SPIES WHO STAY OUT IN THE COLD: LOOKING TO SOVIET ILLEGAL OPERATIONS FOR INSIGHTS INTO NON-OFFICIAL COVER

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ABSTRACT

To gather intelligence on 21st hard targets, such as terrorists, criminal syndicates, and rogue states, governments are likely considering the use of non-official cover (NOC) spies. While the current debate on the use of NOCs focuses on the functional challenges of using this method of human intelligence, it does not provide clear examples of how NOCs use has worked in the past. Further, given the secretive nature of NOCs, current examples of NOC use, which could aid in clarifying this debate, are unavailable. By reviewing illustrative case studies from Soviet operations from the 1930s and 1940s, we can evaluate the current debate on NOCs to see if these concrete examples support or refute these arguments. I conclude that the functional challenges against using NOCs can be overcome, and NOCs can collect high quality intelligence against hard targets if governments are willing to take the risk.
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INTRODUCTION

“The question as to whether the CIA’s Clandestine Service is adequately using Non-Official Cover (NOC) case officers…is impossible to discuss in any detail in a public report.”

-- Former DCI James Woolsey

James Woolsey is correct: because of the secretive nature of non-official cover (NOC) intelligence operations, at this time it is not possible to securely discuss current American examples of NOC use in public debate. However, modern governments are encountering 21st century denied targets, such as terrorist organizations, rogue states, and international criminal networks. To obtain intelligence on these targets, some intelligence services are likely considering NOCs. However, the decision-makers responsible for policymaking and oversight do not have an effective means to evaluate whether NOC operations are truly feasible and worth risking political backlash and human lives. In 1917, the Soviets overcame these NOC challenges, accepted the potential political and human costs, and developed an expertise in illegal operations. Governments considering NOCs can gain better insights into the potential costs and benefits of NOC use and its political consequences should NOC employment be revealed in sensitive countries by examining the height of Soviet illegal operations as a surrogate for their own NOC capabilities.

We have heard the potential problems about using NOCs and the arguments for why they cannot work, but we have no way to verify this information without seeing NOCs in action. This project seeks to clarify the debate on the use of NOCs by placing traditional arguments against using NOCs up against historical case studies of diverse Soviet operations. In so doing, this project will offer more concrete examples than is generally provided in public discussions of

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The evolution of non-traditional actors, such as terrorists and criminals, has made gathering information through official cover too restrictive. Official cover interferes with this targeting because individuals posing as representatives of the U.S. government have limited access to terrorists and criminals. Essentially, this study will seek to show that NOC operations, when conducted with the necessary operational security, can be successfully completed. Hence, the overarching issue of using NOCs is not the functional challenges, which can be met and overcome, but rather the willingness or unwillingness of a country to put its personnel at grave personal risk. This paper seeks to fill that void and open the door for future research on a topic that was once shrouded in secrecy.

For the purpose of this paper, NOCs and illegals will be treated in the same manner: both refer to spies without government cover and, therefore, without diplomatic immunity. This paper approaches the terms “NOC” and “illegal” from the perspective that while Russia and the United States use different names, both terms share one key trait—the lack of diplomatic cover. This paper, nonetheless, attempts to honor traditional nomenclature and refers to American illegal operators as NOCs and Soviet/Russian illegal operators as illegals. This project relies on the definition of non-official cover spies provided by John Radsan. According to Radsan, “Any case officer’s activities, whether done under diplomatic immunity or not, are illegal in the receiving country. The simple difference between the ‘illegal,’ and the “legal” is that, if caught, the former may be prosecuted abroad while the latter may not.”\(^2\) While variations on this definition exist regarding the documentation of illegals and the use of false identities, Radsan’s definition

\(^2\) Ibid., N.p.
provides the clearest standard. According to William E. Duff, this removal from diplomatic
cover provides both the greatest advantage and greatest weakness to illegals.³

To gain the most relevant and worthwhile information, we are best served by examining the
operations of a country that showed a high aptitude for and a long tradition of illegal operations.
By focusing on the Soviets’ operations through illustrative case studies, we can keep other
factors of consideration constant. Since its birth in 1917, the USSR focused predominantly on
human intelligence (HUMINT) collection. According to Robert W. Pringle, during the Cold
war, the KGB had a larger presence overseas than any other nation’s intelligence services.⁴ In
Christopher Andrew and Vasili Mitrokhin’s *The Sword and the Shield*, they create a picture of
Soviet intelligence that is focused on HUMINT and embedding agents abroad. Of all nations
who have used NOCs, Russia and the former Soviet Union offer the highest number of success
stories. By examining Soviet collectors, analysts can see NOCs at their best in a variety of
environments, in times of war and peace and operating in authoritarian and liberal societies.

In this analysis, I first examine how the concept of using NOCs emerged in American
classified and public discussions and what is known about the American use of NOCS today.
After presenting the known extent of NOC usage, I will lay out the functional arguments against
using NOCs—high financial costs and challenging logistics, NOC’s lack of accountability to
intelligence services, and the inability to gain substantial intelligence to merit this process. I will
then use illustrative case studies from diverse Soviet illegal operations to evaluate how these
arguments stack up against real life examples. Given the constraints on the case studies, this
project cannot claim to provide evidence for the use of NOCs by democracies. Considering the

lack of information on NOCs, the project provides the first step to analytically examining the risks of using NOCs. My findings indicate that the current functional arguments against using NOCs do not hold up against their tremendous intelligence potential.

Using illustrative case studies of Soviet illegal intelligence operations to analyze the emerging debate about the use of NOCs allows policymakers to see how these previous arguments compare to historical NOC operations. These cases offer a unique opportunity to compare the use of NOCs in different types of governments and different conditions of war and peace while tradecraft factors remain relatively constant. They also show differing levels of success and failure. One caveat for this project is that most of its examples in intelligence stem from compromised missions or information from defectors. H. Keith Melton, author of *The Ultimate Spy Book* described meeting Col. Lewscin Nokolay, a well-known trainer of Soviet spies. Melton asked Nokolay who his best students of intelligence were. Nokolay replied, “My best students were unknown to you. They served successfully and returned home quietly.”

Unfortunately, the nature of intelligence often does not allow outsiders to learn about the highest caliber of successes. In essence, in intelligence, we often gather more on failures rather than the successes. These case studies are not an exception in this regard.

Instead of focusing on individual illegals, I analyze illegal spy rings. The ring represents the government’s trust in illegal tradecraft through investment and the potential for superior long-term intelligence gathering. In this analysis, an illegal spy ring is a group of agents recruited by an illegal Soviet resident spy, united for the purpose of intelligence collection. Sending one NOC or illegal is relatively cheap, but it does not maximize the potential of this individual. In order to maximize intelligence collection, the ring offers the best option because it combines the

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efforts of domestic agents with a foreign director. Also, when a NOC must be replaced, a supportive team can provide continuity in sources and methods. This reduces the risk of losing a collection platform.

Because of the nature of the case studies available, this project primarily focuses on the infiltration of NOCs into rogue states or states with which countries have strained diplomatic relations. While this paper might provide insights on the use of NOCs in terrorist or criminal groups, the focus is the infiltration of states. From a law enforcement perspective, cases likely exist on the domestic infiltration of gangs, extremists groups, and criminal syndicates. The nature of infiltrations into a non-state, specifically a violent entity, differs considerably from state infiltration. Since this project addresses foreign intelligence issues from available information, it necessitates a focus on states.

