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Air Pouch 348

NSBA-2509

Chief, Foreign Branch M

14 November 1949

Chief of Mission, []

Operational

Edmond CROSS w/a WAGEN--Israeli Intelligence Officer

Re: [] [] []

1. We had been receiving bits and pieces on subject from [] since early June, when source first met him in connection with source's efforts to obtain passports for Michel OLLIAN. About two weeks ago, the case having begun to assume broader proportions, we started to tie the whole together and had dictated about half the story, when a couple of trips forced [] to postpone its completion.
2. Receipt of [] and WADE's reappearance put us in the picture regarding recent Rome developments. We regret exceedingly that this material is reaching you so late, realizing that its earlier arrival would have saved you considerable time and effort. In the future, we will keep Rome informed directly, by pouch or cable, of further developments on this case.
3. We are attaching full chronological details of source's contact with Edmond CROSS.

Distribution
Wash (3)
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Attachment - 8 pages on above subject

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14 Nov 1949

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Edmond CROSS w/a MAGEN-Israeli Intelligence Service

1. In source's search for a satisfactory solution to his problem of finding passports for Michel OLLIAN and his wife (MSBA-1267, Appendix B, not sent []), [] suggested that his Israeli intelligence contact, ABRAMI or ABRAHMI, might be able to help and, early in June, introduced source to him. Source explained the problem to ABRAMI, purely as a business proposition on which both of them might make a profit, and ABRAMI stated that the Italians were granting a certain number of passports to Jews for fifty thousand Swiss francs. These passports did not bestow Italian nationality on the bearer. After several meetings with ABRAMI at [] apartment, source finally introduced OLLIAN to ABRAMI and OLLIAN soon made it clear that he would only pay five million lire for the two passports, plus nationality. At ABRAMI's request, he was introduced by source to OLLIAN as Major STAFFORD-SMITH, a British officer.

2. On 22 June, ABRAMI phoned source and asked him to come to Chiasso as ABRAMI's chief from Rome would be there and wished to speak with source. Source went to Chiasso and ABRAMI introduced him to a Mr. MAGEN of the Israel Legation in Rome, tel. 864761, ext. 91. When source raised the question of the feasibility of obtaining the passports, MAGEN stated he would put all his cards on the table as he was anxious to obtain something in return from source. MAGEN explained that the passports could be obtained from the Italians within three days, as his service had made an agreement to exchange intelligence information with the Italian services, with the result that the Italian service considered Israeli intelligence agents as also belonging to the Italian service. Israel has agreed to give Israeli passports to Italian agents, when requested by SIM, and the Italians will do the same for the Israelis on the latter's request. MAGEN further explained that Israel was short of funds for intelligence purposes and was resolved to make the service self-supporting by any kind of financial deals, legal or illegal. MAGEN went on to say that he would request passports for OLLIAN and his wife, representing OLLIAN to the Italians as an Israeli intelligence agent. MAGEN further stated that he would pass reports to SIM naming OLLIAN as source. MAGEN also remarked that SIM currently had a rotten service and were glad to get MAGEN's reports. MAGEN stated that he would sell these passports to OLLIAN for five million lire, nationality to be provided later. MAGEN requested that source continue to keep up the pretense that MAGEN and ABRAMI were British officers, so that OLLIAN would believe this was all being handled by British intelligence. MAGEN remarked at the same time that both he and ABRAMI were both ex-British Special Force officers, dropped in Italy on missions during the war.

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3. Shortly thereafter, OLLIAN was also introduced to WAGEN who put the proposition up to him for the stated five million lire. OLLIAN finally agreed and paid over two million five hundred thousand lire in advance, WAGEN signing the receipt with the name "Edmond CROSS". As further identification, WAGEN also produced an Italian tourist sojourn permit made out to Edmond CROSS.

4. At source's first meeting with CROSS, as we will now call him, on 22 June, and after the discussion of the passports, CROSS took another tack. CROSS stated that he was extremely interested in meeting source as he had had many reports on him and his activities. First CROSS wanted to say that his service wished to cooperate with source in any business deals he might have to offer and that their diplomatic bag was at source's disposal, as long as they got a cut in the profits. CROSS then asked whether source had any gold or stocks he would like to move from one country to another. CROSS also stated he would prepare a memorandum on certain of their possibilities, such as getting money out from behind the iron curtain through certain special arrangements with the governments of those countries for Jews emigrating to Israel.

