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By MBNARA Date 06/05/02

62. Chief, Munich Operations Base
Station, Karlsruhe, "Rusty," 7 July 1948

to Acting Chief of

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VIA: Courier
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CLASSIFICATION

TO : Acting Chief of Station, Karlsruhe DATE: 7 July 1948
FROM : Chief, Munich Operations Base
SUBJECT: GENERAL—
SPECIFIC— Rusty

Attached hereto and forwarded to you is a concise summary on Subject.

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From: Acting Chief of Station, Karlsruhe

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62. (Continued)

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TO GERMANY ONLY RUSTY
BY: []

1. If the ensuing remarks on Rusty operations tend at any point to veer away from a purely objective appraisal, please bear in mind that they are the result of propinquity, and a constant barrage of denunciations, on the part of MG and influential Germans, of the outrageous practices of American Intelligence.

2. Rusty's headquarters is located in the outskirts of Munich at Pullach, in a large caserne once used by CCD. In addition to the HQ, approximately 20 houses have been taken over in the vicinity of the HQ, which are used by staff and other personnel. There is a large motor pool, a total of 106 vehicles (German licensed, but Army owned) being serviced at present by Army Ordnance. In Munich, Rusty is known as the 7821st Composite Group, although their EUCOM designation is TIB (Technical Intelligence Branch), G-2, EUCOM.

3. SECURITY. As the result of Rusty's insecure methods of operating (both in the American and German level) the existence, aims and some hundreds of the covert personnel are known to many OMGB personnel, both American and German, and to an unknown number of German officials both in the Bavarian Government and in the various Bavarian police agencies. (Insecurity vis-a-vis MG will be discussed in Para. 5.). On the German side the following factors contribute to insecurity:

a. Rusty's German agents, when approaching potential recruits, invariably present documents identifying themselves as working for American Intelligence. The most common is a letter signed by an American officer stating that the individual is working for TIB. These documents are produced not only for recruiting, but also to obtain special favors, as a means of "social adornment", (the term "social adornment" was used by an MG official), and to intimidate American or German law enforcement agencies.

b. Rusty's interference with the normal process of law, particularly Denazification and Automatic Arrest procedures. The most flagrant example, which has become a cause celebre in Bavaria is Rusty's intervention in favor of Fritz Fischer who was head of the Bavarian Staatsoperette during the Nazi regime. A member of the NSDAP since 1933 and of the SA since 1938, Fischer was a close personal friend of Gauleiter Wagner and profited enormously from the association. His denunciations of other Germans to the Gestapo are a matter of record, but a better known charge is that of rape, for which Fischer was acquitted as a result of Wagner's pressure on the courts. At that time (circa 1940 ?) public opinion was indignant at which was considered a flagrant and open miscarriage of justice.

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TO GERMANY ONLY

62. (Continued)

~~SECRET/RELEASE~~ ~~SECRET~~
~~TO GERMANY ONLY~~ - 2 -

Fischer was interned in 1945 by CIC as automatic arrestee and released in 1946 at which time he was recruited by Rusty. Shortly after this, Fischer was again arrested on order of the Spruchkammer to await trial. He was immediately released to custody of Rusty at request of Capt. Waldman of that organization. On 6 April 1948 Fischer appeared at his trial accompanied by one of Rusty's NCOS. At that time (in the words of a Munich police official) "Fischer's behavior in the court was insolent and sarcastic". On 7 April when Fischer was to receive sentence he did not appear in court. (He was sentenced in absentia to two years in a labor camp). As his case had already aroused the interest of the press, because of the rape incident, the fact of his American protection, his manner towards the court and his absence on the last day of the trial all were widely reported in Munich newspapers. The Spruchkammer in the meantime reported Fischer as a fugitive and an intensive hunt was begun by police agencies. At this point Capt. Waldman approached Denazification Branch, OMGB, demanding that Special Branch reverse the decision of the Spruchkammer and announced that he would not return Fischer to German custody. Fischer, he said, was fourth from the top in the German organization run by Rusty and that if he were to serve his sentence, the "morale of the other key members of the organization would be greatly injured and the prestige of American Intelligence lowered in their eyes".

The Fischer case was kicked up to OMGUS and the decision made that Fischer be turned over to the German authorities. Fischer now at Dachau, has appealed his sentence and the prediction is that at the new trial, a stiffer sentence will be meted out.

Comment: The Fischer case has been presented in detail for fear that a shorter exposition might elicit the view that "at one time or another all intelligence agencies have gone to bat for their men" and that the old chestnut of glass houses be referred to.

Another example of intervention is Rusty's attempt (which might prove successful) to re-instate Max Jacob, Landrat of Kreis Berchtesgaden during the Nazi regime, in his former post. In MG's opinion, these two cases, and other instances not worth reporting here, will have a disastrous effect on German public opinion, such as it is.

c. The extremely careless methods used by Rusty in requesting services of MG and the Military Post. In various MG Branches (Manpower, Housing, Transportation, Intelligence, etc) there are long lists of Rusty agents for whom services are being performed. Rusty does not classify the majority of these lists and as a result they are handled by German employees of MG with consequent security implications. A more serious aspect of this practise is the fact that at times individuals are listed whom

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62. (Continued)

~~SECRET/RELEASE~~
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- 3 -

Rusty is attempting to recruit

d. The "free-wheeling" which is indulged in by Rusty's agents. The Border Police in particular are astounded at the freedom of movement and unsupervised activities of Rusty agents. have repeatedly, and completely unsolicited, reported on the location of Rusty safe houses, sub-headquarters, vehicles, and on the identity of agents themselves. When a Rusty agent is picked up for black marketing in goods or monies (and this is often) he immediately requests to be taken to CIC, who are instructed to get in touch with Rusty, and the release is automatic. All these extracurricular activities, which Rusty admits are not supervised, are passed off as "operational necessity". CIC is powerless to take any action and bitterly resents the fact.