I will intertwine the case studies throughout the assessment based upon the major arguments against NOC use—high financial costs and complicated payment logistics, NOC’s lack of accountability to the intelligence services they serve, and NOC’s inability to gain the high level of access necessary to justify these measures. Finally, I will evaluate how successful NOC rings were in gaining valuable intelligence and avoiding detection. When NOCs are apprehended, the cost is the loss of a significant investment into future collection. Intelligence services often allow foreign intelligence rings to operate in their country in order to identify foreign intelligence sources and requirements. Some even feed them misinformation for their own purposes, allowing illegal collectors to operate entails risk, especially during war. I conclude by providing policy insights for the modern use of NOCs based on the assessment in the hopes of validating or refuting claims about NOCs in the current debate.
CHAPTER I: AMERICA’S EMERGING FOCUS ON NON-OFFICIAL COVER

Immediately following WWII, the Allies became aware of the vast Soviet intelligence penetrations. This led the British and Americans, in particular, to undertake a number of investigations into the exploits of Soviet intelligence. Through these investigations, the Allies identified key advantages to NOC usage: specifically, NOCs offered a high level of secrecy, the potential for vast intelligence networks throughout the world, and a surprisingly high level of access to foreign intelligence. When the Allies understood that the Soviets had infiltrated the OSS, MI5, and numerous facets of the U.S. and British governments, this necessitated further investigations into NOC operations abroad.

The British investigations of the Soviet illegal operations throughout Europe exposed the high level of secrecy NOCs operations maintained even in Nazi-occupied areas. The British initially focused on information from German intelligence officials. After WWII, a number of former Nazi officers attempted to trade information on these rings for immunity. One of the most notable was Gestapo official Horst Kopkow, who had personally arrested and sanctioned the torture of leading members of these networks. Based on information from Kopkow’s assessment of the survival of Soviet operations, the British engaged in an exhaustive review of German intelligence documents. MI5 wrote three lengthy reports on the Red Orchestra; a preliminary report in April 1946, second draft in November 1946, and final report with appendices in 1949. In essence, while the Germans had succeeded in destroying these rings, they still believed the rings were in operation. In the Allies’ interrogation of Walter Schellenberg, the last head of German Intelligence during World War II, Schellenberg considered the Russian Intelligence Service to have achieved great success against Germany, and

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7 Ibid., 294.
he used illegal operations as evidence of this triumph.\textsuperscript{8} This reflects Richard Breitman and others’ view that in the figurative war on intelligence, the Soviets surpassed the Germans by virtue of the tremendous inefficiencies of German intelligence.\textsuperscript{9} This indicated that NOC rings could prove to be very difficult to unravel when the counterintelligence was not sufficient to recognize it.

Just as the British recognized German intelligence’s poor performance in the face of illegals, American sources too discovered the same tendencies in Japanese intelligence. The Americans discovered that not only did Soviet rings maintain a high level of secrecy but also that these rings extended through a number of strategic locations. After General Douglas Macarthur took control of Japan, he ordered his G-2 Maj. Gen. Charles A. Willoughby to examine Soviet operations against the Japanese. The Americans benefited from firsthand accounts by the leaders of this ring, upon which Willoughby heavily relied for his own book \textit{Shanghai Conspiracy}. Initially, military intelligence believed the NOC ring operated in Japan alone, but upon reading the confessions of the ring’s leadership, they discovered its connections to Shanghai. They also discovered an American informer who helped develop the Shanghai network, Agnes Smedley, a well known writer and communist. After discovering this American connection, Willoughby continued to compile meticulous research by tracking down sources in Asia and interviewing individuals connected to the ring.

Soon after Willoughby published his findings, other authors published accounts—not all accurate—of the Asian spy ring’s high level of access. As is the nature with many stories about Soviet espionage, the success of the Asian ring in predicting the eventual involvement of the

\textsuperscript{8} Reinhard R. Doerries, \textit{Hitler’s Last Chief of Foreign Intelligence: Allied Interrogations of Walter Schellenberg} (Portland, OR: Frank Cass, 2003), 274.
U.S. in WWII has been exaggerated. The most well-known misattribution to the ring was its predication of the Japanese attack on Pearl Harbor. In his book Target Tokyo, Gordon Prange points out this area of confusion. This inaccurate detail actually served as part of the climax in both Rear Adm. Robert A. Theobald’s The Final Secret of Pearl Harbor, published in 1954, and Hans-Otto Meissner’s the Three Faces of Richard Sorge, published in 1956. As late as 1967 and with Ralph de Tolendano’s Spies, Dupes, and Diplomats, some scholars still believed this rumor.¹⁰ After WWII, these investigations and current literature on the Soviet spy operations hinted at the potential for gathering intelligence through illegal operators.

The U.S. itself had some experience at using non-official cover in WWII through the Office of Strategic Services (OSS), the predecessor to the Central Intelligence Agency (CIA). Primarily, the OSS relied on military cover, but some officers also operated under diplomatic and non-official cover.¹¹ The distribution of these covers often depended on the country of operation and the relationship with the embassy staff. For instance, most OSS officers in Lisbon used non-official cover because the diplomatic staff made a practice of identifying intelligence officers to the Spanish police.¹²

It is not surprising that as early as 1949, in the face of these possible advantages, the intelligence community officially considered the use of NOCs for American intelligence. In a top secret document written on January 1, 1949, the National Organization for Intelligence (NOI) recommended that “continuous and careful consideration should be given to increasing the use of

¹² Senate Committee on Banking, Housing, and Urban Affairs, Swiss Banks and Attempts to Recover Assets Belong to Victims of the Holocaust, 104th Cong., 2nd sess., 1997, 166.
non-official cover.” In the same sentence, the organization also recommended the reduction of diplomatic or military cover to the minimum. Later in the same year, the Department of Defense War Council Meeting listed the NOI memo on its agenda under questions requiring “particular emphasis or having been neglected in the past.” Whether the CIA pursued NOC operations at this time period is unknown.

In January 1956, the use of non-official cover came up as means to maintain political deniability in the face of Cold War threats. The Operations Coordinating Board (OCB), which President Dwight D. Eisenhower created to follow up on all National Security Council (NSC) decisions, reviewed a plan for the formation of an International Volunteer Air Group. This group sought to provide a “deterrent force to combat the threat of local Communist aggression in the Far East.” These advocates recommended the use of non-official cover as a means to ensure that the risk of general war with the USSR did not increase. The CIA responded to the recommendations in March 1956, stating that “it would be impossible to provide plausible non-official cover for an operation of this type and magnitude.” Clearly, the advocates for this plan did not fully understand the difficulties in establishing non-official cover.

In October 1959, a veteran of the OSS, DCI Allen Dulles put NOCs back on the table for consideration. In his memo to the Executive Secretary of the National Security Council, Dulles wrote that the review of the Deputy Director for Plans (DDP) highlighted the “increased use of non-official cover and more extensive use of non-U.S. citizens in operations” under areas in need

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14 Ibid., 129.
17 Ibid., N.p.
of further study. Similar to the situation six year before, we do not know what, if any, progress the CIA made in actually using NOCs to collect intelligence.

Using NOCs almost inevitably involves some cooperation with the private sector, which can be a challenging hurdle to overcome for the intelligence community. NOCs unlike official cover spies do not pose as representatives of the U.S. government while abroad. For example, while aboard, instead of claiming to work for the State Department, a NOC might claim to work for a private company or own his own enterprise. According to former CIA Deputy Director John McMahon, former DCI Bill Casey (1981-1987) indicated that he had explored non-official cover development with a number of American businessmen abroad. Originally, Casey wanted McMahon to run an independent body solely of NOC operators, but McMahon objected and insisted he put it within the Deputy Director of Operations (DDO) division, which had responsibility for non-official cover. McMahon gave the impression that he did not want to interact with intelligence outsiders and let Casey take the lead on these interactions. Once again, whether Casey made any progress in furthering the use of NOCs is unknown based on the available information.

In 1998 the Joint Economic Committee also recommended the use of private sector cover to gain intelligence. In its discussion on Terrorism and Intelligence Operations, the members stated the necessity of using NOC status to avoid official cover. According to the committee, by relying predominantly on official cover, “[i]n effect, the U.S. Government announced to the local service that all of our personnel, including our intelligence officers are located in the embassy.”

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18 Office of the Director of Central Intelligence, Third Report to the President by the President’s Board of Consultants on Foreign Intelligence Activities, declassified memo, Central Intelligence Agency, 1959. N.p.
20 The Joint Economic Committee’s main purpose is to make a continuing study of matters relating to the US economy.
21 Joint Economic Committee, Terrorism and Intelligence Operations, 105th Cong., 2nd sess., 1998, 94.
This group specifically called for NOCs to operate through commercial entities: “When our case officers are hidden among thousands of U.S. businessmen, it will be almost impossible for local counterintelligence officers to uncover them.” 22 At this point, we have some evidence that the U.S. intelligence community has spent significant time considering the use of NOCs. With the revelation of Valerie Plame’s identity as a CIA employee, we also have evidence that the CIA has used non-official cover. Based on the available literature, the extent to which this occurs is uncertain.

