

Authority **NNJ003021**  
By **MBNARA** Date **05/05/02**

71. Cable, Karlsruhe to SO, 17 December 1948

~~SECRET/RELEASE~~  
~~TO GERMANY ONLY~~

INCOMING CLASSIFIED MESSAGE

Form No. 85-8  
April 1947

(751)

CENTRAL INTELLIGENCE GROUP

~~SECRET~~

Page No.

FROM: KARLSRUHE

PRIORITY

TO: SPECIAL OPERATIONS

17 DEC 48

ACTION: AISO (1)

INFORMATION: COPS (2), FBM (3)

Paraphrase Not Required. Handle as TOP SECRET Correspondence per Pars. 51 (1) 60A AR-380-5

TO: WASHA  INFO: MUNI CITE: KARL (FROM

1. REF YOUR DIRECTIVE WE REVIEW RUSTY TO DETERMINE WHATS  
(ROVD VSATS) TO BE

- A.
- B. OF INTEREST
- C. LEFT TO ARMY
- D. LIQUIDATED

WE FIND CLOSELY INTEGRATED SERVICE NOT SUSCEPTIBLE DIVISION AND SEPARATE SPONSORSHIP VARIOUS PARTS. GERMAN ORGANIZATION HEADED BY GEHLEN INCLUDES SECTIONS FOR COLLECTION, EVALUATION AND COLLATION, REPORT PRODUCTION, PRESS REVIEW, TACTICAL SIGNAL INTELLIGENCE AND CRYPTANALYSIS, COMMUNICATIONS, COVER AND DOCUMENTATION AND OPERATIONAL AND INTERNAL SECURITY.

2. U.S.-GERMAN RELATIONSHIP IS CONTRACTUAL WITH U.S. ELEMENT PROVIDING LOGISTICAL SUPPORT AND FRONTING FOR GERMANS IN PROVIDING SUPPORT FACILITIES AND COVER IN WESTERN ZONES. CURRENTLY OPERATION RECEIVE  MONTHLY PLUS SUPPORT FROM AIRFORCE SUPPLY AND GERMAN ECONOMY. U.S. INFLUENCE IN OPERATIONAL MATTERS PRIMARILY IN FORM OF CONTROL OF PURSE STRING AND FURNISHING E.E.I. WHICH GERMANS ATTEMPT TO ANSWER. NO EVIDENCE AT THIS TIME THAT OPERATIONS ARE DIRECTED TO MEET ANY INTLIGENCE REQUIREMENTS NOT LAID DOWN BY

TOR: *Down...*

~~SECRET~~

Copy No. 3

~~SECRET/RELEASE~~

IS FORBIDDEN TO MAKE A COPY OF THIS MESSAGE

~~TO GERMANY ONLY~~

U. S. GOVERNMENT PRINTING OFFICE 16-62232-1

71. (Continued)

~~SECRET/RELEASE~~  
~~TO GERMANY ONLY~~

~~TOP SECRET~~

PAGE 2

U.S. ELEMENT. OPERATIONAL PROCEDURES AND TECHNIQUES NOW BEING STRESSED ADHERE GENERALLY TO WELL ESTABLISHED PRINCIPLES FOR SOUND INTELLIGENCE OPERATIONS. GEHLEN ADMITS THAT PRESSURE FOR IMMEDIATE PRODUCTION IN 46 AND 47 NECESSITATED VIOLATING MOST RULES AND HOPES THOSE DAYS ARE BEHIND.

