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MASA 217

30 Jan 1951

To: Chief, Foreign Division M
Attn: []

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From: Chief of Station, Vienna

Subject: General - Operational
Specific- Zipper Agents in the British Zone

1. [] has been able to furnish some additional information on various KOLLENYI agents active in the British Zone, particularly on Emil SZALANCZY. From October 1949 until his departure for Salzburg in November 1950, [] lived at the same address as SZALANCZY (Hatzendorf 17, Pension Grundl), and as SZALANCZY worked very closely with FSS Fuerstenfeld, he was also associated with him professionally.
2. SZALANCZY, whose former name was HAUER, is recognized by FSS Fuerstenfeld as the official representative of the KOLLENYI group and has FSS permission to pursue his intelligence activities. He is a daily visitor to the local FSS headquarters, participates in all important conferences on Hungarian matters and is so widely used in an advisory capacity that he is known locally as "der Hofrat". SZALANCZY has been assigned an operational cover name by the British and is permitted to use FSS indigenous personnel in his own work. [] worked with SZALANCZY for over a year at the direction of his superiors but reports that neither he nor any of the other interpreters assigned to SZALANCZY ever received so much as a pack of cigarettes for this extra work. In view of SZALANCZY's extremely close relations with the British, it is interesting to note that the two paragraphs deleted from the FSS report sent to Headquarters as Attachment F to MASA 104 (actually forwarded with MASA 143) appear to refer to SZALANCZY and were probably excised for operational reasons.
3. Although SZALANCZY has on occasion sent courier agents on mission to Hungary, almost all of his "intelligence" reports are based on refugee debriefing and document analysis. There is no evidence whatsoever to indicate that he has a single resident agent in Hungary, and in fact, he is more concerned with CI than with positive intelligence. [] believes that SZALANCZY has done some good work, but states that his personal cover is non-existent. He is easily recognizable by a facial tic and nervous demeanor, and his connections with FSS and KOLLENYI, who is generally known to have U.S. backing, are a matter of common knowledge. His operations in the past were penetrated by Hungarian Communist agents and may be again in the future.
4. From March 1949 until May 1950 SZALANCZY lived with Miss Csilla FEKETE, first in the Hotel Bauer in Fuerstenfeld and later at the Hatzendorf address. Miss FEKETE escaped from Hungary in March 1949 travelling as the fiancée of an official of the American Embassy in London named Daniel B. CLAPP, and she emigrated in May 1950 to Canada where she works as a dietician in the Westminster Hospital, London, Ontario. SZALANCZY intends to divorce his wife, now living in Hungary with their eight-year old son, and marry Miss FEKETE.

Handwritten note: KOLLENYI - 201

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but his immigration to the United States has been delayed. Although he has an assurance as an economic specialist, he is fifty-two years old and must post a bond of \$200 in addition. In the absence of Miss FIKETE, SZALANCZY has taken Frau Mitzl OTTNER of Hatzendorf as his mistress.

5. Before the war SZALANCZY served as a reserve 1st Lieutenant in the G-2 Section of the Debrecen Army Corps, at that time headed by Colonel Laszlo SZITA, and during the war he continued in intelligence work. Colonel SZITA is also a member of KOLLENYI's group and was frequently in Fuerstenfeld to confer with SZALANCZY. Since his arrival in Salzburg, [] as seen SZITA on several occasions, at least once in close conversation with Laszlo SUMEGI, chief storekeeper in the Hungarian Caritas, Ignatz Harrerstr.2. SUMEGI is another KOLLENYI agent and it seems probable that he is used by SZITA as a contact man for newly arrived refugees. This would explain the several instances where refugees were sent to KOLLENYI interrogators, often posing as CIC agents, in cafes or, as was the case with MARKOVITS and KADAR, to the GUTMAE operational apartment at 45 Auerspergstrasse (see MASA 122 and MASA 076).
6. Colonel SZITA was once picked up and interrogated by PSS Fuerstenfeld and later by the Austrian police. To the British SZITA admitted his position with KOLLENYI, described his work, and then requested that his identity and connections be kept from the Austrian authorities. According to [] the British agreed to this and SZITA was interrogated by the Austrians under the alias of Kurt HASSLINGER, using false identity documents in his possession to establish his cover.
7. Concerning Dr. Imre KLEIN, another of KOLLENYI's men in the Graz area, [] stated that he is the son of a former Hungarian landowner and close friend of Regent BORTHY's. KLEIN himself is reported to be very close to Tibor ECKHARDT. He works closely with SZALANCZY and personally delivers the latter's important reports to KOLLENYI in Salzburg.
8. The information contained in this report was passed locally to []

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2cc: FOB