22 Ibid., 94
CHAPTER II: PUBLIC DEBATE ON NON-OFFICIAL COVER

The topic of NOC usage re-emerged as the main point of discussion after the 9/11 attacks. The realization of the U.S.’s inability to infiltrate terrorist organizations after 9/11 propelled a re-examination of U.S. HUMINT capabilities. In 2004, the Senate Intelligence Committee’s Intelligence Authorization Bill (S. 1025) included calls by some members for more vigorous HUMINT collection, specifically through non-official cover. Some also advocated the establishment of an independent HUMINT body to focus solely on hard targets.\(^{23}\) The committee did not unanimously endorse this concept, but urged “diligent effort and new approaches to HUMINT management within existing agency operations.”\(^{24}\)

Discussions on the use of NOCs have continued on the periphery of political debates and in the writings of security studies scholars, but they have revealed three primary functional arguments against the use of NOCs: 1) NOCs are too expensive and their payment methods are too complicated; 2) NOCs lack accountability to the intelligence services they serve because of conflicting obligations, distance from the embassy, and the potential for corrupt practices; and 3) NOCs do not have the means to gain the necessary access to justify the potential political blowback and danger to personnel.

Some in Congress have asked whether the intelligence community has used the excuse of the complexity of NOC operations to avoid employing them. Proponents of NOCs have been urging the CIA to invest more in NOC operations even before 9/11. Former Director of Intelligence Programs, Vincent Cannistraro refers to the CIA’s lack of a robust non-official cover program as “one of the egregious deficiencies at CIA”: to penetrate terrorist organizations, “[y]ou can’t do

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\(^{23}\) Richard A. Best Jr., *Intelligence to Counter Terrorism: Issues for Congress*, Congressional Research Service, 2003, 9. Woolsey is referring to establishment of the Director of National Intelligence (DNI). He reversed the acronym to the National Intelligence Director (NID).

\(^{24}\) Ibid., 9.
that with people inside embassies... That means living in some pretty dangerous parts of the world, living without the protection of the U.S. government.”²⁵ In the 2006 DCI confirmation hearing of former Deputy Director of National Intelligence Gen. Michael Hayden, Senator Mike DeWine claimed the intelligence community continued to use the complexity of this issue as a means to justify the underutilization of NOCs.²⁶ In response to DeWine’s question of whether the CIA needed to employ greater creativity in NOC implementation, Hayden answered yes, citing the value and need to invest more in them.²⁷

Most open discussions on NOCs focus on the complex nature of illegal operations. Loch Johnson, for instance, argues that the U.S. has already lost valuable collection opportunities by insisting that NOCs are “too expensive, too complicated, and not worthy of full development.” These constraints are present due to the disconnection NOCs maintain to keep their intelligence associations with the country they serve minimal. In addition, NOCs can pose as reporters, businesspersons, and academics and require funding and contacts, which solidify their covers. Even the logistics of paying NOCs adds to the complexity of this situation.

Given the fact that NOCs attempt to distance themselves from their sponsors, some have brought up the potential accountability concerns for NOCs. Richard A. Best points to the potential for NOCs to encounter conflicting interests and even the temptation for corruption due to their responsibility to both private enterprises and intelligence services. Given the distance from the government controlling the NOC, this seems to indicate the possibility for a serious transmission problem. This division means that NOCs and the intelligence services they serve might be at odds with collection requirements and proper action on the ground with NOCs.

²⁶ Senate Select Committee on Intelligence, Nomination of General Michal V. Hayden, USAF To Be Director of the Central Intelligence Agency., 109th Cong., 2nd sess., 2006, 35.
²⁷ Ibid., 35.
collecting on their own pursuits rather than by official directives. Michael A. Turner (2005) addresses the complicated relationship between NOCs and station chiefs, who, Turner claims, lack necessary control over NOCs. In Best’s “Intelligence to Counter Terrorism: Issues for Congress” report, he even suggests the possibility for NOCs to become “entangled in unethical or illegal activities—to ‘go into business for themselves’.” NOCs live two lives with daily obligations to both. While official cover spies also have multiple obligations, NOCs’ situations are different because of their connections with the private sector. In working for the embassy abroad, official cover individuals can get some allowances to help perpetuate their collections. This might not be possible for NOCs who must answer to independent bosses or independently run a legitimate business.

Finally, scholars are uncertain whether NOCs have the potential to gain access to a higher caliber of information on challenging targets. CIA officials have recognized the problems of gaining intelligence from hard targets. Advocates for NOCs, such as Woolsey, argue that gaining intelligence on these targets requires “non-official cover officers to recruit spies inside terrorist organizations; not too many Mr. bin Laden supporters and friends attend embassy cocktail parties.” This might be true, but the concept of even establishing connections with terrorists has caused a great controversy. In the 1990s during the hearings for DCI John Deutch, the discussion of NOCs focused on the ethical qualms of collecting intelligence from unsavory sources, such as criminals and terrorists. From Best’s perspective, NOCs provide a means of deniability for the embassy and possibly the U.S. government. Best indicates that one of the benefits of using NOCs as opposed to official cover officers is the ability to minimize connection

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between American embassies and criminal or terrorist groups. Woolsey and Best seem to suggest that NOCs do offer the high level of access to justify these conditions, but do we really have sufficient evidence to merit these conclusions? Are governments overlooking the potential solutions to these functional obstacles? Is the access gained worth these complicated challenges?

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CHAPTER III: CASE STUDY BACKGROUND ON SORGE SPY RINGS

After the Bolshevik Revolution in 1917, a number of countries cut off diplomatic relations with the USSR. To maintain a presence abroad, the Soviets turned to illegal HUMINT operations. In this regard, Soviet leadership ordered Jan Berzin, who had been chief of the Fourth Department since 1926, to build a worldwide spy apparatus. While nations eventually recognized the USSR, the leadership lived in fear that these nations might eventually refuse relations in the future. For this reason, the Soviets sought to make sure that regardless of political conditions, they would always have the means to maintain an international presence and an infrastructure to support socialist revolutions abroad.

Berzin directed the establishment of the Richard Sorge Spy Ring, which operated from 1931-1941 as a Soviet military intelligence (GRU) ring in China and Japan. In evaluating the Sorge spy ring, Charles A. Willoughby wrote, “Probably never in history has there been a ring more bold or more successful.” This boldness likely stemmed from the ring’s leader, Soviet illegal intelligence officer, Dr. Richard Sorge. Sorge was a German national who officially converted to socialism in the course of WWI. As a young man in Germany, Sorge decided to personally take on the worker’s struggle and commit himself to achieving revolution. Sorge felt an intimate connection with Russia and the Bolshevik struggle on three levels. First, he was born near Baku, Azerbaijan, then part of imperial Russia. Second, he had Russian heritage and dual citizenship through his mother Nina Semionovna Kobieleva. Finally and likely more significant

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35 At the time, Sorge’s father worked as an engineer for the Caucasian Oil Company. The family later moved back to Germany.
to Sorge, he had a family connection to communist ideology. His great-uncle Friedrich Adolph Sorge associated closely with Karl Marx and Friedrich Engels.36

While WWI made a lasting physical brand on Sorge, the ideological effect became even more intense. Sorge volunteered to serve in WWI with a student military delegation and became injured in the course of duty when shrapnel broke his leg. This injury developed into a life-long limp. As an injured soldier, Sorge spent time recuperating in the company of a Germany soldier who was passionate about socialism. Throughout the war, Sorge claims to have come into contact with a number of left-leaning soldiers. While recuperating, he studied socialist ideology and felt a fervent connection. This drew him to Moscow and service in Red Army Intelligence (GRU). Before heading to Asia, Sorge worked for the GRU in Western Europe, predominantly in Scandinavia. Sorge impressed the Fourth Department, which was in charge of illegal Soviet HUMINT collection activities, so much that the Fourth Department decided to use his skills to further develop HUMINT coverage in Shanghai.