3. CONVICTION THAT TIME OF NATIONALISM IS PAST AND ONLY HOPE LIES IN WESTERN EUROPEAN AND ATLANTIC UNION CONCEPT APPEARS TO BE SINCERE MOTIVATION WITH GEHLEN WHO MAKES IDEOLOGICAL INDOCTRINATION A VITAL ELEMENT OF TRAINING HIS ORGANIZATION. SUCCESS THIS INDOCTRINATION CANNOT BE JUDGED. OTHERWISE, RUSTY CAN BE SAID TO SUBSCRIBE TO TRADITIONAL CONSERVATIVE POSITION OF GENERAL STAFF CORPS AND ABWEHR. RUSTY APPEARS TO REMAIN ALOOF FROM POLITICAL ACTIVITY BUT SUBSCRIBES TO FEDERALIST CONCEPT FOR WESTERN GERMAN STATE.

4. GEHLEN MOST IMPRESSIVE MEMBER OF RUSTY STAFF AND IN OUR OPINION DOMINATES ORGANIZATION. EASING BAUN OUT OF POSITION AS HEAD OF COLLECTION EFFORT A YEAR AGO AND PUTTING HIM ON ICE HAS BEEN GEHLEN'S NUMBER ONE PERSONNEL PROBLEM BUT SEEMS TO HAVE BEEN SOLVED WHILE STILL SALVAGING BAUN'S SERVICES AND 30 YEARS EXPERIENCE WITH USSR. BAUN NOW ENGAGED IN STRATEGIC PLANNING MIDDLE EAST AREA AND WILL SOON LEAVE FOR TEHRAN.

5. RUSTY HAS BEEN ESSENTIALLY A TACTICAL OPERATION WITH MAIN EFFORT IN EASTERN GERMANY AND WITH LINES INTO POLAND, CZECHOSLOVAKIA AND BALKANS. ARMY AT WASH AND EUCOM LEVEL HAS BEEN RELUCTANT TO GIVE POLICY DIRECTIVES TO OPERATION AND EXCEPT FOR BROAD PICTURE WHICH COULD BE DRAWN FROM EET GEHLEN HAS RELIED CHIEFLY ON FRAGMENTARY AND DESULTORY INSTRUCTIONS OBTAINED IN CONVERSATIONS WITH EUCOM AND WASH INTELLIGENCE DIVISION OFFICERS VISITING PROJECT. THESE SOMETIMES CONFLICTING AND NOT CONSISTENT WITH LOGISTICAL AND OTHER SUPPORT FORTHCOMING FROM EUCOM.

6. AIRFORCE'S GREATEST INTEREST IN RUSTY IS IN RESULTS OF RUSTY MONITORING, DF-ING AND CRYPTOANALYZING SOVIET AIRFORCE RADIO TRAFFIC WHICH IS ONLY SOURCE OF TIMELY INFO ON SOVIET TACTICAL AIR ACTIVITY IN CENTRAL EUROPE.

7. RUSTY HAS WELL DEVELOPED POSSIBILITIES FOR STRATEGIC OPERATIONS AGAINST USSR THROUGH THE BALTIC AND THE MIDDLE EAST. WORK THIS FIELD HAS PROGRESSED TO POINT REACTIVATING ABWEHR SOURCES, EXAMINING RESISTANCE GROUP POTENTIAL, AND PLACING SOME NEW DEEP-COVER PERSONNEL IN APPROACH AREAS. ARMY LIMITED IN SUPPORT BY INABILITY EMPLOY MA SYSTEM, SMALL POTENTIAL EUCOM, USFA, TRUST IN RENDERING OPERATIONAL

~~TOP SECRET~~

~~SECRET/RELEASE~~  
~~TO GERMANY ONLY~~

71. (Continued)

~~SECRET/RELEASE~~  
~~TO GERMANY ONLY~~~~SECRET~~

PAGE 3

SUPPORT, AND ALSO BY SEVERE LIMITATIONS FUNDS ALLOCATED STRATEGIC PROJECTS. IN ADDITION WORK DONE, RUSTY HAS WIDE RANGE OPERATIONAL SUGGESTIONS WHICH SUSCEPTIBLE TO DEVELOPMENT ON PROJECT BASIS. AIRFORCE HAS FURTHER SUGGESTED THAT RUSTY LOOK INTO POSSIBILITIES OF DEVELOPING AIR CREW EVACUATION AND ESCAPE ROUTES OUT OF USSR.

