

Authority NNJ003021By MBNARA Date 06/05/0263. Acting Chief, Karlsruhe Operations Base to Chief, FBM, ~~RUSTY~~, 19 August 1948~~SECRET~~~~SECRET/RELEASE  
TO GERMANY ONLY~~

19 August 1948

Chief, Foreign Branch "M"  
Chief of Station, Karlsruhe, Germany

RUSTY

1. This memorandum will be more in the nature of a general comment reflecting the consensus of operating personnel of KOB. The comments are of a general nature

2. RUSTY came first to the writer's attention in July of 1946 when OIG Region VI (Bamberg) constantly ran across a series of German individuals who claimed to be American intelligence agents. OIG at that time was under the impression that they were our agents and therefore made whatever information they picked up available to us. We were able to maintain close liaison with OIG and, as a result, received considerable material which was at that time forwarded to FBM by

Germans were found to be in possession of typewritten ERI's of the most comprehensive sort. In fact one copy procured by us contained the then existing complete ERI's of 82 USFET. The German individuals who had possession of these ERI's were all former Abwehr people. Some of the agents employed were SS personnel with known Nazi records and, in most cases, undesirable people. Recruiting methods then employed were so loose that former German officers and non-coms were blindly being approached to work for American intelligence in espionage activity directed against the USSR. 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. Recruitment tactics included statements that were of a downright subversive nature, such as obligating

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the potential agents with an oath of allegiance to a cause going over and above material advantages. The recruiting methods indicated a highly nationalistic group of Germans who could easily become the nucleus of serious subversive activity against any occupying power. At the same time, the distribution of operational supplies, money etc. was so loose and elaborate that the influence on the black market certainly was considerable. Since then RUSTY activity has continuously come to our attention. The leading figures in the operation have been named repeatedly by such agents as [ ] [ ] They have expressed grave concern about the security of RUSTY. We have repeatedly run across new recruits who specifically asked whether or not the recruitment had anything to do with an organization quite easily identified by us as RUSTY. Such candidates often stated that they would not be interested in working for American intelligence if it had anything to do with this operation. At the time of the arrest of Col. Pinkert by the Russians, the [ ] [ ] ceased activity until they were assured that their operation had nothing to do with RUSTY.

3. 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 in the German economy 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. These facts are known to leading German people who, in American support of this organization, see a conflict with what is announced American policy towards a future Germany. There is every reason to believe that these facts will be used, not only in German circles but also by other nations, to undermine confidence of the public in the sincerity of American policy. This has been expressed by people well known to us although such expressions have been of a cautious nature for the time being.

4. Some of our people have expressed the thought that this operation may have decided bearing and influence on future

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American intelligence activity in Germany. Since the whole operation is considered American sponsored, it is obviously believed to reflect the attitude of American intelligence personnel. Highly desirable and reliable people would not wish to affiliate themselves with intelligence operations as long as they are believed to mean cooperation with the type of people described above. The latter are considered by many German to be militaristic, nationalistic and at the bottom of Germany's difficulties in the past.

Acting Chief, KOB

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