

Office Memorandum **SECRET** UNITED STATES GOVERNMENT

TO : Chief, Staff G, O/SO
Attn:
FROM : Chief, Contact Division, O/O
SUBJECT: CE Information - Charles NEY - (See *Stenographic*
Summary)

DATE: 19 January 1951

1. A Dr. Alexander Palfalvy, a Hungarian physician in exile who was formerly employed by CIC in Austria (1945-1949), has reported the following to a source of this Office.

(a) A former Budapest lawyer named Charles NEY, and said to be a direct descendant of Marshal ^{NEU} is now living somewhere in the French Zone of Austria after having mismanaged a CIC training school to the extent of a \$100,000 indebtedness.

(b) NEY was a rabid pro-Nazi Hungarian and served during the war as a lieutenant colonel in the SS. After the war, he is said to have been arrested by the US authorities and convicted as a war criminal.

(c) Subsequently, he became an informer for CIC and worked for them in Austria. He was put in charge of a CIC training school where he personally trained 50 to 60 persons for CIC work. A \$36,000 monthly budget was allocated for this school, and NEY had a free hand in the operation. After going into the red for approximately \$100,000, he fled to the French Zone.

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