8. THE COVER AND LEGALIZATION OF RUSTY FACILITIES AND PERSONNEL IN THE WESTERN ZONES WILL BECOME AN INCREASING PROBLEM IN NEAR FUTURE. AS U.S. PARTICIPATION IN LOCAL GERMAN GOVERNMENTAL AFFAIRS DECREASES GERMANS IN RUSTY WILL HAVE TO DEAL WITH LOCAL GERMAN OFFICIALS WITHOUT BENEFIT OF THE U.S. MIDDLEMAN. COMMERCIAL OR GOVERNMENTAL AGENCY COVER WILL THEN BE ESSENTIAL. THE FORMER WOULD BE FAR MORE EXPENSIVE BUT THE LATTER WOULD OFFER A MORE DIFFICULT POLITICAL PROBLEM. PROBABLY THE BEST SOLUTION IS IN A COMBINATION OF THE TWO. THIS IS BELIEVED TO BE REAL CRUX OF THE RUSTY PROBLEM.

9. RUSTY HAS COMPLETED DETAILED EMERGENCY PLAN TO BE IMPLEMENTED IN EVENT OF WAR. PLAN INVOLVES POSSIBLE EVACUATION OF HEADQUARTERS TO SWITZERLAND AND THEN TO SPAIN. COORDINATION ON UNOFFICIAL LEVEL WITH SWISS, SPANISH AND FRENCH HAS BEEN DONE. CONTINUATION OF COLLECTION EFFORT AND RADIO COMMUNICATIONS FROM EASTERN AND WESTERN GERMANY PART OF PLAN. PLAN INTEGRATED WITH EUCOM EMERGENCY PLAN.

10. WHILE RUSTY NOW HAS EASTERN GERMANY ADEQUATELY COVERED WITH 600 AGENTS, AIM IS TO RAISE LEVEL OF PENETRATION OF ALL FACETS OF SOVIET AND COMMUNIST ACTIVITY IN SOVIET ZONE AND CONCURRENTLY TRIM SIZE OF OPERATIONS. IN GENERAL OPERATIONS IN THE BALKANS WILL BE REDUCED WITH PRIORITY GIVEN TO POLAND, CZECHOSLOVAKIA AND WESTERN USSR, AND WITH AN ADDITIONAL ATTEMPT BEING MADE TO ESTABLISH COVERAGE OF STRATEGICALLY CRITICAL POINTS WITH RADIO COMMUNICATIONS. THESE PLANS WERE BASED ON ASSUMPTION THAT THE PRESENT LEVEL OF SUPPORT WILL CONTINUE. STRATEGIC OPERATIONS IN BALTIC AND MIDDLE EAST AND SATELLITES CANNOT BE EXTENDED WITHOUT FURTHER SUPPORT.

11. WHILE GERMAN ELEMENT HAS MADE FULL UTILIZATION OF FUNDS AND U.S. DELEGATED AUTHORITY TO EXPAND THEIR INTELLIGENCE ACTIVITIES IT DOES NOT APPEAR THAT THEY HAVE "GONE INDEPENDENT". ARMY PRESSURE TO PRODUCE INTELLIGENCE IN WIDELY DIVERSE FIELDS AND GEOGRAPHIC LOCATIONS HAS STIMULATED UNPLANNED AND UNCONTROLLED GROWTH. SIZE AND SCOPE OF PRESENT ORGANIZATION, CURRENT POLITICAL DEVELOPMENTS IN GERMANY AND NUMBER OF U.S. AGENCIES OTHER THAN ARMY HAVING VALID INTEREST IN FUTURE OF RUSTY MAKE IT HIGHLY ADVISABLE THAT U.S. POLICY BE DETERMINED ON HIGHEST LEVEL POSSIBLE WITHOUT FURTHER DELAY.

