

**FEDERAL BUREAU OF INVESTIGATION
FREEDOM OF INFORMATION/PRIVACY ACTS SECTION**

COVER SHEET

SUBJECT: PONGER VERBER ESPIONAGE CASE



UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to
File No.

WASHINGTON 25, D. C.

June 5, 1957

Otto Verber
Kurt L. Ponger, with alias Curt Ponger
Espionage--R&AU

The Washington Monument, during daylight hours of the spring and summer months, is a veritable mecca for tourists in Washington, D. C. After dark, however, the brightly lighted shaft, while visible for miles, usually appears devoid of humanity.

Shortly before 7:00 p. m. on Tuesday evening, April 12, 1951, a solitary male made his way out of the darkness up a grassy incline to the base of this monument. On his left hand he wore a glove. A band of adhesive tape circled the middle finger of his right hand and he carried a red-covered book under his left arm. This man was Mr. Z, * at that time employed in a sensitive position by a U. S. Government agency.

Moments later, as he looked about him, he was accosted by a second male individual clad in a dark business suit who had similarly emerged from the surrounding darkness. This man was Yuri V. Novikov, Second Secretary at the Soviet Embassy in Washington. This meeting signified the initial effort to expand, on U. S. soil, a Soviet espionage apparatus developed in Austria in 1948. This apparatus, designed to penetrate the security of operations of U. S. forces in Austria, had been under the watchful eyes of U. S. military authorities abroad for two years.

From that night on, through the Spring of 1952, Novikov, frequently assisted by his wife and colleagues of the Soviet Embassy, met on twelve occasions with Mr. Z. They met usually after dark in Washington, D. C., and its environs, seldom using the same meeting place twice. Their meetings usually began with dinner at nearby suburban restaurants, for Novikov was a huge fellow with an enormous appetite. Thereafter, they frequently drove, either in Novikov's car or Mr. Z's, while Novikov outlined to Z the information which his country sought. Occasionally, their meetings were checked by Novikov's colleagues for security of their operations.

*fictitious

I. C. #65-58841

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Once Novikov was frightened off by the appearance of a motorcycle policeman making his customary rounds. Novikov's wife accompanied him to the locale of a meeting with Mr. Z. on two occasions. In all, a total of nine Soviets, in addition to Yuri Novikov, were observed and identified by the FBI as participating in the Novikov-Z meetings over a period of less than a year.

Data solicited by Novikov on behalf of the U. S. S. R. included information relating to U. S. Air Force personnel stationed abroad, morale among U. S. Air Force officers and enlisted personnel, U. S. Air Force interrogation techniques, the identity of U. S. intelligence sources, the identity of fellow employees of Mr. Z and the names of U. S. military personnel destined for overseas assignment. He also requested any known information in U. S. intelligence files dealing with Russian installations and Russian military capabilities, U. S. preparations for war or defense, and the current location and employment of a defected Soviet airman then in the U. S.

It was not, of course, by chance that Mr. Z and Novikov met in Washington, on that first balmy April evening. Three thousand miles distant, in Vienna, Austria, were two Americans who knew of the meeting and had, in fact, been instrumental in making arrangements for the event.

The two men, Kurt L. Ponger and Otto Verber, both naturalized citizens of the U. S., had returned to Austria with their families after service in the U. S. Army in Europe during World War II. They had returned to live in Vienna, the city of their birth and childhood. Both had found refuge in the U. S. from possible extinction by the Nazis.

Ponger was born on July 29, 1913, in Vienna, the son of a moderately prosperous jeweler and goldsmith. He was educated in Viennese public and secondary schools, participated in athletics and the Austrian Boy Scout movement (which he reportedly propagandized with his radical views), and eventually served an apprenticeship in the jeweler's and goldsmith's trade. During the early 1930's he met and courted Vera Verber, attractive daughter of a Vienna attorney and elder sister of Otto Verber. At this time, Ponger was also active in the work of the Austrian Social-Democratic Party.

During his courtship of Vera Verber, Ponger met and cultivated Otto, eight years his junior. He trained Otto in sports and

gymnastics, led him into the Boy Scout movement, and there began his domination of Verber which was to continue for many years to come.

Just after the annexation of Austria by Nazi Germany in March, 1938, Verber and his parents left Austria and emigrated to the U. S., settling in New York City. Vera Verber, however, proceeded to England on leaving Austria and remained there for quite some time.

Ponger, following the departure of the Verbers, was arrested in April, 1938, by Austrian Police acting under German orders. He was herded, with two thousand others, aboard a train guarded by German S. S. troops. Ponger and the others were taken by train and wagon to the infamous Dachau Concentration Camp near Munich, Germany. In mid-September, 1938, he was transferred to the Buchenwald Concentration Camp, where he remained until March, 1939, when he was released on his promise to leave Germany and Austria and to remain silent concerning details of his imprisonment. He obtained a British visa through the help of an international organization to aid refugees and returned to Vienna for eight days, visiting with his parents. Thereafter he proceeded, via Germany and Holland, to England, where he remained until February, 1940, when he left for the United States. While in England Ponger spent some time with Vera Verber, who had preceded him there. He was active at the Austrian center in London, became a member of a Communist Party cell, worked with the Austrian Youth group, and is known to have been in contact with various communists and other left-wing elements.

