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Air

MOLA-W-7912

23 February 1961

Chief of Station, Karlsruhe

Attn:

Chief, Foreign Division X

Operational

USAGE Hungarian Operations

Ref: MOLA-1743, MOLA-4114

1. Salzburg has reacted rather strongly to the first 13 intelligence reports produced by the XX (Hungarian) group organized by USAGE, as follows:

The 13 intelligence reports were studied carefully by  whose considered opinion is that the whole operation is based on fraud, and that the information which claims to originate from established sources within Hungary in reality consists of items from newspapers, old statistical works, and from current Hungarian publications dressed up with heavy but crude padding.

Attached are 's specific comments on the unnumbered reports, dated 10, 18, 23, 31 January and 1 February 1961.

2. According to the same Salzburg communication, XX 1, the head of the operation, is considered dishonest by both  and CIC. Our information on him is remarkably sketchy but does indicate that he has or has had connections with the ZAKO group.

3. All of the USAGE information coming out of Hungary is alleged to pass through the hands of XX 01, whose standing with  is considerably higher.  has suggested, in fact, that it might be worth your while to

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make an independent check with XX 61, who is described as easy to approach, to determine whether he actually did handle the material credited to him and how he obtained it.

4. A separate dispatch from Vienna indicates that station's understanding that USAGE has severed all connections with XI 61, and requests information as to why USAGE dropped him, inasmuch as he heretofore has been held in good repute by Vienna. However, a check of our USAGE file, as well as the information contained in the Salzburg dispatch, indicates that XX 61 is still considered to be an operational contact of USAGE. Would you please inform both headquarters and Vienna as to the status of XI 61, to straighten all records.

5. The focusing of attention on the production of the USAGE Hungarian group concerned with intelligence collection also draws attention to the fact that as yet we have had little specific operational information on that group. The files seem to consist chiefly of long lists of agent letters/numbers, with separate identification by name and occupation, but little else of more than general nature. In the absence of a project form or other material to which to refer, and with the comments of [ ] in hand, we are wondering whether USAGE's XI group of Hungarians may perhaps be the same group of persons whom USAGE previously wanted to promote (MCLA-1745) for exile press evaluation work.

Attachment

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Comments of [ ] on the Intelligence Reports of the USAGE Hungarian Operation

1. Information concerning Soviet troops in Sacsbathely Area - 10 January 1951:

This is the only factual report in the whole group. The information may have been obtained from a refugee. The report was checked with the OS Section of G-3, USFA, which considers the information possibly true; G-2 has had similar information from refugees. A check made directly to XI 61 in Vienna might throw some light on whether or not a courier really exists and what his value is.

2. Drafting in Hungary - 10 January 1951:

This information is generally known, has been brought out by hundreds of refugees.

3. New Orders effective 1 January 1951 in Hungary - 10 January 1951:

These are unfounded rumors. Identity cards have not been changed; ration system is a newspaper item; food shortage is common knowledge; coal mine sabotage is well known rumor; slaughterhouse information may be true but is not likely and anyway is insignificant.

4. Police Changes in Hungary - 10 January 1951:

Paragraphs 2 and 3 are unfounded rumors. Paragraph 4 is possibly true and is a typical border area rumor.

5. The Hungarian Railroads - 18 January 1951:

This report is an elaboration based on old overt statistical data doctored with the help of newer Hungarian publications.

6. Catholic Church information from Hungary - 18 January 1951:

This is unpretentious debriefing of a refugee student. It represents duplication of MIS and CIC work. The information is generally known but some of the details may be of interest. Source XI 5 at least admits the debriefing.

7. Miscellaneous information on Hungarian Emigrants - 18 January 1951:

This is usual emigre gossip.

8. The Budapest Telephone System and Hungarian Mail - 18 January 1951:

This is old overt information and contains nothing of intelligence value.

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9. Hungarian River Navigation - 18 January 1951:

Anyone having access to "internal information from the Hungarian Ministry of Transportation" should have been able to provide much more in the way of specific details. This report probably was worked up on the basis of old statistical records with the help of more recent newspaper articles.

10. The Hungarian Labor Unions - 23 January 1951:

This report contains old and trivial information.

11. Hungarian Production Figures - 31 January 1951:

This report definitely does not stem from sources inside Hungary and in no way represents "covert directions issued by the Hungarian Ministry of Industry". It will be noted that the figures are extremely general and are mostly from 1948. They are extracted from some overt statistical studies and cannot be considered intelligence.

13. Hungarian Exile Military Circles - 1 February 1951:

This is overt, well-known, and trivial information.

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