12. CIA, ARMY, AIRFORCE, NAVY AND POSSIBLY STATE ALL APPEAR TO HAVE INTEREST AT NATIONAL LEVEL BROMLEY HOWEVER, INFORMED

~~SECRET~~~~SECRET/RELEASE~~~~TO GERMANY ONLY~~

71. (Continued)

~~SECRET/RELEASE~~  
~~TO GERMANY ONLY~~

~~SECRET~~

PAGE 4

[ ] HE CONSIDERS IT INADVISABLE TO BRING STATE IN AT PRESENT EVEN ON WASH LEVEL). IN EUROPE THE EUROPEAN COMMANDER, HIS ARMY, AIRFORCE AND NAVY COMMANDERS WITH TACTICAL RESPONSIBILITIES ALL HAVE VITAL INTEREST IN MUCH OF RUSTY PRODUCTION. CIA REPRESENTATION HAS INTEREST IN PRODUCTION AND PARTICULARLY IN RUSTY STRATEGIC OPERATIONAL ACTIVITIES OUTSIDE OF GERMANY AND IN FUTURE GIS IMPLICATIONS. UNDER PRESENT CONDITIONS OPERATION BY OCCUPATION FORCE OF THE 7821 COMPOSITE GROUP TO PROVIDE COVER AND LOGISTICAL SUPPORT FOR THE OPERATION IS NECESSARY.

13. FACTS LEARNED IN LESS THAN A MONTH OF OBSERVING RUSTY ARE CERTAINLY NOT CONCLUSIVE. HOWEVER, IT IS CLEARLY APPARENT THAT MANY OF PROBLEMS FACING RUSTY STEM FROM BASICALLY UNSOUND ORGANIZATION AND INADEQUATE STAFFING ON THE U.S. SIDE. U.S. SIDE SHOULD BE REORGANIZED AND FOLLOWING REORGANIZATION AT LEAST A PERIOD OF ONE YEAR SHOULD BE CONSIDERED AS A TIME OF FURTHER TESTING AND REMOLDING IN WHICH RUSTY ACTIVITIES CAN BE COORDINATED WITH OUR BROADER NATIONAL INTELLIGENCE EFFORT. DURING THIS PERIOD THE PROBLEM OF RELATIONSHIP BETWEEN RUSTY AND WESTERN GERMAN GOVERNMENT AND WHOLE PROBLEM OF COVER FOR THE OPERATION SHOULD BE CONSTANTLY REVIEWED AS PATTERN OF THE WESTERN GERMAN STATE DEVELOPS.

14. ANY DECISION TO WITHDRAW A MAJOR PART OR ALL SUPPORT OF RUSTY WITHOUT TAPERING OFF PERIOD WOULD CERTAINLY EFFECT POSITION OF U.S. INTELLIGENCE VIS-A-VIS FUTURE GERMAN INTELLIGENCE SERVICE WHICH WILL INEVITABLY MATERIALIZE REGARDLESS DECISION ON RUSTY AT THIS TIME. IN FINAL ANALYSIS RUSTY IS REESTABLISHED GIS SPONSORED BY THE PRESENT DE FACTO NATIONAL GOVERNMENT OF GERMANY (IE MILITARY OCCUPATIONAL FORCES). BECAUSE THE 4000 GERMANS WHO COMPROMISE RUSTY CONSTITUTE GOING CONCERN IN INTELLIGENCE FIELD IT APPEARS HIGHLY PROBABLE THAT RUSTY WILL EMERGE AS STRONG INFLUENCE IF NOT DOMINANT IN A NEW GIS. ANOTHER FACTOR IS THAT RUSTY HAS CLOSEST TIES WITH GERMAN GENERAL STAFF OFFICERS THROUGHOUT GERMANY. IF GERMANY WILL, IN ANY EVENTUALITY, PLAY ANY ROLE IN A WESTERN EUROPEAN PORTION CARDED ~~BEING SERVICED~~ ALLIANCE THIS FACTOR IMPORTANT. ISSUE THEN APPEARS TO BE WHETHER IT ADVISABLE FOR U.S. COMPLETELY TO RELINQUISH CONTROL OF A RESURGENT ABWEHR AND NUCLEUS OF GENERAL STAFF WHICH HAS FOR THREE YEARS BEEN NURTURED BY THE U.S. OCCUPATIONAL FORCES. FROM INTELLIGENCE VIEWPOINT SEEMS DESIRABLE THAT WE CUT IN ON RUSTY AT POINT WHERE WE CAN CONTROL ALL CONTACTS AND OPERATIONAL DEVELOPMENTS OUTSIDE OF GERMAN TERRITORY.

