

SECRET

M-e-m-o-r-a-n-d-u-m

20 June 1958

To : []

Subject: Iwan BOYADJIEW

1. This memorandum summarizes my relationship with Subject and his wife from 9 May 1958, the date of our initial meeting, until 15 June 1958. I believe this information should be recorded because Subject and his wife have indicated a strong interest in obtaining my services as a representative of their iron and steel trading firm. The Boyadjiew firm operates at a level of international commercial activity difficult to get close to under any other cover than what I currently possess. It is clear to me that Subject purposely stays clear of American officials and that he would drop me if he had any reason to believe that I am not what I have represented myself to be.

2. In line with my efforts to establish myself socially in Hamburg as a legitimate American businessman, I became acquainted with Karl and Zarah MUELLER. Karl MUELLER is an East-West trader with some sort of business in the Far East and I believe that you have traced them without producing any derogatory information. On 9 May 1958, the MUELLERS invited myself and my wife to be their guests at a "tulip dance" at the Cosmopolitan Club, but to join them first at their apartment for cocktails. At the MUELLER home, we were introduced to Subject and his wife, Isy BOYADJIEW, nee, JAKOBOWSKY. The dance and subsequent drinking at the Insel Club turned out to be quite an affair. The MUELLERS gave up the ghost at a respectable hour, however, Subject, his wife and one of his Italian representatives, a certain Attilio TOMMASI of Verona, wound up at my apartment for a nightcap.

3. Subject's wife called the next day to say how much they had enjoyed meeting us and invited us to their home the next day. Since this time, we have been with Subject and his wife about once or twice a week. I am convinced that both Subject and his wife have accepted my cover at face value. Subject's wife has even purchased the product I used to sell at one of the stores where I had done business in Hamburg. However, because it has become necessary for me to change cover jobs, I began telling all of my close acquaintances that I was dissatisfied with the way

SECRET
CS COPY

See EGGA 998

32W - 6 - 7413

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2005

SECRET

my business in Germany was going and that I was considering changing jobs if the situation did not improve. I based this dissatisfaction on the current German import restrictions which is perfectly acceptable to any other person involved in import-export activities because they all have the same problems. (This is not true of all items, but is true regarding any product manufactured out of synthetic, woven material). I did not tell Subject and his wife this story for any other reason than to smooth over my change in cover and certainly not to produce any direct response from them. However, Subject's wife who is, by the way, the founder of Subject's firm, but who has partially retired from the business since the birth of their two children, asked me to consider going into the iron and steel business. I reacted by saying that I knew nothing about this business and it was always one of my strong beliefs that a businessman should not take a risk in any sort of commercial activity, unless he was absolutely sure that he knew what he was doing. This ended the discussion for the time being.

4. Subsequent to this first offer, Subject's wife began requesting that my wife attempt to convince me that I should consider their offer seriously because it is a fascinating business and one in which much money can be made. About one week later, Subject invited me to join him and some of his other business friends for dinner at the Anglo-German Club. During dinner, Subject explained to me that he finds it very difficult to find honest people to work with, especially Germans. Subject told me that the three leading members of his Duesseldorf office had passed information to one of his competitors and that he had lost a great deal of money. Subject said that he was in the process of firing them all and now found it necessary to bring TOMMASI all the way from Italy each time he found it necessary to negotiate with the iron and steel producers in the Ruhr area. Subject suggested that if I were interested, he would have TOMMASI brief me on the business and would like to have me accompany TOMMASI to Duesseldorf where I could meet the people with whom he does business. Subject pointed out that it would not be required for me to invest any money and that I could cut myself in for $\frac{1}{2}\%$ of some rather large deals. I told Subject that I appreciated his interest in me, but that I would naturally think it over.

SECRET

SECRET

5. During the second week of June 1958, Subject invited me to come to his office and, later, to have lunch with him. While at the office, I heard Subject speak to a certain Mr. FEIGE in Poland concerning \$164,000 of steel which Subject had already loaded on a Polish ship in Naples. Subject was trying to straighten out a misunderstanding regarding the price which had caused the Polish Commercial Attache in Rome to refuse to sign the required documents. Subject received the promise from FEIGE that the commercial attache would be instructed to sign these documents by telegram.

