

## Message Text

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47

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

----- 028872

O 061628Z NOV 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 4162

C O N F I D E N T I A L SECTION 01 OF 02 BONN 18188

EXDIS

DEPARTMENT PASS TO LEVINSON AND HOLT, SENATE FOREIGN  
RELATIONS COMMITTEE. FROM BLUM.

E.O. 11652: XGDS-4

TAGS: MASS, GW

SUBJECT: ARMS SALES IN GERMANY

1. MET WITH HERR RATH AT FMOD THIS MORNING. HE PROVIDED  
A COPY OF DEFENSE MINISTER LEBER'S LETTER TO SENATOR  
CHURCH. THE TEXT, TRANSLATED BY EMBASSY INTERPRETER  
FOLLOWS:

DEAR MR. SENATOR:

THANK YOU VERY MUCH FOR YOUR LETTER OF 16 SEPTEMBER 1975.  
THE INFORMATION EXCHANGE PROPOSED BY YOU COINCIDES COM-  
PLETELY WITH MY INTERESTS. HOWEVER, SINCE THE INVESTIGA-  
TION ON THIS MATTER HAS BEEN CLOSED WITHOUT RESULTS  
A LONG TIME AGO, I WOULD GREATLY APPRECIATE YOUR FURNISH-  
ING FIRST OF ALL TO THE (GERMAN) FOREIGN OFFICE THROUGH  
YOUR EMBASSY THE FINDINGS OF YOUR COMMITTEE AND THE  
RESULTANT QUESTIONS TO ALLOW OUR RE-OPENING OF THE  
INVESTIGATION.

SUBSEQUENTLY, THE INFORMATION EXCHANGE COULD BE IMPLE-  
MENTED BETWEEN THE MEMBER OF YOUR STAFF INDICATED IN  
YOUR LETTER AND MINISTERIALRAT RATH WHO HAS BEEN ASSIGNED  
TO THIS TASK BY ME.

WITH KIND REGARDS,

SIGNED/GEORG LEBER

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2. WITHOUT FORMAL RESPONSE RATH BEGAN DISCUSSING THE LOCKHEED PERFORMANCE IN GERMANY. HE READ FROM A MEMCON WITH A FORMER LOCKHEED EMPLOYEE, PAUL WHITE. WHITE IS A FORMER SALESMAN NOW RESIDENT IN BELAIR, A SUBURB OF LOS ANGELES.

3. WHITE TOLD THE FMOD THAT LOCKHEED HAD HIRED FRANK-FAHLE AT THE SUGGESTION OF HERMAN ABS, THAT ABS AND STRAUSS HAD RECEIVED MONEY IN CONNECTION WITH THE SALE OF CONSTELLATIONS AND ELECTRAS TO LUFTHANSA AND THAT THE SAME PATTERN OF DEALING WAS CONTINUING ON THE 104 SALE. WHITE QUIT LOCKHEED BEFORE THE 104 PAYMENTS BEGAN AND THEREFORE COULD PROVIDE ONLY THE MODIS OPERANDI.

4. THE PATTERN INCLUDED PAYMENT OF A NOMINAL COMMISSION IN GERMANY WITH THE BALANCE TO CONCEALED FOREIGN ACCOUNTS. INASMUCH AS THE FMOD HAD NO SPECIFICS AND NO POWER TO GET FOREIGN RECORDS WITHOUT SPECIFICS NOTHING FURTHER COULD BE DONE.

5. WHITE'S STORY CONFIRMS HAUSER'S TESTIMONY EXPLICITLY UP TO THE POINT OF THE 104 PAYMENTS. SUGGEST THAT AN ATTEMPT BE MADE TO LOCATE AND INTERVIEW HIM.

6. HAUSER'S TESTIMONY WITH RESPECT TO GENERAL REPPENING SUICIDE OMITTED MENTIONING THAT REPPENING'S "BRIBE" CAME FROM HAUSER ON BEHALF OF LOCKHEED IN THE FORM OF A GOLD ROLEX WATCH, MATCHED LUGGAGE AND AN EXPENSIVE CAMERA. RATH SAID THE FILE ON REPPENING AND LOCKHEED WAS EXTENSIVE BUT COULD ONLY BE OPENED ONCE THE LETTER IN PARAGRAPH 1 WAS SUPPLIED.