MILITARY

~~SECRET/RELEASE~~  
~~TO GERMANY ONLY~~

~~SECRET~~

71. (Continued)

~~SECRET/RELEASE  
TO GERMANY ONLY~~~~SECRET~~

PAGE 5

15. THIS IS DOMINANT THOUGHT INFLUENCING RECOMMENDATIONS WHICH FOLLOW:

A. THAT FORM OF INVESTIGATION WHICH BEGAN THIRTY DAYS AGO BE MODIFIED AT THIS POINT BY DESIGNATING INVESTIGATOR AS TEMPORARY LIAISON OFFICER TO COMMANDING OFFICER 7821 COMPOSITE GROUP FOR CONCENTRATION AS FOLLOWING:

- ✓ 1) PROVIDE DIRECT CHANNEL TO CIA FOR CONSIDERATION ON PROJECT BASIS OF STRATEGIC OPERATIONS NOW IN DEVELOPMENTAL STAGE.
- ✓ 2) PROVIDE 7821 COMPOSITE GROUP COMMANDERS WITH ADVISOR ON INTELLIGENCE PROBLEMS WHICH TRANSCEND BOUNDARIES OF GERMANY.
- ✓ 3) PROVIDE CHANNEL BETWEEN CIA MISSION GERMANY AND 7821 COMPOSITE GROUP TO REDUCE EXISTING CONFLICTS AND UNDESIRABLE DUPLICATION OF U.S. INTELLIGENCE EFFORT IN CENTRAL AND EASTERN EUROPE.
- ✓ 4) PROVIDE BASIS FOR FURTHER EXAMINATION BY CIA OF CHARACTER OF RUSTY. STRESS THIS IS INTERIM ARRANGEMENT WHILE BROADER PROBLEMS OF RUSTY ARE UNDER CONSIDERATION IN WASH.

B. THAT THE SUPPORT OF THE PROJECT BY THE UNITED STATES CONTINUE ON THE BASIS OF A REORGANIZATION OF THE U.S. SIDE TO ENSURE THAT RUSTY OPERATIONS ARE COORDINATED WITH OTHER U.S. INTELLIGENCE ACTIVITIES IN EASTERN EUROPE AND THE MIDDLE EAST,

C. THAT OPERATION OF 7821 COMPOSITE GROUP CONTINUE UNDER THE COMMANDING GENERAL OF THE EUROPEAN COMMAND WITH HIS DIRECTOR OF INTELLIGENCE RESPONSIBLE FOR COORDINATING THE SUPPORT THAT CAN BE LOCALLY RENDERED THE GROUP BY THE GROUND FORCES, AIRFORCES AND NAVAL FORCES IN EUROPE AND THE CIA REPRESENTATION IN GERMANY. ODDI EUCOM IN ITS DUAL ROLE AS DEPUTY TO GENERAL HALL WHILE STILL FULFILLING THE GENERAL STAFF INTELLIGENCE FUNCTIONS OF THE COMMANDING GENERAL OF THE U.S. FORCES IN EUROPE (HUEBNER) WOULD NORMALLY RETAIN PRIMARY INTEREST AND CONTINUE TO PLAY LEADING ROLE WITH RUSTY BUT THE COMMAND CHANNEL AND RELATIVE POSITION OF ODI USAFE, ONI AND CIA MISSION GERMANY WOULD BE CLARIFIED.