6. Before going to lunch, Subject asked me whether I would mind if he brought along an Arabian person with whom he hoped to be able to close a big deal in Kuwait. I said that I did not mind and was introduced to a certain Farouk LNU with whom Subject's wife had conducted some business last year in Lebanon. Subject introduced me to this person by saying that I was an American, but a good friend. I noticed that I was immediately accepted by Farouk and he had no hesitation in discussing business in front of me. During lunch Farouk explained that Subject would have to negotiate with a friend, but who would be tied up in discussions with another iron and steel trading firm this afternoon. Farouk indicated that another person would be present, a person whom he claimed was an American. Subject arranged to meet Farouk and the other two individuals for dinner that evening. Subject requested that I accompany him to this dinner meeting in order that I could give him an evaluation of the alleged American. Farouk's partners turned out to be a Mr. AMYUNI (I am not sure of the spelling), a Lebanese citizen, and Mr. James R. Brodie, a British citizen residing in Dallas, Texas, with an office in Brussels. In any case, Subject closed a deal with AMYUNI to deliver not less than DM 500,000 to AMYUNI's company in Kuwait over the next twelve months. Subject is extending credit for one year on the basis of a European bank guarantee (possibly Swiss) that the AMYUNI Company will pay at least this amount at the end of twelve months. However, AMYUNI will try to pay for each delivery as it is sold and agrees to split the profit with Subject on a 60% to 40% basis. Subject demanded and AMYUNI agreed that Subject could send one of his people to work with AMYUNI during the course of this agreement, all of the iron and steel belonging to Subject until

SECRET

SECRET

it is sold and it can only be sold upon the approval of Subject's man in Kuwait. However, AMYUNI then demanded a contractual agreement which would prevent Subject from ever doing business with any other firm in Kuwait because Subject's man there will become entirely familiar with AMYUNI's business operations.

7. After dinner and after Farouk, AMYNUI and Brodie had departed, Subject told me that he would have to be very careful in his choice of a man to fill this job in Kuwait. Subject believes that these Arabs will try to buy him and that Subject will not get a true 40% of the profits. Subject commented that he definitely would not send a German, but would look for an Italian to do this job. Subject plans to pay a salary of circa DM 2500 per month, plus a percentage of the business and transportation out of Kuwait about once a month. He jokingly said that I could have this job if I wanted it. However, I don't think Subject really thought I would be interested.

8. The next day, Subject called to thank me for attending his business dinner and said that he would give me a call in about ten days. Subject departed that day for Italy with directors of some iron and steel works in the Ruhr and planned to spend a few days with his wife and children who are vacationing at Forte dei Marmi, Italy. Subject has rented a villa there for three months and has invited me and my family to stay with them as long as we like; however, I had made previous arrangements for a vacation in Spain and it is too late to change my plans. Subject insists that we stop in Italy for a short while on our return trip.

9. The following are perhaps the more pertinent details that I have learned about Subject's business, Subject and his wife and their friends:

- a. Subject's firm is named S.E.M. (Stahl - Eisen - Maschinen) with offices in Hamburg 1, Steindamm 52, Duesseldorf, Kleverstrasse 56 and Milan (street address unknown). Subject employs approximately fifty people, most of whom are in the Hamburg office. In addition to the S.E.M. firm, Subject owns about 20% of some factory in Sicily and 30% of a new steamship, the SOTTORF (I am not sure of the spelling). I do not know what this firm is worth, but I have heard that the local banks are

SECRET

SECRET

willing to extend credit to Subject up to at least DM 1,000,000. Subject buys iron and steel in Germany, but is currently buying more in Italy because he is given a better price. Subject claims that he will have nothing to do with the scrap metal business, but specializes in second choice iron and steel - metal with some slight defect which brings the price way down. Subject states that there are many much larger firms in Germany dealing in iron and steel, but he has the second choice business fairly well to himself. Subject apparently sells his metal throughout Western Europe, in Poland, the Near East and possibly in China. I am aware that Subject does meet Red Chinese buyers when they come to Hamburg. I have not gained the impression that any part of Subject's business operations are illegal.