In establishing himself in Shanghai and Tokyo, Sorge sought to distance his rings from political action groups to avoid unwanted attention from the host governments. Willoughby explained the membership requirements for the composition of the ring in three parts: 1) no Russian members were allowed to join; 2) no members, regardless of their status as foreign communist party member or sympathizer, associated with local communist movements; and 3) the ring did not function as a group, rather few members knew who the other members were or understood their precise mission.37 Even the closest members of the group often did not know that Sorge worked for Red Intelligence. For example Agnes Smedley, who introduced Sorge to

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36 Sorge believed that Friedrich Adolph was his grandfather, but based on information from Prange, Friedrich Adolph was actually his great uncle.
key contacts, was uncertain as to whether Sorge worked from Comintern or a section of the GRU. 38 This was common for a number of agents.

Sorge’s approach to recruitment involved using his most important sources to identify potential agents. For instance, Smedley’s vast contacts in Shanghai provided Sorge with an ample group of potential recruits. 39 Sorge also relied on Ozaki Hotsumi, a journalist for Japan’s leading newspaper Asahi Shinbun and well-connected member of Japanese society, who even attempted to cultivate a replacement when his job transferred him back to Japan. Within two years, Sorge had set up a network of willing agents to report on the Nanking government’s moves to exert authority over the southern warlords and information on Chiang Kai-shek’s actions. 40 After June 1941, intelligence specifically targeted Japanese plans against the USSR. 41 Overall, Sorge’s prime mission in both Shanghai and Tokyo focused on identifying the intentions and capabilities of the Japanese military. He had to answer two questions. Did Japan either alone or in conjunction with another power plan to attack the Soviet Union? How well equipped was Japan to carry out an attack against the USSR?

39 Ibid., 32.
40 Ibid., 33.
41 Ibid., 24
CHAPTER IV: CASE STUDY BACKGROUND ON RED ORCHESTRA

Jan Berzin also helped to establish a vast intelligence network throughout Europe, which became known to German intelligence as the Red Orchestra. This name is somewhat misleading because it implies an organized network consistent throughout Europe, but this was not the case. Most of the rings’ members likely did not comprehend the vastness of the endeavor. \(^{42}\) V.E. Tarrant describes the Red Orchestra as one of the strangest spy apparatuses in the history of espionage. \(^{43}\) The Red Orchestra actually consisted of five main rings, divided by country borders. The Red Orchestra had branches in France, Germany, Belgium, Holland, and Switzerland. It also had small groups in Italy, Austria, and Romania. Moscow purposely constructed the network in secret rings unknown to each other to increase operational security with one exception.

Figure 1: The Rote Kapelle

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\(^{43}\) Ibid., 9.
The name “Red Orchestra” derives from Germany’s intelligence terminology at the time. Capt. Harry Piepe of the Belgian branch of the Abwehr, the German officers who led the investigation of the Belgium group, baptized the ring the *Rote Kapelle* (German for Red Orchestra).\(^{45}\) The German secret service traditionally referred to foreign spy rings as orchestras. This is because the rings relied on radio transmitters to transfer coded messages. German intelligence referred to the transmissions as “music,” so the radio operators sending out the messages were in turn “musicians,” the leader of the rings, *Kapellemeitsters* or “maestros,” and Moscow, the “conductor.”\(^{46}\) Since these Soviet spy rings relied on wireless radio transmitters and Piepe did not think “Russian Orchestra” sounded intriguing enough, they became known as the Red Orchestra.\(^{47}\)

The story of the Red Orchestra began with Leopold Trepper in Belgium and focused on the United Kingdom. According to the CIA, Soviet intelligence networks in Europe in the 1930s targeted the U.S. and Western Europe. After the Soviets built up the networks, the intelligence requirements on Western Europe involved the development of heavy weapons and aviation and information on the fortification lines in the West.\(^{48}\) The Soviets sought to build up rings, installing radio and other communication facilities as well as training units.\(^{49}\) Similarly, MI5 reports found evidence that up until 1940, the Red Orchestra specifically worked against the UK

\(^{44}\)Abwehr was a German intelligence organization from 1921 to 1944.


\(^{49}\)Ibid., xiii.
and not Germany.\textsuperscript{50} The Molotov–Ribbentrop Pact, also called the Treaty of Non-aggression between Germany and the Soviet Union, which Hitler and Stalin signed in 1939, lulled Soviet leadership into trusting Hitler. While Stalin clung to the belief that this document proved a German attack against the USSR unthinkable, clearly his intelligence service leadership did not.

Berzin selected Leopold Trepper to set up the networks in Europe. Trepper lacked experience as a Soviet officer. Unlike Sorge who had spent time abroad for the Soviets already, Trepper’s experiences stemmed from his own network and his efforts to counter the British in Palestine. While Trepper downplayed his intelligence training in his memoirs and portrayed himself as the stereotypical graduate of the school of hard knocks, he received extensive training in the USSR.\textsuperscript{51} Trepper attended Marchlevski University in Moscow, where militants trained to spread revolution abroad.\textsuperscript{52} When Trepper finished his training, the Red Army asked him to become an intelligence officer in Europe.\textsuperscript{53}

In Trepper’s description of events, he and Berzin were in agreement with regard to their feelings on the precarious pact between Stalin and Hitler. This view was in direct conflict to that of the political leadership. According to Trepper, Berzin stated: “The defeat of Nazism is our sole objective…your job is to combat the Third Reich.”\textsuperscript{54} According to Berzin’s advice, Trepper spent two years simply laying the groundwork for his front business and refraining from intelligence collection. Trepper sought to establish himself as a normal businessman in Belgium. Trepper and Berzin agreed that war in Europe, particularly with Germany, was inevitable. Trepper set up seven separate commands in France, which focused on specific intelligence

\textsuperscript{52}Ibid., 121.
requirements. The Grand Chef or Resident Director, as Red Orchestra members referred to Trepper, maintained regular contact with the leaders of all seven: Andrew, Harry, Professor, Arztin, Simex, Romeo, and Sierra. In this way, while they agreed on two years of preparation work, they accepted that when first signs of conflict arrived, Trepper would bring his collection into full steam ahead.

While Trepper clearly impressed Berzin, not everyone in Red Military Intelligence trusted Trepper. Instead of sending him to act alone as an illegal resident spy, Moscow sent two experienced illegals to keep an eye on him. As previously discussed, Trepper had a considerably different background from most illegal residents at this time. The Soviets sent Carlos Alama to pose as a Uruguayan businessman and Antoli Gourevitch, also known as KENT, a code name he selected from a British detective series. In Trepper and Berzin’s carefully constructed plan, the placement of these individuals seemed to be counter-productive to the operations. While these two were ‘professional’ illegals, Trepper considered both, particularly Gourevitch, liabilities. He found that Kent had poor tradecraft techniques and tended to do things to inadvertently draw attention to himself. For example, Trepper described Kent’s practice of ordering tea in working class cafes, where everyone else drank coffee. Despite his protests, Moscow refused to reconsider.

Conversely, the most well-known section of the Red Orchestra, the Berlin Rote Kapelle, did not associate with Russian intelligence as a spy ring until 1939. Over the course of two years,

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57 Ibid., 224.
58 Ibid., 224.
59 Ibid., 224.
Stalin purged 30,000 Soviet officers through imprisonment, torture, or execution. After Stalin’s purges, few individuals in the Fourth Department knew about the Berlin group, and the Fourth Department eventually lost track of the group. The effects of the purge carried into intelligence operations with the execution of Berzin, the creator of the spy apparatus. In place of this and other experienced Soviet intelligence officers, Stalin used inexperienced and incompetent personnel. Trepper summed up the scenario, “Our comrades were disappearing. The best of us were dying in the cellars of the NKVD.” In 1941, its leaders, Harro Schulze-Boysen and Arvid Harnack, reaffirmed contact with Soviet intelligence. When the Soviets discovered the ring after receiving intelligence from it, they enveloped it into the existing networks. At this date, the ring reported to GRU officer Alexander Erdberg (Korotkov).