D. THAT THE STAFF OF THE 7821 COMPOSITE GROUP INCLUDE REPRESENTATIONS OF THE ARMY, AIRFORCE, NAVY (IF INTEREST WARRANTS) AND CIA.

~~SECRET/RELEASE  
TO GERMANY ONLY~~

71. (Continued)

~~SECRET/RELEASE~~  
~~TO GERMANY ONLY~~

~~TOP SECRET~~

PAGE 6

[ ]

[ ]

E. THAT LUMP SUM APPROPRIATION OF FUNDS TO SUPPORT  
RUSTY FACILITIES AND PERSONNEL IN WESTERN ZONES AND TACTICAL  
AND STRATEGIC COLLECTION EFFORT IN EASTERN GERMANY AND PURELY  
TACTICAL COLLECTION IN SATELLITES SHOULD BE MADE BY CIA, ARMY,  
AIRFORCE AND N.VY AGREEMENT IN WASH ON ANNUAL BASIS TO PERMIT  
PLANNING. ALSO BY SAME AGREEMENT AT WASH LEVEL PERIODIC  
STATEMENTS OF AREA AND TARGET PRIORITIES SHOULD BE FURNISHED 7821  
COMPOSITE GROUP THROUGH DIRECTOR INTELLIGENCE EVCOM.

✓ F. THAT APPROPRIATIONS OF FUNDS TO SUPPORT  
ANY STRATEGIC INTELLIGENCE OPERATIONS IN BALTIC, CENTRAL EUROPE,  
BALKANS AND MIDDLE EAST SHOULD COME ONLY FROM CIA WITH EACH  
OPERATION BEING HANDLED ON A PROJECT BASIS WITHIN CIA CHANNELS.

✓ G. THAT OFFICIAL AND UNOFFICIAL LIAISON WITH  
FOREIGN INTELLIGENCE SERVICES BE CLEARED WITH OEA AS WELL AS ARMY.

TOR: 1622Z 17 DEC 48

~~TOP SECRET~~

~~SECRET/RELEASE~~  
~~TO GERMANY ONLY~~

Authority **NNJ003021**  
By **MBNARA** Date **06/05/02**

71. (Continued)

Form No. 85-S  
April 1947

~~SECRET/RELEASE~~  
~~TO GERMANY ONLY~~  
~~(INFORMAL MESSAGE)~~

(751)

CENTRAL INTELLIGENCE GROUP

~~TOP SECRET~~

PAGE No.

FROM:	KARLSRUHE	PRIORITY
TO:	SPECIAL OPERATIONS	17 DEC 48
ACTION:	ADSO (1)	<input type="checkbox"/> <input type="checkbox"/>
INFORMATION:	COPS (2), FBI (3)	

Paraphrase Not Required. Handle as TOP SECRET Correspondence per Para. 51 (1) 60A AR-380-5

CORRECTION

CORRECT LINE 13, PARAGRAPH 14, PAGE 4, TO READ:

"... EUROPEAN MILITARY ALLIANCE THIS FACTOR ....."

*Dimonade*  
*4 Mar 61*

~~SECRET/RELEASE~~  
~~TO GERMANY ONLY~~

TOR(CORR) 0633Z 18 DEC 48

~~TOP SECRET~~

Copy No. **3**

IT IS FORBIDDEN TO MAKE A COPY OF THIS MESSAGE

U. S. GOVERNMENT PRINTING OFFICE 16-52213-1

~~Secret~~

DECLASSIFIED

Reproduced at the National Archives

Authority **NNJ003021**  
By **MBNARA** Date **05/05/02**

*BLANK Page*