4. Recruiting Methods. Rusty's recruiting drive is given impetus by two methods:

- (1) Impressing potential agents with the high-level backing of the organization and
- (2) Prodigious outlay of money and supplies.

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76

The usual approach of Rusty agents is, as already mentioned, representing TIB. This was used when two former Abwehr officers, SUESS and FAERBER, approached the chief of the Grenzpolizei and attempted to recruit not only the chief but the services of the Grenzpolizei organization itself. The Chief of the GP was not impressed and not recruited, his main objection having been fear for his own security. Another approach, and this is reserved for high-level prospects is to have an American make the initial contact, claiming direct lines to President Truman and the Pope (the ecclesiastical touch is somewhat useful in catholic Bavaria). A recent approach, one which does this organization no good, is to claim authority from the War Department. This is also used in contacts by Rusty's American personnel with various offices in MG and the Military Post with the result that quite often one of our personnel will be informed of the fact that the War Department (MG and the Post make no distinction

has put in a request for a block of apartments, and "who the hell do you think you are to make such a demand and in such a high-handed manner". The trouble is always straightened out and the finger always points at Rusty. Recently,

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62. (Continued)

~~SECRET/RELEASE~~
~~TO GERMANY ONLY~~ - 4 - ~~SECRET~~

when [] approached the accommodations Officer at the Post for an operational house, the AO was rather skeptical of the request until one of his underlings told him that [] was connected with Colonel Baun's organization (former Abwehr officer, chief of Rusty's German staff) at which point the AO grudgingly said: "What is it you want this time?" Needless to say, the connection was vehemently denied by [] who then had to produce all his letters of authority in order to obtain what, in light of Rusty's constant demands, was an exceedingly modest requirement. It should be mentioned here that a few months ago, at a meeting of the various "security agencies" in Munich, called by MG to discuss the operational housing problem, Rusty's representative was a German national. Present were officers from CIC, CID, MIS, and Intelligence Division, MG:

With regard to the outlay of money and supplies it need only be said that Rusty's scale of payment has thrown the intelligence market all out of proportion. Time and again we are faced with the problem of convincing someone that he should work for idealistic motives (and a reasonable amount of supplies and money) rather than for a tempting 200 to 1,000 Dollars a month offered by Rusty. It presents a poser when an individual says: "Obviously this is a much more powerful and richer organization than yours. I've been offered American Dollars, a car, and travel facilities, and besides, I'll still be working for the American Government." The only argument that works is that of the security implications and Rusty's weakness in this regard is well enough known to act as a deterrent to individuals of a sober turn of mind. It is not uncommon for an individual who has a potential net working into one of the eastern countries (and these are a dime a dozen in Munich) to demand 2,000 Dollars a month for the running of his operations. When asked why the high demand they state that they have been offered that by "TIB", but that they prefer not to work with Germans. []

[] was paid 500 Dollars a month by Rusty over a five month period. He stated recently that "I've never made such easy money in my life". [] reported that [] doctored up old reports, dated 1942 and 1943, and passed them along to Rusty as current info.

5. The most disturbing feature of Rusty's operational methods is the effect on MG's attitude towards American Intelligence in general. The various MG Branches have to be used frequently by all security and intelligence agencies for any number of reasons, i.e. documentation, housing, car licenses, tankausweisen, etc. Prior to Rusty's installation in Munich, such requests were infrequent and were honored with a minimum of delay. At the present time, because of the flood of Rusty's requests (the word requests is used advisedly) an official stop

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62. (Continued)

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

- 5 -

has been put to documentation, housing and transportation licensing. Our requests are still being honored but only because of personal relations built up with the various division chiefs. Inevitably during a conversation with MG officials the question is asked "What do you think of TIB?" This is countered with "What do you think?" which leads to lengthy and vociferous attacks on Rusty's seemingly endless demands for services. The entire matter has been referred to OMGUS by OMGB and is being discussed with General Walsh. At the Military Post, the situation is about the same, except that by EUCOM directive the Post has to honor all of Rusty's requests and any appeal is looked upon with disfavor. Any other agency, lacking this EUCOM carte blanche, has to scrounge to obtain the few services necessary to a normal execution of duties. It must be said that this scrounging is not without results, however, as the politesse called for. produces an amazingly cooperative attitude on the part of those officers ordinarily subjected to Rusty's consistently high-pressure tactics.

6. The foregoing is obviously academic since nothing is known here of the quality of Rusty's production. It must be disregarded entirely if Rusty has succeeded in penetrating the Kremlin. Also, many of the practices referred to above are indulged in, to a lesser degree, by other agencies. However, such practices become dangerous and have disastrous effects when carried out practically in the public eye, and, as far as can be determined, with a minimum of supervision. The political implications are obvious, especially in view of Rusty's increasing sphere of activity (a former CIC agent now working for Rusty claims they have recently set up a North African Section).

As a local cynic put it: "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".

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