

448-381
December 3, 1951

INTERNATIONAL MEMO NO. 11

RE: The case of Stephen K. Swift. Ultra-liberal Communist group in the U. S. Communist penetration of CIC. More ra paper mill report. Complaint with request to investigative efforts aimed at SA by some U. S. Agency.

1. We made a report and requested information as to whether this individual was working for CIA, as we had heard rumors that his trip, sponsored by Reader's Digest, had been requested indirectly by some Intelligence Agency. We were told that he was not working for CIA.
2. Subject is a member of a large Hungarian group of extreme liberals, leftists, Socialists and former or neo-Communists, on which there is no proof or indication as to just where their ideologies leave them with respect to definite loyalty. A great number of this group were, during the war, in more or less important spots in G2, OSS, CIA and State and many are still there. Mr. Clay, alias Mr. Ziklai, is another of this group who is still in the State Department.
3. We have indications that there are quite a number of this group in CIA and we strongly suspect, and confidentially, so do some individuals in the FBI, that the great efforts toward emphasis on the Hungarian Intelligence paper mill, aimed principally at General E., has foundation or help from this group. As a matter of fact, I have been reliably informed that the FBI requested the CIA and I to prove certain statements made with regard to duplication in connection with certain individuals who for a long time have been their informers on Hungarian affairs and particularly Hungarian refugees arriving here, but no proof has been forthcoming.
4. To return to Swift, since our report on him and our discussions, we have found out the following additional information:
 - a. That a reliable source in contact with Reader's Digest believes that indirectly one of the personnel of Reader's Digest, sworn to secrecy, was approached by some Intelligence agency, believed to be the Navy, but this is not confirmed or even certain, with respect to sponsoring Mr. Swift's trip. It is further known that Mr. Swift, this trip, and this request to Reader's Digest, had a connection with Mr. Nagy, said by some to be working for the CIA, by others the Air Corps, and by still others, the Navy. There are indications but no evidence of Swift and Nagy being connected with Ladislav Parago and Admiral Zacharias on the one hand, and with CIC's principal in Vienna, Colonel Ringer, and his Hungarian Communist penetrated organization on the other hand. Several

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years ago, we submitted to G2 positive documentary proof, including photostats of loans and money transactions between known Communist agents in Vienna with this man. There are also indications to connect Swift and Nagy [redacted], also of the CIA and well known for associating with Hungarian Communists and agents of the Communist Hungarian Secret Police.

- b) That Swift has a contract and a book "Along the Iron Curtain"; that his bank in Europe is Schweizer Bankverein, Bahldstrasse, Zurich, Switzerland; that he was scheduled to be in Sweden, and Northern Europe in September, along the Czech border to Berlin in October; in Paris on November 15th to cover the UN, and in Austria in December. Also that his "confidential" address is c/o PID (or FID—through bad writing not certain of first initial), USPA Headquarters, APO 168, U. S. Army, c/o Postmaster, New York, N. Y.
5. Colonel Ringer is the man whom we made numerous reports on over the past few years, including one which contains documentary proof, in the form of signed notes and papers, proving that he was obtaining money and loans from known Communist agents in Vienna.
6. In the last few years, we also reported another Hungarian suspect as definitely being a Soviet double agent working for CIC in Vienna. In our reports we named him as Thomas. We have since discovered, through a reliable American Military Intelligence source, formerly with a high commission in Hungary, that Thomas' real name is Szentgyorgyi, and that there is absolutely no question that he has been (all along) and still is, a double agent. This man originally worked for the former Chief of the Air Section of the U. S. Element, Allied Control Commission for Hungary during the years of 1945 to 1947. His employer, Colonel Richel, was, according to report, responsible for his obtaining the confidence of U. S. Intelligence. This was the same Colonel Richel who was later court-martialed on 32 counts in Vienna, but acquitted. It is reported that Martin Himler, then of the OSS, has further evidence and knowledge of the fact that this man is a double agent.

There are indications that the large, but very busy, group of Hungarian emigres to the U. S., many of whom have been certified or recommended by such individuals as outlined above, have formed a cabal against General Z., his underground, the Hungarian Veterans Associations throughout the world, and more particularly, in the U. S., against Tibor Eckhardt. While there is no doubt, as will be proven in a separate report, that there are many good reasons why the CIA should believe that General Z. runs a so-called paper mill, it will be shown that he actually does not, and it is believed that some of the characters and biased parties involved in the ultra-liberal and former Communist groups are behind these reports and attacks.

8. In this connection, we would like to point out that our security today is being endangered and the contract we have with CIA is being, at least technically and innocently, violated. While we have no absolute proof of this, we have the following indications which I believe you will agree, warrants more than a suspicion.

- a) The [] report mentioned that Tiber Eckhardt, as a member of General S's paper mill, was supplying information through his organization, Paragram Research, 1760 Broadway, New York City, to the FBI and the State Department.
- b) Paragram Research was one of our cover organizations, which we had to terminate, and, through all sorts of hoopla-poo, had to move out of its site and buildings. The reason we had to do this was that the firm of the Research and Security Corporation, through one of its Directors, Robert S. Judge (formerly with ONI and a former Chief of the FBI office in Pittsburgh), conducted a personal or confidential investigation of me at 1760 Broadway, of such a nature that it aroused the suspicion of the building authorities as well as the suspicions of neighboring offices. As a result of his snooping around and his questioning of so many people in the building, including personnel in the office of Paragram Research, of whom he also asked a number of questions about me personally, our cover was so endangered that we had no alternative but to maneuver a termination. The Research and Security Corporation is located at 521 Fifth Avenue, and its President is Mr. Frank Bielaski. Mr. Judge is Special Counsel to this organization.
- c) This organization also checked the Corporation papers and phoned the former landlady of Miss Virginia Schonaker, who was listed as owner of Paragram Research.

We asked specifically whether CIA had anything to do with this and were told no.