942 until a month before the collapse of the Third Reich. He planned to use his records as a means of ensuring Germany's survival. Gehlen, seen with his soldiers, is seated on the right.



As Soviet forces fought in the streets of Berlin, Gehlen and his officers waited out the end of the war in Bavaria. FHO records and personnel were scattered throughout southern Germany. Gehlen sought refuge in a cabin in the Alps near Elendsalm.



In addition to General Gehlen's hideouts, American intelligence officers sought to locate other hidden Nazi records, looted art, and gold at the end of the war.



Army Capt. John R. Boker, Jr., recognized the importance of General Gehlen and his FHO records. Boker interrogated Gehlen and gathered his officers and files in Wiesbaden.



In August 1945, the US Army sent General Gehlen and five of his officers to Washington, DC, for further debriefings. Heinz Danko Herre joined the BOLERO Group in 1946. They remained at a secret location at Fort Hunt, VA, until the summer of 1946.



Herbert Fünér



Heinz Danko Herre



Horst Hiemenz



Hans Hinrichs



Karl Freiherr von Luetgendorf



Albert Schoeller



Conrad Stephanus



To mark the occasion of the arrival of the German officers in the United States, Captain Boker and the BOLERO Group signed this dollar bill.



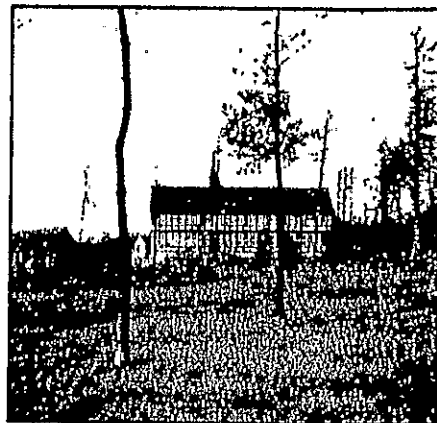
Brig. Gen. Edwin L. Sibert, the G-2 for the 12th Army Group and later USFET G-2, authorized the use of the FHO personnel after the war.



Sibert as he appeared in the 1950s.



While Gehlen and his officers were in the United States, Hermann Baum began intelligence operations in Germany.



The Military Intelligence Service Center at Oberursel, the first home of the Gehlen Organization.



Lt. Col. John R. Deane, Jr., served as the Operations Officer for Operation RUSTY at Oberursel.



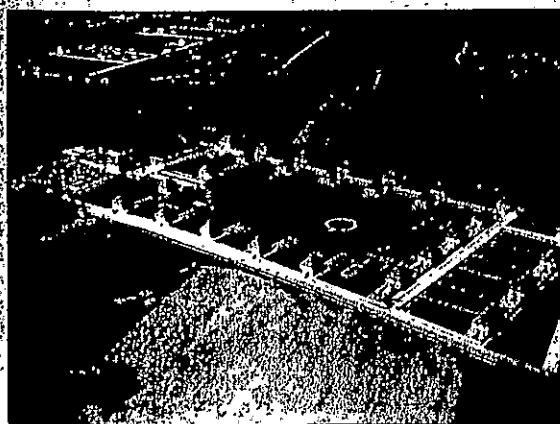
After the return of the BOLERO Group from Washington, DC, Capt. Eric Waldman joined Lt. Col. Deane at Oberursel.



Operation RUSTY used its Army-provided supplies to raise extra money on the black market. These activities came to the attention of American occupation officials and intelligence agencies. The 1948 currency reform curtailed RUSTY's illegal activities and created a funding crisis at a time when the US Army could no longer fund the German service.



Increasing tensions between East and West and the fear of the spread of Communism led the US Army to place increasing demands on Operation RUSTY for intelligence. The Germans, in turn, expanded their collection efforts.