7. RATH KNEW OF THE HANSHOM STORY AND CONFIRMED THE BROAD OUTLINE. HE SAID THAT BECAUSE HANSHOM HAD NO DOCUMENTATION HE WAS NEVER BELIEVED. HANSHOM IS NOW LIVING IN BONN. RATH OFFERED TO HAVE HIM BROUGHT IN FOR QUESTIONING ONCE REPLY IS FORTHCOMING. HE SUGGESTED THIS BECAUSE UNDER GERMAN LAW HE CAN BE PROSECUTED FOR DISCUSSING INFORMATION  
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OBTAINED IN GOVERNMENT SERVICE WITHOUT PERMISSION.  
RATH KNOWS HANSHOM'S VERSION OF HOW THE MONEY WAS HIDDEN AND WILL MAKE THIS AVAILABLE.

8. IN ANY EVENT AM ATTEMPTING TO ARRANGE AN INDEPENDENT MEETING WITH HANSHOM FOR NOVEMBER 12.

9. ACCORDING TO RATH CHRISTIAN STEINRUCKE IS NOT

REGISTERED WITH THE FMOD AS LOCKHEED'S AGENT AND THERE

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ACTION SS-25

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O 061628Z NOV 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 4163

C O N F I D E N T I A L SECTION 02 OF 02 BONN 18188

EXDIS

WOULD HAVE BEEN NO REASON FOR COMMISSIONS ON THE DASH 8 JETSTAR OTHER THAN PAYOFF INASMUCH AS THE PROCUREMENT WAS NON-COMPETITIVE. STEINRUCKE REPRESENTS A WIDE VARIETY OF FIRMS BUT ALL THE OTHERS ARE EUROPEAN. IF RATH CAN COOPERATE HE WILL SUPPLY INFORMATION ON STEINRUCKE'S OTHER CLIENTS.

10. AN APPOINTMENT WITH STEINRUCKE HAS BEEN SCHEDULED FOR NOVEMBER 11 AT HIS OFFICE.

11. A LONG DISCUSSION WITH RATH ABOUT THE TECHNICALITIES OF GERMAN LAW, THE RELATIONSHIPS OF THE BUND TO THE LAENDER AND THE ABILITY OF THE PROSECUTOR TO GET RECORDS LED TO AGREEMENT THAT FOLLOWING REPLY FROM SENATOR CHURCH WOULD BE ADEQUATE TO ALLOW HIM TO OPEN FILES AND ACT AS THE INTERMEDIARY:

IN THE COURSE OF ITS INVESTIGATION OF LOCKHEED THE SUBCOMMITTEE HAS RECEIVED TESTIMONY ALLEGING PAYMENTS BY LOCKHEED TO GERMAN GOVERNMENT OFFICIALS IN CONNECTION WITH THE PROCUREMENT OF THE F-104 STARFIGHTER.

IT HAS ALSO RECEIVED DOCUMENTS INDICATING THAT LOCKHEED PAID FEES TO A GERMAN AGENT IN CONNECTION WITH THE SALE OF THE DASH 8 JETSTAR.

IN ORDER TO CONFIRM OR DISPROVE THE ALLEGATIONS WHICH  
HAVE BEEN MADE THE SUBCOMMITTEE WILL REQUIRE SPECIFIC  
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FACTUAL INFORMATION. THE PRECISE QUESTIONS WE NEED  
ANSWERED WILL BE PROVIDED BY MR. JACK BLUM OF THE  
STAFF WHO IS PRESENTLY IN BONN.

IN ADDITION ARRANGEMENTS WILL BE MADE TO TRANSMIT TO  
YOU COPIES OF THE DOCUMENTS RELATING TO CHRISTIAN  
STEINRUCKE.

12. IN MY JUDGMENT THE STEINRUCKE DOCUMENTS ARE  
MARGINAL. HOWEVER GIVING THEM TO RATH WILL BE ENOUGH  
TO OPEN THE FILES. FURHTER, THIS NEED NOT BE SET IN  
MOTION UNTIL I RETURN.

13. THE REPLY SHOULD GO BY CABLE THROUGH STATE DEPARTMENT  
CHANNELS. MR. CASAGRANDE OF THE CENTRAL EUROPEAN  
DESK SHOULD BE FAMILIAR WITH THE PROBLEM. PLEASE  
RESPOND AS PROMPTLY AS POSSIBLE SO FMOD PEOPLE CAN  
TOUCH ALL THE LEGAL BASES BEFORE I LEAVE THE COUNTRY.

14. PER TELCON AM ARRANGING AN APPOINTMENT WITH GENERAL  
RALL. OTHER MEETINGS NEXT WEEK, IN ADDITION TO  
STEINRUCKE AND HANSHOMS, INCLUDE EHLERS AND HARTMANN,  
FORMER FRANK FAHLE EMPLOYEES AND TWO FORMER GERMAN  
GOVERNMENT OFFICIALS.  
HILLENBRAND

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