Whereas Trepper’s rings in France and Belgium were carefully organized and focused on tradecraft, the Berlin groups developed under very different conditions, placing much less value on operational security. The root of the Berlin group was Harro Schulze-Boysen and his wife Liberatas’ social circle. Schulze-Boysen despised the Nazi party. As such he attracted like individuals. They represented the most diverse group of the GRU network, encompassing Prussian elites, communists, factory workers, civil servants, and high ranking German officers. In 1940, Schulze-Boysen grew significantly to include artists, students, KPD militants and

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63 V.E. Tarrant, The Red Orchestra (London: Arms & Armour Press, 1996), 69. Technically, at this time Korotkov simply worked under diplomatic cover as the Third Secretary in the Soviet Embassy in Berlin. While Berlin ring appears to fail to conform to the definition established of an illegal spy ring, considering the German section offers some intriguing insights. In addition, it happens that Korotov was not using illegal cover at this time. Korotkov had worked illegally in Western Europe since 1933. For all intents and purposes, Korotkov was an illegal.
dissidents in Nazi ministries. While this diversity made for engaging group discussions and some valuable intelligence sources, the Schulze-Boysen group lacked control, clear vision, and most importantly operational security. In Schulze-Boysen’s own circle he had a Nazi informer, Karl von Meran, who allegedly told the Nazis that Schulze-Boysen was a communist. The general consensus estimates that the Schulze-Boysen group was simply too large for its own good.

According to the extensive CIA report of the Rote Kapelle, the problems that the Berlin group encountered derived predominantly from its poor structure. At the time, the Soviets needed intelligence on Germany, and they appeared to have lacked the ability to penetrate the country directly. For this reason, Soviet Intelligence had to rely on German volunteers to cultivate sources because the information obtained from different branches of the German military was too valuable not to extract. The Red Orchestra, thus, continued to grow into a very large clandestine apparatus. The main problem for the Soviets was that they tried to set up the Red Orchestra structure too late in the war.

In general, the Berlin Red Orchestra fortuitously benefited from the security lapses of the Third Reich. Schulze-Boysen worked for the Luftwaffe, so he already had a wealth of insider information as well as access to other government venues. At the time lax German security allowed Schulze-Boysen to take documents on German troop movements to Red Army Intelligence. When the Funkabwehr (signals security) identified the radio transmissions of a spy

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66 Ibid., 144.
ring, Lt. Col. Hans Kopp, the commanding officer could not believe it. Funabwehr had promised Hitler that German intelligence had rid the country of any remnants of the Soviet underground.\(^6^9\)

While the Red Orchestra’s groups focused on variations of different collection targets, the main target became the intentions and capabilities of Nazi Germany. According to Leopold Trepper, who led rings in Belgium and occupied France, the main objective was to provide the military with accurate and verified information from various sources on Nazi Germany war activities.\(^7^0\) Anne Nelson broke this objective down to 1) material resources of the enemy, such as war industries, new materials, means of transport, and new types of armament; 2) military decisions as in the placement of divisions, available armaments, and plans of attack; and 3) the political situation in Europe.\(^7^1\)

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CHAPTER V: WERE THE RINGS TOO COSTLY?

While the Sorge Spy Ring and the Red Orchestra took different approaches to the management of their finances and the use of their front companies to fund their operations, overall, these rings seemed to conform to the traditional view that HUMINT is a cheaper form of intelligence collection. In addition, the front companies for both rings became very successful and provided another avenue for financing intelligence operations. This was important because the GRU encountered major problems in smuggling money during WWII. Before this, the USSR had taken advantage of international exchanges and sent delegates with substantial cash to pass onto operatives. Had it not been for the Red Orchestra’s front companies, in particular, it would have been very difficult for the group to have provided the same level of activity. This is not an indication that in both instances front companies had an entirely positive effect on intelligence collection. As I will reference in the accountability section, the Sorge Spy Ring encountered a major problem in this area.

In both rings, the front companies were legitimate enterprises, which made profits. The individuals employed by the business often had no affiliation with the espionage activities of the rings. Many likely had no idea that they served as a means to shield Soviet spies. This offered a very high level of operational security for both rings. Berzin, who built both rings, had been skeptical about the possibility that front businesses could generate any funds. He explained to Trepper that Moscow had already lost a lot of funds setting up front businesses, which could not survive on their own. In Tokyo, Sorge’s wireless radio operator, Max Clausen, set up his business M. Clausen Shokai with funds from Moscow to serve as his cover and employed

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72 Front companies are entities set up and controlled by another organization, such as an intelligence agency, organized crime group, or other prohibited organization.
individuals outside of espionage operations. M. Clausen Shokai was a blue print press, which became quite successful. Similarly, all branch officers of the Excellent Trench Coast Company had no idea that the profits generated went to funding Soviet espionage. Trepper’s follow up business, Simexco, was comprised of innocent Belgian businesses men who were above the suspicion of local authorities. Simexco was an import-export firm, which also aided justifying Trepper’s travel throughout Europe. For all intents and purposes, both the Shokai and Trepper’s businesses were legitimate, successful enterprises.

These front companies were likely successful because of the personnel in charge of the companies, the time spent making them legitimate, and the nature of their product, which were sought after in a war-time economy. Both the Sorge Spy Ring and the Red Orchestra spent considerable establishing them as legitimate enterprises. Trepper, for instance, spent two years just developing and expanding his businesses. Second, the individuals in charge of running the businesses had commercial experience. Trepper’s father had been a salesman, and he was intimately familiar with the logistics of running a business. Clausen too was very practical, and while Sorge believed Clausen was not up to his own intellectual capabilities, Clausen had good business sense. Finally, both businesses provided products needed in war-time economy.

Clausen’s blue print press gained significant business from the Japanese army in particular. As the army constructed military materiel, it often required blue prints. Similarly, Clausen worked closely with the Todt Organization, a very prominent Nazi business, which supplied defense support.

75 Ibid., 47.
The rings appear to have been cost-effective and used different payment methods for both rings. The Tokyo network’s monthly expenditures averaged just 3,000 yen (about $700 at the time). In 2010 terms of consumer price index, this is comparable to $132,000.00\footnote{“Seven Ways to Compute the Relative Value of a U.S. Dollar Amount - 1774 to Present.” Measuring Worth. 2010. \url{http://www.measuringworth.com/uscompare/result.php?use[]=DOLLAR&use[]=GDPDEFATION&use[]=VCB&use[]=UNSKILLED&use[]=MANCOMP&use[]=NOMGDPCP&use[]=NOMINALGDP&year_source=1939&amount=8400&year_result=2010 (accessed March 10, 2011)} per year for a ring of about sixteen people. In Sorge’s case the GRU scrutinized his expenditures very critically. Each month Max Clausen, Sorge’s radio operator, drew a salary of 700 yen and 175 yen for rent. Sorge’s salary varied frequently.\footnote{Robert Whymant, \textit{Stalin’s Spy: Richard Sorge and the Tokyo Espionage Ring} (New York: I.B. Tauris Publishers, 1996), 121.} In the late 1930s, the average Japanese high school teacher earned around 80 yen a month.\footnote{Ibid., 121.} In the Red Orchestra, the Soviet investment that the GRU made of $10,000 generated considerable sums. The GRU also used different logistics to fund each ring. For the Red Orchestra, Allen Foot submitted accounts each year to pay the entire network.\footnote{Ibid., 243.} Because of the dangerous working environmental, Trepper also kept a contingency of American currency hidden in a jar. In the Sorge Spy Ring, Clausen submitted allocations each month.

