

DISPATCH

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TO Chief of Station, []

201-11016

FROM Chief, []
Costilla/XI-3/APPA-RAF/S Contacts

21 Sept 59

(CHECK ONE)

MARKED FOR INDEXING
NO INDEXING REQUIRED

ACTION REQUIRED See below

INDEXING CAN BE JUDGED BY QUALIFIED HQ DESK ONLY

1. Headquarters' components have given considerable thought to the Costilla/XI-3/APPA-RAF/S contacts, and we shall attempt to outline below the gist of the consensus of opinion derived therefrom.

2. Putting first things first, it is believed that APPAMEY/S (referred to as A/S hereafter) has displayed naivete to too great a degree, both politically and emotionally, to be permitted to become any further involved in this liaison. This, together with her expressed aversion to covert activity, could make for problems in running her as a penetration double agent. Our reasoning is as follows.

3. The very fact that A/S, a KUBARK agent, and COLUB, a known RISnik, are in contact with each other, has implications which warrant close scrutiny. While it may be a bit too early to ponder the direction COLUB's interest could take, (is COLUB sizing up A/S for recruitment, or is he falling for her, genuinely?) the following comments are offered in the knowledge that they are, by and large, self-evident. COLUB has taken the initiative in maintaining contact with A/S, which follows the not uncommon modus operandi of a gift, dinners, movies, an appeal to the intellect, language lessons, and a little liaison initiated through the "jilted husband" routine. All of these contacts have revolved around A/S' [] which brings up the question of the Finnish roommate. It would be odd to us if a native Finn, sharing an apartment for an American, wouldn't be suspicious of a Soviet coming to the apartment for language lessons, phoning regularly, taking the American out to dinner, theater, etc. Perhaps Costilla has already satisfied himself on this point, but Headquarters would appreciate being assured of the roommate's status and reliability.

4. COLUB has made provocative remarks to both A/S and Costilla, including some pertaining to the A/S-Costilla relationship, A/S's trip to the USSR, the likelihood that COLUB's contact with A/S had come to the attention of the U.S. Embassy with resultant inquiries instigated by Costilla, and to the possibility that A/S was reporting on her contact with COLUB to the U.S. Embassy. Undoubtedly the thought has occurred to the [] that COLUB may well have Costilla tabbed as an AIC officer specializing in RECON-type operations. As you will recall, in a couple of instances COLUB hinted to A/S that he suspected that someone else was paying for her trip to the USSR when he asked her to whom she had to account for her expenditures. Some of the things COLUB might hope to gain from these contacts, assuming that he is suspicious of both Costilla and A/S, are: an indication of the type of people COLUB sends on RECON missions, what their backgrounds are and perhaps how they are spotted (e.g., whether they are students of Soviet affairs, or of the Russian language, etc.), what the backgrounds are of the AIC officers running the operations, and related matters. It might be doubted that COLUB himself is a specialist in RECON operations against the AIC, since he, as the Resident would have broader responsibilities. However, he might well be interested in "keeping his hand in" and of maintaining some personal contacts with Americans in order to get his own first-hand in-

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06 pressions. It might be interesting to see whether after a while he turns over the Costille contact to someone else, such as Viktor Matroyevich [redacted], to whom he has introduced Costille. In this context, it is interesting to consider the Embassy report received as an attachment to [redacted]. In this report, Costille, says that [redacted], [redacted] and [redacted] seem to be maintaining the majority of contacts with Americans. Some time ago we at Headquarters wondered if [redacted] might be planning to specialize in American contacts, since he was the one who took over the [redacted] contact. And [redacted] has spent considerable time in the United States, so he might be something of an American specialist, too.

5. It is difficult to say whether the following is relevant or not, but we were interested to read a recent [redacted] dispatch concerning a luncheon involving a [redacted] and two known SIS officers. At this luncheon the suspect KGB Resident in Denmark alleged that one out of every three American visitors to the [redacted] is a spy. Here we have the suspect KGB Residents in two Scandinavian countries simultaneously expressing the same thoughts to and about Americans. We realize that one shouldn't try to make too much out of these coincidences, but it is worth noting that in Denmark the KGB Resident has subsequently turned over the contact with the SIS officer to an underling at the same time that [redacted] is introducing Costille to [redacted] who may, in turn, carry on the contacts. We plan to point out this coincidence to the [redacted].

6. To get back to the case in point: The pattern of A/S's contacts with COLUB suggests that the latter has spotted and is in the process of assessing, and cultivating A/S. It may be that COLUB is trying to involve A/S in a romantic relationship in which emotional control could be exercised, since it is quite unlikely that this shrewd intelligence operator "likes her for her mind". It would also seem that the Soviets have a continuing interest in Costille and assuming that they are aware of at least some of the Costille-A/S contacts, they may have in mind recruiting A/S to get information on Costille and other American targets. COLUB certainly appears to be trying to get A/S on the "hook", be it for herself or to get information on the SIS, or both.

7. Costille says he has never been seen with A/S and that all contact with her has been held in his apartment or car. However, it appears quite possible that their meetings have been observed, if the SIS had an inclination to do so, and it may well be that COLUB is aware of the contact. It is requested that Costille advise Headquarters, for record purposes, as to the means of contact employed by him and A/S, telephone, meeting plans for a certain day of each week or alternate days, etc. Also, does she come unaccompanied to his apartment or does he meet her at a designated place, what is the usual hour (daylight or dark), duration of visit; if meeting is in his car, where do they meet, do they drive around, where does he drop her off? All of this could be surveilled by the Soviets, if they were so inclined.

8. If our suspicion is correct that COLUB has A/S and Costille hooked, from a CI standpoint it would be appropriate to discourage any further contact between A/S and COLUB. We might just continue to fish around for occasional items of operational intelligence, and we see nothing to be gained from the contact. A/S might have enough of a sense of mission to allow herself to be eyed on into a conversation from which COLUB would derive some benefit than she or we. If COLUB wants to defect, he won't need A/S's help, and he's probably too sharp, and she too untutored, for us to be the winner in a continuation of this relationship. At this point, it is suggested that Costille himself be careful in his relations with COLUB and report in detail on all such contacts.

9. The NK/SIS angle concern by A/S will be covered in a separate dispatch.

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Distributions:

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