- b. Subject was born in circa 1922 in Bulgaria. His father was a wealthy manufacturer of Turkish extraction and his mother is Bulgarian. When Subject completed his Bulgarian military service, his father sent him to the University of Dresden to become an engineer. Subject attended this university then during the war and had trouble with the German authorities when it became known that he was living with a German girl who was also a student. The Germans sent the girl to work in a factory and warned Subject that he could not sleep with German girls because (Bulgarians are Slavs and the only Slavs allied with Germany.) he was not a pure aryan. At the time the Russian Army occupied Bulgaria, Subject was given the choice in effect of being put in a concentration camp or joining the German Army. Subject chose not to go to the KZ and was Commissioned ~~made~~ an officer. This was approximately six months before the collapse of the German forces. Just prior to the end of the war, Subject deserted from the German Army and made his way from Prague to Salzburg wearing civilian clothes. In Salzburg, one of Subject's Bulgarian friends informed the American Army that Subject had been a German officer and Subject was arrested. Subject claims that he was held by the Americans for several months and was beaten by a colored sergeant every day in order

SECRET

SECRET

to force him to admit that he had been a German officer. Subject claims that he never confessed and was eventually released. Subject says that the advantage of having been held by the Americans is that he was given all the good food he wanted to eat; however, sometimes his mouth and jaw were so sore from the beatings that it was almost impossible to consume what was served to him. To this day, Subject bears a grudge against the Americans for this treatment, but freely admits that had the Russians or the Bulgarians caught him, he would have been executed. Subject's father and younger brother were killed by communists in Bulgaria. Subject's mother is still alive and resides in Bulgaria. Subject talks to her occasionally on the telephone. Subject now has West German citizenship, but states that he feels himself to be completely international. Subject hates communism and apparently worries about the future of his children because he fears that the communists may be winning the cold war. Subject is an extremely clever businessman and states that his main purpose in life is to make money. However, he claims to be strongly principled (?) insofar as he will not invite other businessmen to his home if he does not like them, even if it means he will lose the account. Subject told me that he does not believe that what one does is important (in his case making money), but how one does it that is important.

- c. Subject's wife's father was a German citizen of Polish extraction and her mother was a German. The father was apparently a wealthy businessman who had established some sort of business in Bulgaria. At the end of the war, Subject's wife came to Munich where she began dealing in iron and steel. She is an extremely intelligent girl and I have heard that without her, Subject would have never been able to build S.E.M. into the success that it is today. Subject's wife admitted to me once that she had been approached by an AIS officer in Munich, however she did not admit that she had ever worked for him. She told me also that sometime last

SECRET

SECRET

year, a member of some kind of Bulgarian sports team had called her from West Berlin to ask whether he should defect. Subject's wife claims that she advised him not to defect unless he had something definite to do because life in the West could be very hard. However, Subject's wife has a completely western viewpoint.

- d. One of Subject's close associates in Hamburg is Italo TOMENZOLI, a Consul at the Italian Consulate. TOMENZOLI supplies Subject with Scotch whiskey from the free port and I suspect that Subject has also bribed TOMENZOLI to be helpful to him in his Italian business operations. Subject once described TOMENZOLI as one of Italy's best intelligence operatives during the war and claimed that this was one of the reasons Italy lost. TOMENZOLI has admitted to me that he has received financial rewards for the sale of some Italian real estate in Hamburg. I suspect that he is probably not too honest and Subject does not appear to like him very much. TOMENZOLI hopes to be sent to the Italian Consulate in San Francisco for his next tour.
- e. Subject's most trusted employee appears to be Attilio TOMMASI, an Italian citizen and resident of Verona, Via Marsala 19. TOMMASI travels constantly throughout Italy, Germany and the Near East. TOMMASI has been very friendly to me and is also trying to interest me in the metal business.

□

□

SECRET

32w-6-7413