While the Red Orchestra was more prone to use the front company as a means to fund espionage, the Tokyo Spy Ring did not take the same approach, even though its business generated such profits that it could have done so. During WWII, the Soviets cut funding to the GRU networks because of challenges in transferring funds. The problem was not the amount of money needed to keep the rings in operation but the challenge of sending the funds through foreign exchange. The GRU asked both rings to cut back their expenses and use the funds from their businesses to compensate for the difference. The GRU cut Sorge’s funding to 2,000 yen...
(about $467.00) a month. Clausen claimed that this was impossible and showed Sorge financial documents exposing the firm’s losses. In actuality Clausen’s business was making significant profits and likely could have supported the ring’s expenses. On the contrary, Trepper had already been using his businesses to fund his espionage activities. Initially, Trepper used the funds to pay agents and take care of expenses for special assignments. The Simexco and Simex companies, in particular, saved Moscow a lot of problems in smuggling funds to the Red Orchestra.

In paying agents, Trepper’s methods varied considerably from Sorge’s. While Trepper essentially paid his agents like contractors, Sorge put most on retainer and paid them regularly. Under Trepper’s system, a source would submit intelligence, and he would evaluate it and pay the source in proportion to the value of the work. Interestingly, Trepper paid his female sources more because he thought their wardrobe requirements were costlier. With the exception of Trepper and a few other operators, no one received a regular salary. While both Trepper and Sorge claim to have been ideologically motivated, based on Trepper’s use of funds, it appears that he was a better manager of funds.

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81 Ibid., 121.
83 Ibid., 91.
84 Ibid., 91.
CHAPTER VI: DID THE RINGS LACK ACCOUNTABILITY?

In analyzing the management of accountability to Moscow, the rings differ significantly. The Red Orchestra really did not encounter significant accountability challenges. While a few of its valuable sources were predominantly motivated by money, rather than ideology, the Red Orchestra managed its funds well and avoided the potential pitfalls suggested by Best with one possible exception. On the contrary, the Sorge Spy Ring had significant accountability challenges, which stemmed from Sorge’s misuse of Moscow’s funds, his risky behavior, and finally, Clausen’s shift in focus from espionage to his business, which became much more than a front.

While not all members of the Red Orchestra were motivated solely by ideology, the ring tolerated those who were motivated primarily by money because of the superior intelligence that they produced. Much of this likely stems from Trepper’s policy of paying sources as contractors rather than salaried employees. The most prominent opportunistic agents were Rudolph von Scheliha and Rudolph Roessler.85 The Red Orchestra tolerated this because of their tremendous access to information. Roessler, by most accounts a mercenary, in particular produced incredible work for the Swiss network.86 Many sources refer to Roessler, also known as Lucy,87 as the most effective anti-Nazi agent in the entire war.88 In April 1933, the Nazis purged Roessler’s department in Germany. Roessler then escaped to Switzerland. While there, he established contact with Swiss intelligence and passed information from his military contacts still in Germany.89 Roessler worked for a variety of intelligence services against the Nazis, and the Red

87 “Lucy” derives from the city Lucerne in Switzerland
89 Ibid., 210.
Orchestra had no problem with his lack of socialist fervor because his information was so critical. 90 Of his many accomplishments, writers remember Roessler as the spy who sent the Swiss ring one of the first detailed descriptions of the plans for the German invasion of the USSR, Operation Barbarossa. 91

As his front business, M. Clausen Shokai, a blueprint press, became more successful, Clausen began to view it as his own legitimate enterprise. Clausen was also not blind to the potential to live well in Japan. Clausen stated, “[A]t first I started this work as a camouflage, but as I came to dislike spy work and my communist beliefs began to falter I came to devote all my energy to running the business properly, invested all the money I had in it and worked as hard as I could.” 92 Ironically, this ardent socialist became a convert to capitalism while running a Soviet front company. At this time, Clausen’s business was winning contracts for important firms like Mitsubishi, Mitsui, Hitachi, and Nakajima, as well as the Ministry of the Navy. Clausen even expanded the business into Manchuria to serve the Japanese army. 93 According to Whymant, in 1939, Clausen’s company made 14,000 yen in net profit. 94 This was almost double the cost of running the Sorge Spy Ring. Yet, when Sorge asked Clausen to use his funds to compensate for Moscow’s problems, Clausen pretended that his business could not support this. He even showed Sorge misleading documents about its losses and operational costs. While Moscow was unaware of Clausen’s newfound wealth, it was not completely unaware of Sorge’s unscrupulous accounts.

90 Ibid., 211.
91 Ibid., 211.
93 Ibid., 121.
94 Ibid., 121.
The Soviets raised significant issues over Sorge’s management of funds. Sorge consistently took different salaries each month. He was so inconsistent that Clausen never knew exactly what salary Moscow had established with Sorge. According to Robert Whymant, sometimes Sorge took out as much as 2,000 yen for his own expenses. The Soviets likely did not know this aspect of his spending. Had Soviet Intelligence learned the extent to which Sorge supported his live-in girlfriend Hanako Miyake with 150 yen per month, the leadership likely would have been furious. In addition, Sorge continually generated extravagant bar tabs, which he justified as necessary for his cover. Gordon Prange notes that Sorge had great admiration for Japan’s favorite play the *Forty-seven Ronin*, which featured a protagonist who pretended to be a footloose drunkard in order to complete his mission. Prange seems to indicate that Sorge saw himself as this *ronin*, developing vices as a vehicle to collect intelligence. This might explain at least part of Sorge’s behavior, but it does not completely explain or justify it.

These actions had a negative effect on Sorge’s transmission of information to Moscow. Stories of his behavioral excesses spread throughout the Fourth Department and even struck Stalin as inappropriate. Given the difficulty of operating in Japan for foreigners, Moscow had to tolerate Sorge’s exploits because his access was so good. Trepper explains that Soviet intelligence had wanted to replace Sorge. They even ordered Sorge to return to Moscow. Sorge, who was aware of the on-going purges and his precarious associations with Berzin, simply refused to go. This should have been a clear indicator that the transmission between the ring and Moscow was severely challenged.

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96 Ibid., 121.
When considering accountability, we must also analyze the personal conduct of the rings, which could have left them open to additional scrutiny by local authorities. Sorge, specifically, had tremendous problems in this area. Before Japanese authorities recognized Sorge, his behavior had gone from flamboyant and playful to erratic, and his normal risk-taking tendencies increased rapidly. One of his most dramatic incidents ended in a motorcycle crash. He had been drinking and decided to ride his motorcycle at high speeds. This accident almost immediately jeopardized his mission, because in his pockets Sorge had both new intelligence messages ready to send to Moscow and American currency. At the hospital, he immediately called for Clausen. When Clausen arrived, he passed the incriminating evidence to him right before he fainted. This issue caused potentially serious operational security problems because it brought both Clausen and Sorge into the same room with hospital witnesses. After this dangerous incident, Sorge did not become more prudent; he actually became worse. While he purchased a car in place of a new motorcycle, he continued to drive intoxicated and made dramatic scenes at the German embassy. According to Whymant:

> In these episodes we find clues to Sorge’s mental state in the spring of 1941; the conclusion must be that strains of flitting between light and shadow, as spy, journalist, and embassy auxiliary for over seven years, were affecting his stability. The dashing, confident, self-sufficient operator of the early 1930s is no more. In his place, we see evidence of a self-pitying, neurotic, solitary man.98

Whether Moscow knew the extent of Sorge’s personal issues is unknown, but it likely had some indication based upon the time he spent in recovery, the costs of his car, and once again, his large

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alcohol expenses. Interestingly, his German ‘friends’ were the concerned ones. After the accident, Amb. Ott’s wife even nursed Sorge back to health. Not only did Sorge’s drinking increase his risk tolerance, but it also increased his voracious appetite for women.

Rumors of Sorge’s actions pervaded the Fourth Department and negatively affected the relationship between Moscow and the ring. The number of women Sorge is believed to have slept with in Japan varies considerably; the median figure is about thirty.⁹⁹ Many of these women were even wives of members of the German expatriate community. Sorge even seduced Ott’s wife. In his prime, he must have been a very entertaining individual because Amb. Ott knew about the affair but did not drop the friendship. These escapades seemed to hide his piteous existence. Sorge’s letters to Moscow became even more desperate in October 1941. Sorge stated, “It is time for me to settle down, put an end to this nomad existence, and utilize the vast experience I have accumulated. I beg you not to forget that I have been living here without a break…”⁹⁹⁰ Moscow refused to grant his request to return home. The Sorge Spy Ring encountered serious communication and trust issues with Moscow because of the physical emotional distance between the ring and the GRU. No one was keeping a close watch over Sorge’s erratic behavior, and with the loss of experienced personnel from the purges, no one could effectively command accountability from either Sorge or Clausen.