5. CROSS went on to say that reports he had received from the Italians and his own service had indicated that source was (a) a Yugoslav agent, which would not interest him as the Israelis were being absolutely neutral on the communist question, (b) a secret American agent working inside the Italian Communist Party and posing as a communist, which also didn't interest him except that he would like to establish contact with the Americans if source was, in actual fact, a member of that service, and (c) that source was an Arab agent and a close friend of Tito BULLO in Lugano, which interested him very much indeed. Source was asked whether he was disposed to collaborate with them in the sense that CROSS would put at source's disposal all his facilities for making a quick dollar, in return for source's giving him information on subjects of particular interest to the Israelis. CROSS specifically mentioned BULLO, Paul SHALL, whom CROSS described as an Egyptian agent as well as head of the Chicago Daily News in Europe, arms traffic circles in Switzerland and any possibilities of contacts in the Arab countries which CROSS was sure source could establish if he were so inclined.

6. Source replied he found the above a most interesting recital and he obviously had the reputation of being all things to all men. Source stated, all other reports to the contrary, that he had no connection with any service and was as neutral on the Israel/Arab question as the Israelis claimed to be on the communists. Source asked for further details on CROSS' facilities before he made up his mind on a collaboration of any kind. CROSS immediately asked whether source could tip him off when BULLO might be in Italy and particularly if he were to leave Milan

for some isolated district, CROSS having heard that BULLO sometimes visited arms dumps in remote regions. Source left the matter open, but remarked to us that he would have no hand in getting BULLO bumped off or beaten up and we specifically instructed him not to do so.

7. As a parting shot in the above conversation, CROSS told source he could get almost anything done in France and that he was in Paris three or four times a month. CROSS also claimed he goes to Geneva about twice a month and to have a collection of passports of various nationality in a safety deposit box at the Hotel Splendide in Lugano.

8. In the middle of July, OLLIAN was called to the Milan Questura, after he had received his passports, to see about his identity card. OLLIAN flourished his passports, claiming that he was an Italian, and was sent along to the Questore himself who interrogated him. OLLIAN was accompanied to the Questura by Don Carlo GIOCCHI, secretary of Cardinal SCHUSTER, who administers the Church's funds in the Milan area to which OLLIAN has been a lavish contributor. Source heard the story of what followed from Don Carlo himself. On being questioned by the Questore, OLLIAN stated that source had obtained the passports for him. At this point, according to Don Carlo, the Questore nearly had a fit and shouted that he had enough of source being mixed up in every shade of Italian politics, acting as a CP agent, a Tito agent and an agent for the Royal family (source at the time remarked that this was a new one) and that he was going to have him locked up. The Questore went on to protest that the passport racket was about the limit and just another proof of CP penetration in high places. Don Carlo, however, who is a good friend of source and for whom source has frequently brought messages from the Royal Dukes PISTOIA and BERGAMO, now in exile in Lugano, went to source's assistance and told the Questore to send the passports to Rome for checking and he would find that source had actually acted in a perfectly legitimate manner. (NOTE: Source came to know Don Carlo GIOCCHI during the war in Lugano when the latter came into Switzerland black with a plan for an intelligence service using the Milan firemen. As the firemen had considerable freedom of movement, particularly at night, a fairly successful service was set up under source's direction. At the end of the war, when the House of Savoia was sent into exile, Don Carlo held in safekeeping certain personal properties of BERGAMO and PISTOIA, which was the reason for source on occasion to pass messages from the Dukes to Don Carlo. The above paragraph is also obviously the basis of the report put out in PIW-1362 and WASH-1558.)

9. Source immediately got on to CROSS in Rome, by telephone, telling him it was now up to them. From the standpoint of the

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Italians, source was in pretty good shape as any investigation would only show he had put OLLIAN in touch with two representatives of Israel. On 16 July, source met CROSS on the train from Milan to Lugano and the latter related that MARAZZA had also been working on OLLIAN's passport and nationality status with the help of Don Carlo for a promised sum of ten million lire. MARAZZA, who source described as head of the Italian Foreign Police in Rome, though WADE tells us that the Deputy Ministry of the Interior is probably meant, was furious and CROSS had had to talk to SCHELBA, MARAZZA and SIM before it was finally decided that OLLIAN's nationality would go up before a Council of Ministers, with SCHELBA's support.

10. On 15 August CROSS turned up at source's house in Lugano and told him he was looking for information on certain Syrian bank accounts in Switzerland whose purpose was arms purchases and funds for Syrian intelligence activities. CROSS had been informed that source was possibly in a position to provide that information. In return for this help, CROSS promised to provide source with twenty thousand Swiss twenty franc gold pieces which the Israeli Consulate in Geneva would obtain from the Swiss National Bank with an exit permit. CROSS stated that he would let source have this gold at 37.50 per gold piece and that source could undoubtedly dispose of it in Italy for 40 or 41. Source stated he would think over the proposition and let him know on his return from a trip to Paris. If source decided to accept, CROSS instructed him to contact Mr. G. G. CHAMBERLAIN, 21 Avenue de la Gare, Lausanne, tel. 22319, who is acting as their agent in the matter. He instructed source to turn this proposition down, particularly in view of the unsavory reputation of CHAMBERLAIN who is well-known to the Swiss and closely watched by them. Later source so informed CROSS and received the impression that CROSS had somewhat lost interest in the matter and had possibly broken relationship with CHAMBERLAIN.