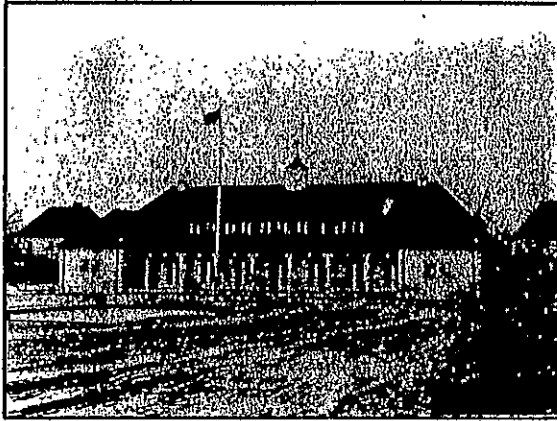


In late 1947, Operation RUSTY moved from Oberursel to Pullach, a small town on the outskirts of Munich. The original compound, seen here in 1938, had been built for Martin Bormann.



Pullach offered a central and secure location for Operation RUSTY's German and American personnel. Here are several scenes of the Nikolaus Compound taken prior to the transformation of the Gehlen Organization into the BND.

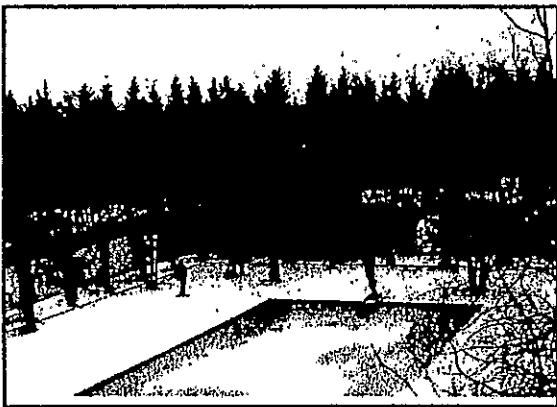
lv



The "Kolonialhaus," or the club house and Kindergarten at Pullach.



CIA headquarters at Pullach.



The garden and pool behind the "Doktor-Haus," or Gehlen's office and residence.



One of the statues in the garden at Pullach.



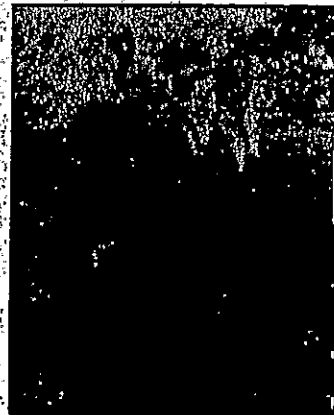
Pullach was more than just an intelligence headquarters in the early days, it was also home to German and American employees and their families. Here are several scenes of daily life in Pullach.



Mrs. Gehlen (in middle) and Mrs. Wessel (with baby) entertain American guests



The kindergarten at Pullach.



Birthday party of a daughter of an American officer stationed at Pullach with German and American children.



Mountain climbing expedition with German and American officers



In mid-1947, Col. Willard K. Liebel assumed command of Operation RUSTY; relations between the Germans and the Americans deteriorated during Liebel's time at Oberursel and Pullach.



Gen. Hoyt S. Vandenburg, DCI



Rear Adm. Roscoe H. Hillenkoetter, DCI



Future DCI Allen W. Dulles



Future DCI Richard M. Helms



Brig. Gen. Edwin K. Wright, DDCI



In late 1948, Col. William R. Philp succeeded Col. Liebel as the US commander of Operation RUSTY. Col. Philp, seen here with Capt. and Mrs. Waldman, had commanded the MISC at Oberursel and was well acquainted with Operation RUSTY.



In response to the Army's request to take over Operation RUSTY, DCI Hillenkoetter ordered James H. Critchfield to review the project. Critchfield's December 1948 report was critical in persuading CIA officials of the need to assume responsibility for the Gehlen Organization.



Lt. Gen. Lucius D. Clay, the US military governor in Germany, opposed the CIA's involvement with Operation RUSTY. His retirement in the spring of 1949 cleared the way for the Agency to assume control in July of that year.



While the Agency's relationship with the Gehlen Organization had its rocky moments, the trust built up between Critchfield (seated at the rear on the right side) and Gehlen (seated in the right front) helped chart the future affairs of the CIA and the BND.