

23. DCI to Maj. Gen. Stephen J. Chamberlin, Director of Intelligence, War Department, "Operation Rusty—Use of the Eastern Branch of the Former German Intelligence Service," 20 November 1946, enclosing Burress to Vandenberg, "Operation RUSTY—Use of the Eastern Branch of the Former German Intelligence Service," 1 October 1946

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*Out 20 Nov. 46 - to be  
hand processed  
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MEMORANDUM FOR MAJOR GENERAL STEPHEN J. CHAMBERLIN  
Director of Intelligence  
War Department

Subject: Operation Rusty - Use of the Eastern Branch  
of the former German Intelligence Service

1. During a visit of a SIG representative to Germany early in October 1946, the Assistant Chief of Staff, G-2, USFET, recommended that the Central Intelligence Group take over Operation Rusty and conduct it from the United States. Detailed recommendations on the transfer of the operation were contained in a letter from G-2, USFET, dated 1 October 1946, copy of which is enclosed herewith.

2. Before reaching a decision on the transfer of this operation it is deemed advisable that a representative of G-2, USFET, accompanied by both Reinhard Gehlen and Hermann Baum, formerly of the German Intelligence Service, come to the United States for conferences with representatives of the SIG and the War Department.

3. It is recommended that the War Department take all necessary steps to transport these individuals to the United States, housing and maintaining them during their sojourn here. In view of the delicate character of this contemplated operation, SIG desires to emphasize that unusual security precautions must be taken; otherwise the future usefulness of these individuals would be completely nullified.

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ROY T. S. VANDENBERG  
Lieutenant General, USA  
Director

Enclosure

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HEADQUARTERS  
U. S. FORCES, EUROPEAN THEATER  
Office of the AG of S, G-2

1 October 1946

SUBJECT: Operation MUSTI - Use of the Eastern Branch of the former German Intelligence Service.

TO : Lt. Gen. HOYT S. VANDENBERG, CIQ, Washington, D. C.

I. DISCUSSION

1. The key personnel of the Abteilung Fremde Heere Ost des Generalstabes des Heeres (Division Foreign Armies East of the General Staff of the German Army) and the organization under their control have been used since January 1946, under the direction of G-2, USFET, in an intelligence operation against Russia and Russian controlled areas. TAB A contains details on the background and activities of the subject personnel before and after the operation was initiated.

2. The organization, shown in TAB B, consists of two main groups - the Evaluation Group and the Information Group. The former, headed by REINHARD GEHLEN, consists of five men who direct the Information Group to get the information needed to complete the missions assigned by G-2, USFET. The Information Group, headed by HERMANN BAUM, prepares the missions for its information gathering agencies and when the information has been obtained it turns it over to the Evaluation Group. This group evaluates and collates it and G-2, USFET, then receives the information obtained in its original form, the evaluation, and the collation.

3. At present Operation MUSTI covers the Russian Zone of Germany as far as the Oder River as is shown in TAB C. With this area covered by approximately 500 to 600 agents, attention has been turned to the development of strategic intelligence covering Russia, the Balkans, Poland, and the Near East. The possibilities along this line are outlined in TAB D. Although this phase of the operation is in its infancy, already relations have been established with a member of ZEBUKOV'S staff and with an associate of MIKOYAN, who is a member of the Politburo.

4. During the period 1 April 1946 - 1 October 1946, the operational costs have been approximately \$130,000 in Allied Marks, \$24,000 in U.S. Currency, and certain amounts of foodstuffs, soap, tobacco, etc. TAB E contains the method of handling the fund and supplies, the breakdown of the figures given in this paragraph, and a discussion of future costs.

5. G-2 USFET considers the organization one of its most prolific and dependable sources as is explained under TAB F. Also under TAB F are

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examples of information and evaluation produced by the organization and an estimate of the situation as of February 1946 which subsequent events have proved very accurate. This estimate was made at Camp 1142 for the War Department by the Evaluation Group. A current estimate by this group is found in TAB G.

6. The problems and difficulties encountered in this operation are covered in TAB H.

II. ACTION RECOMMENDED

It is recommended that SSU take over Operation BUSTI and conduct it from the United States. Detailed recommendations on the transfer of the operation from G-2, USFET to SSU are contained in TAB I.

s/ W. A. BURGESS

W. A. BURGESS  
Maj. Gen., GSO  
AG of S, G-2

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