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## **Secret Service Affair / Crypto Leaks**

### **Uncovered: worldwide espionage operation involving Swiss company**

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**Secret Service documents prove it: The CIA and the BND (German Federal Intelligence Service) spied on more than 100 states via the Swiss company Crypto in Zug. This has been brought to light by joint research conducted by the SRF (Swiss TV) programme «Rundschau», the ZDF and the Washington Post. Spying was facilitated by Crypto AG's manipulated encryption devices. According to research by the «Rundschau», the operation ran until at least 2018. The Swiss Federal Council is opening an investigation. The Swiss Federal Department of Economic Affairs has suspended the general export licence for Crypto devices.**

Rumours that the Zug based company Crypto had links to the secret services had always existed. But now documents from the CIA and the German Federal Intelligence Service BND prove it: For decades, the two secret services were using manipulated encryption devices from the Swiss company Crypto for worldwide eavesdropping. The scale is enormous: more than one hundred states were bugged by the CIA and the BND. Hundreds of thousands of secret messages between government agencies, authorities, embassies or military agencies were systematically intercepted.

#### **Crackable devices sold as safe**

In 1970, the West German BND and the CIA bought equal shares in the company Crypto AG – under cover of a foundation in Liechtenstein. Previously, the organisations had collaborated informally, but with the purchase of the company, the secret services now had complete control. Crypto AG was the market leader for encryption devices – machines that are supposed to encrypt secret communications to prevent their being intercepted.

As Bruno von Ah, a former employee of Crypto AG, told the «Rundschau»: 'At some point, my manager and I noticed that the devices had a built-in back door.' For decades, Crypto AG built two forms of encryption into their devices: a safe one and one that was unsafe, i.e. that could be cracked. Only a few countries, including Switzerland, received the safe version.

## **'Operation Rubikon'**

In the approximately 280 pages of the secret service dossier, the so-called 'Operation Rubikon' is described as 'One of the most successful intelligence operations of the post-war period'. In the assessment of Professor Richard Aldrich of Warwick University: "Operation Rubikon was one of the boldest and most scandalous operations ever, with over a hundred states paying billions of dollars to have their state secrets stolen."

Crypto AG supplied devices to countries all over the world, including Saudi Arabia, Argentina, Iraq, Egypt, Brasil and Iran. The company operated from Switzerland, which was considered neutral – this being an important selling point during the Cold War and the Middle East conflict. The USA in particular exploited this politically. Its ability to eavesdrop on other countries gave the USA an enormous advantage in negotiations or in strategic warfare. The Crypto devices played an essential role in the Camp David negotiations in 1979, in the negotiations over the American hostages in Iran in 1981 and in the USA's invasion of Panama in 1989. The documents also prove for the first time that the BND and the CIA had early information on the serious violations of human rights by the Argentine military junta. The decrypted radio communications of the Argentine Navy, transmitted by Germans and Americans, contributed decisively to Britain's victory in the Falklands War in 1982.

The German intelligence expert Erich Schmidt-Eenboom spoke of it to the «Rundschau» as an 'extraordinarily important operation'. At some periods, at least 50, if not 70 percent of the intelligence gathered by the CIA and the BND would have been attributable to the manipulated Crypto devices.

## **The operation ran until at least 2018**

The BND decided to pull out of the operation in 1993. Its withdrawal was negotiated by Bernd Schmidbauer, who had responsibility for the BND in the Federal Chancellery. Schmidbauer confirmed the research findings, saying: "The operation certainly contributed to making the world a bit safer." Meanwhile, the CIA kept its shares in the company and continued the operation until at least 2018. This is confirmed by several sources.

## **Were the Swiss secret services and politicians in the loop?**

The documents show clearly that the Swiss secret services were aware of the CIA and BND operation: 'The federal police (the Swiss equivalent of the American FBI) contacted Swiss military intelligence. Certain high officials in the organization were generally aware of the German and American role in Crypto AG, and took a hand in protecting that relationship.' Research by the «Rundschau» confirms: Staff of the Swiss intelligence services knew what was going on. However, those suspected of involvement at the time were not willing to comment or denied any knowledge of the operation.

There is also evidence that 'key government officials' knew about the operation.

## **Department of Economic Affairs suspended general export licence**

In 2018, Crypto AG split into a Swiss concern with the new name of CyOne Security and an international arm. This 'Crypto International' now belongs to the Swede Andreas Linde. He told the «Rundschau»: "Crypto International and I have nothing to do with the CIA or the BND." He said that the company was a completely different entity from the former Crypto AG: "With a new owner, a new management and a new strategy."

The Chairman of the CyOne Security Board, Peter Letter, made a statement to the «Rundschau»: "I can confirm that we have no links nor any relationship with foreign intelligence agencies." He said that CyOne Security AG was completely independent of the former company, Crypto AG.

Nevertheless, in mid-December 2019, alarmed by the «Rundschau»'s discoveries, the Federal Councillor in the Swiss Federal Department of Economic Affairs, Guy Parmelin decided to suspend the general export licence of the company 'Crypto International'. The Department for Commerce

confirmed the suspension to the «Rundschau», saying that it would be in force 'until the open questions were cleared up'.

The Swiss Federal Council reacted to the «Rundschau» research by setting up an investigation. According to the lead Department, the Federal Department of Defence, the events surrounding Crypto AG are difficult to reconstruct and interpret today: 'For this reason, the Federal Council decided on 15 January 2020 to appoint Niklaus Oberholzer, who served until the end of 2019 as a Swiss Federal judge, to investigate the case and clarify the facts.' Oberholzer is to report back to the Federal Department of Defence by the end of June.

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