CHAPTER VII: HOW SUCCESSFUL WERE THE RINGS?

While the rings differ on their levels of accountability, both maintained high levels of access and even used their front companies to gain greater access. Moscow enjoyed a superior quality of intelligence often directly from members of the German and Japanese militaries. According to Willoughby, from 1933 to 1941 Sorge succeeded in keeping the GRU fully informed of Japanese war plans, industrial potential, and intentions.\(^{101}\) This manifested in one of Sorge’s most prominent accomplishments. He was able to assure his superiors that Japan had no intention to attack the USSR. The importance of this information and his ability to achieve this level of assurance cannot be underestimated. Knowing that the Japanese had no plans to attack the Soviet Eastern Front, Moscow moved Siberian divisions to defense Russia on its Western Front.\(^{102}\) Moscow evaluated Sorge’s material as quite strong because he often provided photos and copies of essential documents. Sorge’s superiors trusted him because he had secured a number of official Japanese military documents, including a railroad list of new Japanese army division stations in Korea; Formosa; North, Central, and South China; and Manchuria.\(^{103}\)

The rings sent a tremendous volume of information in a timely manner. Even though Clausen was losing his fervor for the Soviet cause, he managed to transmit a considerable amount of intelligence to Moscow. For Clausen, each year his transmission increased. In 1940 he transmitted 29,179 words, 6,040 more than the previous year.\(^{104}\) One must note that Clausen’s transmission was not perfect. The pressures on the radio operator were intense. In 1940, Clausen suffered a heart attack, and doctors confined him to bed for three months. Nonetheless,

\(^{101}\) Ibid., 24  
\(^{102}\) Ibid., 24  
\(^{104}\) Ibid., 26.
he made incredible transmissions in 1940. According to Ina R. Friedman, the Red Orchestra sent out 1,500 coded messages to Moscow before the Germans tracked it down in 1942. Similarly, the Red Orchestra provided Soviet intelligence with timely reports. The Soviet network in Switzerland, in particular, substantially benefited from Rosseler’s contacts. The Swiss network continually received intelligence from sources in the German High command in Berlin, often less than twenty-four hours after the leadership made daily decisions regarding the eastern front. According to V. E. Tarrant, this speed of transmission of information enabled Stalin to develop more cunning strategies.

The rings benefited from their covers, which provided opportunities to engage high level sources and increase their access. Trepper fundamentally believed in commercial cover. He was a fervent believer that the restrictive social life of official cover negatively interfered with collection. He believed that spies should live normally rather than pretending to be invisible and pass unnoticed. Trepper stated: ‘The agent must not act, he must be.’ Trepper’s cover was so well-constructed that the German government itself provided a strong testament for the company. When the Germans invaded Belgium, they actually seized Trepper’s front company, but they let him and his partners continue to direct it. Hence, the Nazis allowed Trepper to mingle among leading German industrialists and military leaders. By “wining and dining” these individuals, Trepper gleaned valuable bits of information. For the Germans, Simexco was a

105 Ibid., 316.
108 Ibid. 50
conservative firm which aided the German service department. Trepper even used the Foreign
Excellent Raincoat Company to generate political leverage by appointing Jules Jaspar, the
brother of the former Belgian prime minister, as the manager.\footnote{Ibid., 152.} Simex even obtained a
recommendation from the administrative staff at the German military command.\footnote{The Rote Kapelle: The CIA’s History of Soviet Intelligence and Espionage Networks in Western Europe, 1936-1945 edited by Paul L. Kesaris (Washington, DC: University Press of America, Inc., 1979), 32.} Simex also
worked extensively with the notorious Todt Organization, the Third Reich military and
engineering group, which provided direct support to the Nazis.\footnote{Ibid., 88.}

The benefits gained from these firms cannot be overlooked. Trepper actually received
permission from the Germans to establish telegraph facilities for Simex and he received travel
passes to move through Europe easily.\footnote{Ina R. Friedman, “The Red Orchestra and Cato Bontjes Van Beek” in Confront! Resistance in Nazi Germany ed. John J. Michalczyk (New York: Peter Lang, 2004), 152.} This freedom of movement proved critical as the Nazis
often restricted travel. Getting throughout Europe without these passes would have been much
more difficult. This cover was so reliable that Trepper avoided detection with his company ID
and special pass from the president of the Todt Organization in Paris. When one of the first raids
occurred on the Red Orchestra, Trepper had been on his way to the safe house which the police
then occupied. The police considered holding him, but when they realized his connection to
Todt, they let him go, fearing his Nazi connections would be angered at his apprehension.\footnote{V.E. Tarrant, The Red Orchestra (London: Arms & Armour Press, 1996), 23.} The
police did not realize until much later that they let the head of the Red Orchestra go.

While the Sorge spy ring also relied on a commercial cover, Sorge’s primary cover was
journalistic. When Sorge went to Shanghai in January 1930, he worked as a contractor for the
German magazine \textit{Soziologische Magazin}.\footnote{Charles A. Willoughby, Shanghai Conspiracy: The Sorge Spy Ring (New York: E.P. Dutton & Company Inc., 1952), 30.} Sorge particularly liked the journalistic cover
because it gave him a reason to engage people and seek out information. One of his espionage mantras was that intelligence officers should be well-read and knowledgeable about the country of operation. This way, when gaining information from various circles, the officer too could provide valuable insights and information. The German embassy staff, particularly Amb. Ott, believed Sorge’s insights were very useful. Ott trusted Sorge so much that he convinced him to work for the German embassy. Sorge recognized the danger in actually becoming a full-time employee, so he made a deal with Ott to work in the embassy for about four hours each day. Sorge’s press pass and his connection to Ott allowed him to come and go from the German embassy as he pleased.\textsuperscript{118}

According to Nigel West, an authority on Soviet illegals, Sorge was quite unusual in that he used his own name.\textsuperscript{119} For a time in Shanghai, Sorge introduced himself as Mr. Johnson an American businessman, but in Tokyo, he was simply Dr. Richard Sorge. He used his German heritage, experience in WWI, and legitimate facts about his background to build strong rapport with the German embassy. Sorge took an even more daring option by submitting an application to the Nazi Party. Sorge was incredibly lucky in this process because he had a Soviet agent looking out for him. According to Hedde Massing, this agent worked in the Gestapo, recognized Sorge’s name, and temporarily removed the incriminating evidence.\textsuperscript{120} With his Nazi membership pin on his lapel, Sorge attended events at the German Club, German Chamber of Commerce, and embassy.\textsuperscript{121} Sorge also worked to ingratiate himself with the embassy staff, particularly to the future Amb. Ott. Clearly, the ability of the illegals to pose as private citizens greatly aided them in their abilities to gain a much closer proximity to high access levels.

\textsuperscript{120} Ibid., 37.
\textsuperscript{121} Ibid., 47.
CHAPTER VIII: POLICY INSIGHTS

Despite the issues with accountability and the logistical problems of sending funds during a major war, the rings featured in this assessment provided high level intelligence, which if used effectively could have provided a significant competitive advantage. These case studies offer up a number of insights for the general use of non-official cover. While democratic governments should recognize that Stalin’s suspicious personality may explain why the rings did not have a greater impact in protecting the USSR, the rings show that non-official cover can offer a significantly high caliber of intelligence.

The main issue for both rings was a serious breakdown in transmission with the decision-maker, Stalin. In this regard, this assessment must hold this fact somewhat in check because Stalin’s personality and well-documented paranoia severely hindered this process. Nonetheless, the issue of transmission is an important consideration in using NOCs. As previously mentioned, these rings attempted to minimize contact with Moscow in order to obtain operational security, and while this was necessary, it had serious consequences. Moscow was continually concerned with the loyalty of its illegals to the cause and the possibility that they might cross over to capitalism. With the exception of Clausen, this was not the case of these rings; however, Western intelligence services did later benefit from a significant number of Soviet defectors. The Soviets worried that the temptations of capitalism and the ideologically impure operating environment might have negative effects on its spies. This scenario might be comparable to the concerns of a government sending spies to infiltrate a terrorist network.

