

Authority NNJ003021
By MBNARA Date 06/05/02

68. [] to COS, Karlsruhe, "RUSTY," 18 November 1948

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~~TO GERMANY ONLY~~
OFFICIAL DISPATCH

VIA: SPECIFY AIR OR SEA ROUTE

DISPATCH NO. []

AIR

~~SECRET~~
CLASSIFICATION

TO :

DATE: 18 November 1948

FROM : Chief of Station

SUBJECT : Karlsruhe

SPECIFIC:

RUSTY

CLASSIFICATION

Cancelled

Changed to Secret

REFERENCE:

1. As indicated in referenced cable, a discussion was held recently with Lt. Col. DEAN with a view toward debriefing him as fully as possible on subject operation. DEAN left Germany in late 1947 and has not been connected with the operation since that time. Furthermore, he stated that "he has been trying to forget the whole thing", and thus was not able to recall details. Salient points discussed were presented in referenced cable, and additional information follows.

2. RUSTY maintains three field offices located in Frankfurt, Munich and Karlsruhe, with district headquarters at Munich under HALTER, at Esslingen under MOOS, Karlsruhe - CI section under BENZINGER, Aeschaffenburg under HENCKEL, Salsburg under MALLNER, and another office near Fulda. Theoretically the district headquarters are all independent; however, all district leaders are known to each other. Although DEAN could not specifically state the number of individuals within the organization who know all that goes on, he feels this knowledge is common to all on the district chief level and above.

3. MOOS, a Latvian, is considered to be one of the most efficient men in the organization. He and his subordinates, who are apparently well-trained, were sources of little trouble. His field lies in the penetration of the Baltic countries through the Soviet and Poland. Reportedly he was quite successful particularly in reporting on the Soviet zone of Germany.

4. BENZINGER is one of the few operations chiefs who during the war was stationed on the western front. He claims entree to the [] through a brother living in the [] zone, and also receives information on the [] through Otto WAGNER @ DELIUS. According to [] BENZINGER is in the wine business and uses it as a cover in contacting his informants. Meetings are not held with them in Karlsruhe. BENZINGER is also said to have connections in the German police. Perhaps [] is aware of BENZINGER's activities, since he too has become involved with Otto WAGNER []

DR:1P

RELEASING OFFICER

COORDINATING OFFICER

AUTHENTICATING OFFICER

R. J. HELMS

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5. Herbert von MALLNER (reportedly an alias), head of the Austrian branch who maintains headquarters at Gmunden as well as Salzburg, has previously come to our attention in Vienna. He was last reported in [] of 25 February 1946 as handling a group of Rumanians in Austria.

6. As for BAUN, DEAN stated that he was long ago detected as a dangerous individual, engaged in setting up his own organization and planning to leave Germany. The clamps were put on him and he was removed as a director of operations and placed in a mountain retreat near Oberursel where he was retained as an adviser. However, even there he continued to keep in contact with his followers through his wife and son. No one actually ever replaced BAUN. Von GEBLEN more or less carried on the direction of operations. While in Europe last summer, DEAN heard that BAUN was going to the Near East, probably to Cairo to work with General DRO.

7. DRO, whose true name is Trostamad GANAIAN, has come to the attention of this organization in the Near East. In a [] report of 1946 on one SCHULER, GANAIAN was reported as a contact of Ast Bucharest, who was turned over to BAUN during the war. At that time his task was to carry out intelligence activities in Russia with the help of the Armenian Freedom Organization. DEAN met GANAIAN through BAUN, and took the former to Rome where he was placed on a plane for Cairo. The intention at that time was for GANAIAN to solicit the aid of the Armenians who were holding a world meeting in Cairo. DEAN had also sent a man from Paris to Beirut to organize Armenians and GANAIAN was to visit this individual in Lebanon. Later it was decided that instead of returning to Germany, GANAIAN should remain in the Near East and attempt to penetrate the USSR with the help of dissatisfied tribes east of the Caucasus. There were no results from this operation prior to DEAN's departure from Germany in 1947, but he has heard that GANAIAN is doing quite well. Reportedly he is in communications with the RUSTY head in Munich but the exact channels are not known. This Armenian group in the Near East does have some sort of communications with persons in Boston and thence to one MARKEDIAN in San Francisco. The latter is a friend of DEAN and according to [] a contributor of large sums to Armenian emigre activities.

8. Of extreme interest to us was DEAN's statement that an official tie-up with the [] police exists. At the time BAUN was quite friendly with some head in probably the cantonal police, but the contact as it exists now probably results from von GEBLEN's contacts. As a result of this liaison RUSTY passes certain types of information to the [] who in turn aid in border crossing, issuance of visas, etc. We shall of course be most interested in learning further details which Captain Eric WALDMAN probably can supply. Attempting to come up with an answer on this [] angle, it has been suggested that [] a former [] [] may be the RUSTY link. [] has held a high position in the [] [] is closely linked with [] [] through his secretary [] [] [] [] [] has been on the fringe of the intelligence field for some time and is known to the [] []

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9. A tie-in with [] might also exist in [] through the [] representative in [] DEAN only knows that a tie-up with [] does exist and that the RUSTY people were considering that country as a place of refuge. The invitations to [] extended to Frau GANARIS and others as reported in [] may also be involved in this complex.

10. The [] contact reported in referenced cable apparently originated with Von GEHLEN's brother in Rome who has lived in Italy for many years, is a banker by profession, and has many friends in religious circles. Through development of this contact RUSTY is said to receive [] intelligence reports.

11. According to DEAN, RUSTY has been concentrating on reconnaissance in the Soviet zone of Germany and has not had much success with Eastern operations. The same has been true in its dealings with emigres who have been sources of much trouble. Contact man with the Ukrainians is one GOHLE, who is subordinate to HALTER, and maintains headquarters at Starnberger See.

12. The estate at Starnberger See, which is a livestock farm, also houses an intellectual group, which prepares studies on the USSR but which also proved unsuccessful. This group is made up of specialists formerly associated with the Ostministerium, and includes former professors of geography, topography, cartography, philologists and linguists. It is a suspect group with probable strong Nazi records.

13. Another group which will probably require delicate handling during investigation is the cryptographic unit, located at Oberursel. [] during his investigation, only happened upon it by chance. It operates apparently under the cognizance but not the jurisdiction of ASA. [] was told by ASA not to snoop around this unit and that his advice was not needed.

14. RUSTY had also maintained a cover X-ray unit which was used to interrogate returning prisoners of war, when they received physical examinations. This unit apparently encountered difficulties with a group from BOIG. According to [] it had been planned to integrate this unit with a group at the University of Marburg, and the director of the university had approved this cover. However, it is unknown whether this project developed further.

15. The last miscellaneous bits concern two individuals considered to be efficient men. One is BADN's former assistant, one DUBENTER (an alias), who can be further identified only by the fact that the small and ring fingers of his right hand are maimed. The other is one ROTH, head of a plastics firm in Hamburg, whose industry provides cover and who contributes funds toward the support of the operation.

16. Much of the information provided above is quite sketchy but we hope it may be of some aid in [] investigation.

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