11. At the end of September, after a meeting with source at the Park Hotel Bar in Lugano on the subject of the OLLIAN passports, CROSS left in rather a hurry to do something about his car, and left his brief case on a chair. As there was no one in the bar, source opened it and found it to be full of reports, mostly in German or Hebrew, ~~and~~ chiefly on various Arab leaders. There was also a sheaf of some thirty photographs, taken through a telescopic lens, of details of certain American naval vessels, the latter identified by the Stars and Stripes which was in evidence in several of the photographs. The photographs mostly concentrated on such technical details as gun turrets or radar arrays. There was also a report addressed to CROSS, in Italian, stating that a mission had been sent out on a fishing boat to Cypress waters for detailed photographing and sounding of the coast line and would be available shortly.

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12. Shortly thereafter, CROSS returned in great anxiety about his brief case and was told by source that he had noticed it lying there and had opened it to see if it belonged to CROSS before turning it over to the Hotel. Source remarked that when he saw the photographs, he thought he had better turn it over to CROSS in person. CROSS seemed very much embarrassed and stated that the photographs had been given to him by Italian Naval Intelligence who had had some men working on some of the ships when they put in at Naples. CROSS claimed that such material was, of course, no interest to himself or his Government, but that he found it useful to have material of this kind for trading purposes. CROSS further stated that this was also the Italian Naval Intelligence point of view and that they also used such photographs in return for reports they really wanted. (NOTE: Source remarked to us that this appeared a dangerous state of affairs and that presumably Italian Naval Intelligence could only trade such material with Russian or Russian dominated services. Source further remarked that when he had seen WADE in Rome at the end of 1947 and the latter had questioned him about his former contacts in Italian Naval Intelligence, WADE had expressed complete mistrust for them and their activities). CROSS also reported that he hoped to be in the United States this winter on an unofficial mission for his Government and would be travelling on a South African passport which he possesses. CROSS stated that his mission would be similar to his work in Italy and that it was essential that Israel set up some kind of a service in the United States to keep informed on Jewish matters there.

13. On 13 October source saw CROSS at the Park Hotel in Lugano and the latter reported that he was having difficulty with OLLIAN's naturalization papers and that source should offer OLLIAN a choice of the following: (a) an Italian passport immediately, with nationality within a year or (b) an Israeli passport with nationality and a permit to live abroad, with exemption from Israeli taxes or (c) a British service passport, valid for ten years, pending the obtaining of Italian nationality. Source promised to put these propositions up to OLLIAN, stating that OLLIAN was anxious for the matter to be settled as soon as possible as he wished to leave for Buenos Aires where his daughter and son-in-law have established residence and were running a barrel factory, manufacturing barrels with a newly patented process. CROSS claimed that the British service passports were not false, but had been abandoned by the British in Jerusalem when they left Palestine. CROSS stated that as all records of the issuance of these passports had been destroyed by bombing, the British would be unable to question their validity and the Israel Government was disposing of them to cash customers.

14. Source and CROSS discussed the case of a certain H. HOPER,

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former Financial Minister in the First Hungarian Coalition Government after the war. HOFER is now in Budapest and anxious to escape with about two million Swiss francs in gold. HOFER's case had been mentioned to source by a friend of his, George de MERKY, Pension Loeffler, Zurich, a former Commercial Attache of the Hungarian Legation in Bern who had resigned from the Hungarian Foreign Service in 1943 or 1944 and remained in Switzerland. De MERKY had recently been appointed Near Eastern representative for the Henschel Locomotive Works in Germany. Source had put this proposition up to CROSS and the latter reported that he was now awaiting word from Budapest. It is hoped that the Hungarian Government will be persuaded to let HOFER leave as a Jew emigrating to Israel. CROSS and source are planning to charge HOFER a fee of fifty thousand Swiss francs apiece for this service.