In times of war, the political blowback of NOC discovery is not a political hindrance in the short-term but can become one in the long-term. Initially, when the Nazis discovered the Red Orchestra, the Soviets might not have known the extent of the destruction of the rings. Since this
was a time of war, it was difficult to maintain communication at all times. The apprehension of the Red Orchestra and Sorge spy ring, however, did not bring negative attention to the USSR’s intelligence networks until after the war. In the course of war, countries aligned with the USSR appear not have had the time to investigate this allied nation. Whether the existence of the illegals turned German feelings of ‘friendship’ against the USSR is uncertain. This seems unlikely given the timeframe of discovery and Hitler’s early writings which indicated a desire to harness Soviet resources for Germany. At the conclusion of the war, however, the Allies immediately recognized that the peaceful interactions with the USSR would likely not continue. WWII represented an imminent threat for all parties, which allowed them to overlook their opposing ideologies. To what extent the recognition of the vastness of Soviet infiltrations in Allied nations turned Western countries from the USSR is uncertain, but it certainly did not delay the eventual long-term strain in relations.

While NOCs offer a means of deniability, this is diplomatically superficial. When the Japanese identified Sorge as a Soviet spy, they already had a solid confession from Sorge within less than a week of his apprehension and the physical evidence of radio transmitters. At the point when the Japanese offered to return Sorge in a trade, the Soviets seemed unlikely to lose much by acknowledging him. The Germans had already discovered significant portions of the Red Orchestra. In addition, the USSR and Japan were on opposing alliances, so the diplomatic costs seem minimal at this point. We must keep this situation in check, however, because Stalin did not want Sorge to return because Sorge knew that Stalin disregarded solid intelligence in the face of near certain German advances. The situation is similar with Trepper who the Soviets arrested upon his arrival in the USSR. Whether the Soviets had planned to use these illegals accepting that they would get caught is uncertain. Initially, when Berzin set up the apparatus he
took great care to make sure that they maintained good operational security and had the necessary resources. After the purges, though, it seems possible that the Soviets recognize the deficiency in skill of the individuals directing NOC operations. Whether Stalin cared if these individuals or other NOCs survived seems unlikely, given his general disregard for human life.

Front companies offer a tremendous means to both generate funds and establish solid cover, but also a potential for conflicting interests. For the Soviets, the front companies performed well both in maintaining cover and in providing funds for spy operations. The ability of Trepper’s group, in particular, to leverage Simexco to gain special privileges from the Nazis represents an immediate advantage to using a front company. Initially, when discussing the possibility of a front company in Moscow, Berzin indicated that Moscow had lost funds in setting up these firms, but whether these firms had the benefit of a war economy to sustain them or whether the individual in charge had enough training and practical knowledge about running a business is uncertain. In these examples, the front companies appear to have provided sufficient cover and even provided funding when the logistics of sending funds for intelligence costs became very difficult. Had the networks not had these extra funds, it is uncertain whether they would have had the funds to continue at such a productive rate.

A significant danger for NOCs with substantial freedom of operation from headquarters is loss of accountability to the service. This is the reverse of the coin for NOC front companies. In the case of the Sorge ring, Clausen’s involvement with his own front company seriously affected his desire to continue to spy. His priorities changed in the course of running the business, but perhaps more significantly, his commitment to Soviet ideology broke down in an environment counter to Soviet doctrine. While we must keep the now-recognized weaknesses of communist ideology in check, the influence of the environment on individuals certainly appears to have the
potential to change their priorities, specifically if they do not receive sufficient support. Some scholars indicate that had Sorge been more sensitive to Clausen’s feelings, Clausen might have felt more inclined to help the ring. This seems like a possibility, but it is uncertain.

The financial cost of using NOCs is not oppressive. While the Soviets continually scrutinized Sorge’s spending habits, as Willoughby relates, his rings provided invaluable information, which likely saved the Soviets significant resources. In the beginning, the rings were definitely investments. It did take some time to set up the rings and create a solid cover, but the assessments do not seem to indicate that the Soviets found the financial costs of NOCs too great. HUMINT is traditionally a cheap, high risk enterprise, and these case studies support this adage. Furthermore, while the logistics of paying the NOCs was difficult during the war, the NOCs represented the only means to maintain an intelligence presence. The Soviet mission in Germany closed, and the Soviets were left only with the NOCs. Had the Soviets not made this investment, they would have lacked access to significant intelligence.

The strategy of placing NOCs in countries bordering the target state can prove to be a safer option for gaining the benefits of using NOCs. Swiss network provided significant intelligence from high level German sources, but it was able to operate at a much safer distance than the Berlin group. The reason that the Swiss network was better at avoiding detection than the Berlin group seems obvious at the surface. Upon further analysis, we see that the Swiss network benefited from individuals sources who maintained strong connections with Germans at the heart of the decision-making process. This is important when consider infiltrating spies into rogue states. In the Berlin group, most of the members were arrested and many were executed, but in the Swiss group, some members were arrested, yet many avoided detection, and even the ones
who were caught were later released. Hence, this shows a safer means to obtain intelligence in a very dangerous environment.

Intelligence services running NOCs must be very sensitive to the needs of their NOCs in operation and recognize when a NOC cannot mentally continue on a mission. Individuals operating in these environments need careful monitoring, not simply to make sure the operators are accountable to the intelligence service but to check the mental stability of the individual. Sorge gave a number of warning signals indicating that he was close to the edge both in his writings and in his actions. Had Soviet intelligence honored his request to leave, he might have avoided detection and regained some mental strength. We must consider that this careful operator who avoided detection for almost a decade confessed to the Japanese within a very short period of time largely without coercion. This seems to indicate that he likely could not have gone on much longer on his own.
CHAPTER IX: CONCLUSION

According to former Director of Central Intelligence (DCI) James Woolsey, “Within the field of foreign intelligence reform, some substantive reform such as whether we use non-official cover officers far more than we do now and rely less on official cover, to my mind, probably make[s] more difference than issues such as the establishment of an NID [National Intelligence Director].”\(^\text{122}\) This quote has a lot of significance because the decision to use NOCs reflects a willingness to engage in a high stakes game in which people are not always safe. While the Red Orchestra and Sorge Spy Rings were highly successful in gaining accurate and timely intelligence, they worked in dangerous environments with brutal consequences for getting caught. Some countries, like the Soviet Union, might take the approach that the retrieval of NOCs is unlikely. These individuals have decided to engage in a dangerous enterprise for the nation. Indeed, these nations might prefer the situation this way so as to avoid any issues of political blowback. Democracies will likely—hopefully—have different views in this regard.

On 30 September 1954, Lieutenant General James Doolittle, USAF, asked the American public to consider the use of covert action even in the face of ethical qualms. His justification for such action is well known by intelligence officers:

> If the United States is to survive, long-standing American concepts of “fair play” must be reconsidered. We must develop effective espionage and counterespionage services and must learn to subvert, sabotage and destroy our enemies by more clever, more sophisticated and more effective methods than those used against us.”\(^\text{123}\)

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The costs of pursuing these activities are great and unforgiving. To embrace the use of NOCs requires that intelligence services verify their operational security continually and maintain careful communication. Based on the insights from these case studies, the functional aspect of NOC operations can work effectively. Despite critics’ statements that they cannot work because of excess expenses, lack of accountability, and inability to gain access, these examples seem to indicate that that is not the case. The real question with using NOCs is whether governments are willing to take the risk to their personnel. Using NOCs requires an understanding that failure can definitely result in significant loss of life. While the Soviet NOCs were successful in obtaining high level intelligence, many were arrested, tortured, and executed because they lacked immunity. They paid for their actions in pursuit of Soviet intelligence endeavors with their blood. The use of NOCs is ultimately a question of national ethics, which this paper does not seek to address. We know that NOCs have been successful in the past and obtained significant intelligence, but can a democratic government knowingly accept this risk?
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