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December 18, 1951

INFORMATIONAL MEMORANDUM NO. 10

Mr. Andrew Clay, alias Mr. Andrew Gaidis, working in the Intelligence Division of the State Department, on whom we have submitted a number of reports, and who was connected with the pro-Socialist, neo-Socialist, pro-Communist and neo-Communist Hungarian infiltration into various agencies of the US Government, is - it is understood - up before the Loyalty Board.

A most interesting reliable report has come to us from one of our Hungarian intelligence lines and contacts. This can be easily checked with the original source. A Captain Leslie Ash, 16 Woodlawn Ave., Maplewood, N.J., who for a long time has been associated with General Zako in Hungary and in Austria, has been approached by Mr. Clay within the last few months. Mr. Clay asked Captain Ash to pass on to him any information he could get out of Hungary. Mr. Clay represented himself as being in the foreign collection field or being interested in collecting foreign intelligence for his organization in the State Department. Captain Ash, being very anti-Communist, did pass on bits of information which he obtained in letters and talks with various Hungarian emigres and from other friends of his working with or for General Zako. Mr. Clay then came to him and insisted that he has to get all names, sources, and sub-sources, and desired to get detailed information with regard to General Zako. It was not stated whether Mr. Clay told Captain Ash that General Zako was considered to be running a paper mill by State or CIA, but he further gave the impression that he was officially concerned with the collection of intelligence.

Captain Ash, however, became suspicious with respect to this, and it is believed on checking other Hungarians, also became suspicious with respect to Mr. Clay, and therefore gave no further information.

We have been able to locate and hope to obtain photostats of letters and memoranda in Free Europe and Voice of America involving policy matters and involving a number of ideas which appear detrimental to US interests. These were written by Mr. Clay on the stationery of the State Department, signed or initialed by him under the title of director or chief of the Eastern European branch.

We also have an unconfirmed report, which we cannot evaluate, that Mr. Clay was friendly with and in contact with a [ ] of the CIA.

As far as we can ascertain, Mr. Clay's alleged assignment in the State Department's Research and Intelligence Division is neither in the policy field for Free Europe, the Voice of America, or any activities, nor is it in the field of intelligence collection, either overt or covert. This last, however, we are not certain of. We do know, however, from considerable

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experience and from considerable evidence that there is a leftist, if not pro-Communist, group of Hungarians in various Government agencies in Washington, and we are also certain that there are leaks from Washington and from US intelligence to the Hungarian Communists. That we are certain of.

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