15. At this point source told us that in connection with WADE's recent suggestions on provocation techniques, he decided to stir up a hornets' nest in the Israeli service. Source told CROSS he had recently learned from BULLO that the latter had been informed by the Italian service all about CROSS and his activities. Source remarked to CROSS that this was obviously in line with the new Italian pro-Arab policy. Source went on to say that BULLO and his friends knew all about CROSS, his service and his agents, thanks to SIM who had tipped them off, or rather, source suspected, sold him out. CROSS got into a considerable panic, saying that this only confirmed what he had begun to suspect and that thanks to the Italians, the Arabs had been able to penetrate his organization to such a point that he had been obliged to transfer ABRAMI elsewhere. Source then asked what had happened to BOCCARO, whose assistant ABRAMI had been. (NOTE: BOCCARO is a representative of the Paris Press, attached in a reciprocal news agreement to the Corriere della Sera and having his office at the Corriere. BOCCARO is an Italian, born in Cairo, and married to a French-woman. He has an Italian passport and a French special passport.) CROSS replied that BOCCARO is attached to the French service and has nothing to do with the Italians, being in Italy ostensibly only as a Paris Press man. CROSS explained that his service had a working agreement with BOCCARO.

16. Source explained that he was only telling CROSS all this because he had been warned about CROSS by BROCCA, BULLO's secretary, who had seen them together on the piazza in Lugano one day. Source said that he felt it only fair to tell CROSS this, as they were doing certain business together which he wished to safeguard as much as possible and source was only repeating, word for word, what had been told him. CROSS left for Rome shortly thereafter fuming, as source put it, "like a wild bull".

17. Source has been involved in one other pending deal with

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CROSS. Source has a friend, Rino MEAZZA, whom source had known during the war when MEAZZA was head of the Liberal Party partisan groups in the North Italian area. On 25 April 1945, according to MEAZZA, the German and Italian fascist officers in charge of the confiscation of Jewish property in Northern Italy were shot in Milan. MEAZZA claims to have shot the Italian himself. The German and the Italian officers had apparently collaborated during the war in siphoning off certain of this property to their own ends and have stored it in a safety deposit box in Spain in 1943. Access to the box, which is supposed to contain about a million dollars, is only to be obtained by producing two keys, one of which is held by the mother of the dead German officer, and the other by MEAZZA who took it off the Italian. MEAZZA has been in contact with the German woman who has agreed to collaborate, but has approached source as neither he nor the woman have facilities for getting to Spain. MEAZZA has no passport as he is suspected of some ten murders as a member of the Volante Rossa gang in Milan. Source broached the subject to CROSS who agreed to do what he could and to split fifty/fifty with MEAZZA and the German woman, and fifty/fifty with source. CROSS hopes to go to Spain as an official Israel representative to recover stolen Jewish property and will attempt to get MEAZZA seaman's papers for a return trip to Barcelona. CROSS told source that he had been able to check this information with British Intelligence in Rome who were able to confirm the existence of the safety deposit box in Spain, but no further details other than that its Italian and German owners were both shot in Milan.

18. Upon asking source for his general knowledge of and all details on CROSS, beyond those which he had already given us, source came up with the following: CROSS now subleases a flat at Via Trasoni 60, Rome, tel. 885639. Source describes CROSS as British born of an upper middle class Jewish family, about thirty-four years old, six feet, two hundred pounds, broad athletic build, fair round Jewish face, curly blond hair and very well dressed. CROSS went to Oxford and afterwards studied voice in Rome. CROSS always appears well-to-do, if not affluent. Source says, for example, CROSS will frequently invite ten people to Campione for dinner at one hundred francs apiece, where he plays heavily and successively. CROSS possesses British, South African and Israeli passports, source having personally seen the first two. CROSS speaks English, almost perfect Italian, French, German and Hebrew. CROSS is the owner of a Buick registered in the Ticino (license number TI-10929).

19. CROSS was a major in the British Army during the war. On one occasion, CROSS was accidentally dropped into Lake Como while on a Special Force mission and captured by the Germans. He escaped from Verona and made his way South to the Allied lines. (NOTE: Source, while not recalling the name, does remember the



story of a British officer being dropped into Lake Como and received inquiries from the British about him at the time). CROSS apparently also served in Ethiopia and was recognized by Don Carlo ~~ROSSI~~ as the British Intelligence officer who had interrogated him there when Don Carlo had been captured while serving as chaplain with the Italian forces.

20. CROSS is married to an Italian woman whom he is trying to divorce. He has intimated to source that he is connected with the GROSE and BLACKWELL family, despite the dissimilar spelling. CROSS is in possession of a document provided him by Italian Naval Intelligence which source has seen in action at the Chiasso border and which enables CROSS to get through customs without questioning. At our latest meeting with source, the latter remarked that CROSS' relations with the various Italian services was on the wane and that his lack of success with ALLIAN's nationality and passport seemed to be a reflection of this. Source made the general comment that CROSS, when he was not discussing business, confined his conversation and interest almost entirely to women. Source termed him "woman crazy".

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