Following his arrival in the United States, Ponger married Vera Verber. They resided, like the Verbers, in New York City. Otto Verber was also married at the time to a fellow Austrian refugee, Eva Beer. Kurt and Vera Ponger and Otto Verber then organized in New York City the Austro-American Youth Club, designed to unify young Austrian refugees in that area. They developed within the structure of that organization three communist cells.

From June, 1943, to March, 1946, Ponger served as an enlisted man in the U. S. Army and received U. S. naturalization. He acted as an interrogator of German prisoners of war and, following his discharge from the service, returned to the United States. From November, 1946, to October, 1948, Ponger held civilian employment with the Office of the Chief Counsel at the International War Crimes Tribunal at Nuremburg, Germany, where he resided with his wife and child. In October, 1948, the Pongers moved to Vienna, Austria, renting a house in a Soviet sector of the city.

Otto Verber, following his induction into the U. S. Army in February, 1943, became a naturalized U. S. citizen and served as a Lieutenant with U. S. Army Military Intelligence in Europe until December, 1945, winning the Bronze Star decoration. Verber was honorably discharged and returned briefly to the United States. In November, 1946, he and his wife returned to Germany, taking up residence in Nuremburg, where Otto had also obtained employment as an interrogator with the International War Crimes Tribunal. He was so employed until the close of the trials, and in early fall, 1948, proceeded with his wife to Vienna, where they took up residence in an American sector of the city.

While in Vienna, Verber enrolled under the GI Bill as a full-time student at the University of Vienna, receiving the usual U. S. Veterans Administration subsistence allowance for the support of himself and his family.

Ponger enrolled also at the University of Vienna on a part-time basis and devoted himself to setting up a photographic laboratory and doing free-lance photography for Austrian socialist and communist functions. He also collaborated with his wife in the periodic publication of a literary-photographic journal.

In early 1949 Ponger was recruited in Vienna on behalf of Soviet Intelligence, allegedly by a Russian posing in the guise of a Czechoslovakian foreign correspondent. Shortly thereafter, in March, 1949, he recruited Verber for the same kind of work, largely in view of Verber's many contacts among employees of the U. S. Forces in Austria and among American students in Vienna.

Working at first under Ponger's guidance, Verber recruited, as a calculated source of intelligence information in Vienna, Mr. Z, then an employee of the U. S. Forces in Austria (USFA) assigned to intelligence work, who had general access to intelligence data. This individual indicated willingness to help Verber, albeit reluctantly, on the basis of their friendship, for this man had known Verber since the time of the Nuremberg trials, where he had also been employed.

Thereafter, Verber had frequent contact with his USFA intelligence source and obtained certain data from him concerning USFA intelligence personnel, policies, activities, and data serving to identify U. S. Military Intelligence Agents and informants. In December, 1950,

however, Mr. Z, Verber's principal source of intelligence information, left Europe on transfer to the United States. Verber then had to rely on other casual USFA contacts, unwitting sources, and had to seek to develop new sources of information.

Ponger, meanwhile, continued to serve his Russian masters by furnishing data concerning Austrian political developments, political leaders, the department of Austrian communists, information relating to Austrian-U. S. relations and the political attitudes of Slavic minority groups living in and on the borders of Austria.

During this period of activity, Ponger and Verber served under 3 additional Russian principals, one of them a woman. In December, 1950, when Mr. Z had received official notice of his imminent transfer to Washington, D. C., he had communicated this information to Verber. Soon thereafter both Verber and Ponger joined in persuading Mr. Z to continue, in connection with his new post in the U. S., as a member of the Soviet espionage ring. They paid Z a special bonus on behalf of their Soviet masters, relayed Soviet praises for Z's valuable assistance, and issued the final instructions to Z concerning his proposed first meeting with his new principal at the Washington Monument. This is the meeting which occurred on the evening of the second Tuesday in April, 1951. Following Mr. Z's departure for the U. S. in January, 1951, Verber and Ponger continued their separate and sometimes combined efforts on behalf of Soviet intelligence, operating in Austria and, when necessary, traveling into West Germany, until apprehended in Vienna by U. S. military authorities in January, 1953.

Following their arraignment at Washington, D. C., both Verber and Ponger pleaded "not guilty" to all counts of a secret indictment by a Federal Grand Jury which had charged them with conspiracy to commit espionage. The same indictment also named Yuri V. Novikov as a co-conspirator, whereupon Novikov was declared persona non grata by the U. S. Department of State. He left the United States en route to the Soviet Union soon thereafter.

On being confronted with information indicating specific knowledge of their activities abroad, Verber and Ponger subsequently changed their pleas of "not guilty" to "guilty," and in June, 1953, they were sentenced and imprisoned in U. S. Federal penitentiaries. Verber received a sentence of three years, four months to ten years, while Ponger was sentenced to serve a term of from five to fifteen years.

And Mr. Z? Mr. Z, throughout the operations involving Verber, Ponger, and Novikov, maintained the illusion of conspiracy. While Verber, Ponger, and Novikov greedily contemplated even greater achievements by Mr. Z, Z enriched the Treasury of the United States by several thousands of dollars emanating from Russian hands. He also furnished information and made observations of inestimable value to the FBI in the course of its investigation.

Mr. Z continues to this day in the conscientious service of this, his adopted country.