

58. Memorandum to Helms, "Operation RUSTY," 18 March 1946

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STANDARD FORM NO. 64  
~~TO GERMANY ONLY~~  
*Office Memorandum* • UNITED STATES GOVERNMENT

TO : Mr. Richard Helms

DATE: 18 March 1946

FROM : [ ]

SUBJECT: Operation RUSTY

1. About two months ago Major General Walsh told [ ] that when he, Walsh, next visits the United States, he is going to raise again the question of CIA taking over Operation Rusty. He thinks that a mutually satisfactory arrangement can still be arrived at.

2. I am of course in no position to give you a considered overall appraisal of Operation Rusty, although I am certain that most of Sam Bossard's observations and strictures are still valid. Lt. Col. DEAN's successor (his name has escaped me) is highly thought of as an officer, but like his predecessor he is not an intelligence man equipped to supervise, control and steer an operation as complex as Rusty. There is no doubt that Rusty enjoys the unqualified backing of the Army in Germany. Instructions have gone out to the various CIC Regions engorging them not to interfere with the activities of Rusty operatives and, in the Munich area at least, Rusty is in a position of unchallenged ascendancy.

3. I need not elaborate on the unorthodox methods applied by Rusty in running its operations, nor on the value of its product. They are known to you from Bossard's study. [ ] should be in a position to give you an authoritative and up-to-date account of Rusty's activities in the Munich area. An interesting sidelight on Rusty's recruiting methods is shed by the fact that they took [ ] some of the informants [ ]

[ ] the intelligence they furnished was of no value whatsoever. I do not know whether the circumstance that the activities of Rusty have become a major issue between ODDI and the [ ] should affect our judgment. The fact is that the [ ] strongly resent Rusty's forays into their territory, particularly since they believe that Rusty has been penetrated by the Russians. I have been told that the [ ] some time ago put out a study, made available to our service, to back up this stand.

4. That the Russians must know something about our using former German staff and intelligence officers for intelligence purposes is clearly indicated by the Telepress reports which were forwarded to you by Berlin. Although most of those reports were inaccurate in detail, even General Walsh had to admit that they reflected serious flaws in the security of Rusty.

5. You are no doubt aware that a decision on whether CIA should take over Rusty has to consider the political implications of sponsoring an organization which in the opinion of qualified observers constitutes a re-activation of the German Abwehr under American aegis. If the Russians have succeeded in penetrating Rusty - and considering the many breaches of security that came to our knowledge recently it is a fair assumption that they have - 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.

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