

~~TOP SECRET SUEDE~~
~~U.S. EYES ONLY~~

~~TOP SECRET SUEDE SECURITY INFORMATION~~

Athenaeum

German Cryptologic Activity

OK

3 JAN 1952 R.H. Shaw/60372/mt

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1. During the week of 17 September 1951 Mr. Hans RICHTER, representing the Athenaeum-Stiftung of Vaduz Liechtenstein, which is in fact an organization of former German Waffenant cryptologic technicians, presented to AFSA personnel information concerning a one-time key generating equipment. He stated that this equipment was for sale to the United States.
2. In accordance with the directive of Rear Admiral J. N. Wenger, USN, dated 26 November 1951, AFSA-02 and AFSA-04 sent LCDR Marshall Hall, Jr., USN, and Mr. Arthur Levenson to Germany to view the equipment, to obtain a specific priced offer from the Athenaeum-Stiftung, and to determine what if anything the German cryptologic personnel were planning in the line of an off-line cipher machine and a cipher equipment, both of which Herr RICHTER assured us were underway.
3. LCDR Hall and Mr. Levenson have returned and have brought with them a specific offer, as well as some rather alarming information concerning the use of enciphered motion in the off-line cipher machine designed by Athenaeum.
4. In order to discuss the implications of the activities of Athenaeum-Stiftung, in order to prepare for BIRAFSA an AFSA policy and course of action in this connection, and in accordance with Admiral Wenger's directive of 26 November, a conference will be held in the AFSA Conference Room at 1300, 7 January. Addressees of this D/F are requested to have representation at this conference.

G. V. Johnson
 G. V. JOHNSON
 Lt. Col., Sig. Corps,
 Assistant Chief, Office of
 Communication Security

Inclosure - 1
 Copy of Athenaeum-Stiftung Offer

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11 Dec. 51

- 1) All rights for
 - a) Hazardo Imp. Gener.
 - b) Automatic (automatic taped hole coding)
 for North and South America, the rights for Europe remain with Athenicum under condition that European States are supplied only after mutual agreement, German authorities can be supplied by Ath.
 All Eastern States prohibited.

Prices: Hazardo rights	\$ 200.-
Automatic rights	\$ 100.-

 Payable to Ath. Foundation at Vaduz, founded for the furtherance of scientific research work.
 Delivery: Hazardo 2 - 3 months after signing of contract
 Automatic 3-4 " " dto.
 Payment: 1/3 advance, 1/3 after completion of Hazardo, balance after completion of Automatic
 The sample apparatus to be constructed together with US Engineers.
 A further amount of \$ 20.- to be paid as an advance-payment for an option on
 - a) speech scramble device
 - b) large coding machine

- 2) All rights for
 - a) Hazardo
 - b) Automatic
 for the whole world (except German Government institutions) exclusively

Prices: Hazardo	\$300.-
Automatic	\$200.-

- 3) The US government is not interested in any exclusivity and purchases individual machines. In that case the manufacture would be given to some industrial firm. From what we can presume the prices then would be in the vicinity of

Hazardo abt. DM 60.000.- to 70.000.- per piece

Automatic abt. DM 5 - 6.000.- per piece

In this case no guarantee could be given as to the actual purchasers of the machine.

- 4) The US Government is not interested at all. In this case we shall be informed as soon as possible.

We consider ourselves tied to this offer until January 31. 1952. After this date we consider ourselves free to act.

Inclosure w/AFSA-04, D/F dated 3 JAN 1952