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8 August 1949

Secret & Personal

MEMORANDUM TO THE ASSISTANT DIRECTOR OF SPECIAL OPERATIONS

Subject: Interviews with Subject of CIA No.

Date of Info: 1946-1949

A. Prefatory Remarks

1. Subject entered X-2 as an officer at approximately the same time when the undersigned came to OSS in Washington as an enlisted man in 1943. From the beginning Subject, who is highly personable, went out of his way to aid newcomers while he himself was awaiting overseas duty.

2. Subsequently, Subject went to Cairo, Istanbul, and eventually to Bucharest where he was the chief of X-2. The undersigned, in turn, had been sent to London for one year and then to Italy in 1944 where he took command of SCI Units/Z (the military arm of X-2, OSS).

3. During this period, the OSS mission under Marshall Alexander and later under General McNarney were concentrated in the 2677 Regiment, commanded by Colonel Edward GLAVIN. Attached to Glavin's staff was a Major Graham ERDWURM, who was nominally in charge of X-2 activities wherever A.F.H.Q. exercised jurisdiction. However, through directives signed by 109 (General Donovan), X-2 was given a special status within OSS. In view of its special duties which entailed the utilization of special source materials, all X-2 units (the Far East excepted) reported directly to the Ryder Street X-2 component in London or, when special source materials were not involved, directly to Washington with info copies to London. In all instances, X-2 maintained the closest contact with the A.C.S., G-2 American in A.F.H.Q. (then General George SMITH) in view of the paramount interests dictated by military security necessities.

4. The above arrangement, while highly satisfactory for the protection of special sources and the advancement of the long-term X-2 mission, quite naturally placed Major Erdworm in an ambiguous position. He had the difficult but not impossible task of giving the 2677 Regiment Command the satisfaction or sensation that they were in fact controlling the OSS counter-

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espionage functions (without disclosing to them anything of import) and, at the same time, to secure from the Regimental Commander the logistic support necessary for the X-2 units in the field. In effect Erdwurm, according to instructions from Mr. James R. MURPHY, was to be nothing more than a "buffer" charged with protecting the independence of X-2 and the existence of special sources at the command level. By directive it was spelled out that he was not to exercise an executive role or to have details concerning X-2 activities either in Italy or in Bucharest.

5. In spite of occasional conflicts between SCI Unit/Z and Erdwurm, the proximity between Caserta and Rome usually permitted "misunderstandings" to be resolved in the favor of the executive arm, SCI Unit/Z. When the shoe pinched the undersigned was in a position to intervene directly with General Smith, Colonel Nichols, or 109. Happily, Erdwurm lived up to his orders as far as SCI Unit "Z" was concerned and any interventions by SCI/Z were implied rather than explicit.

6. Unfortunately, the relations between Erdwurm and Subject were not good. The reasons are too involved for detailed presentation here. Part of it was due to Bucharest being partly under the control or guidance of the Commanding Officer of OSS in Bari (at one time Robert JOYCE, subsequently then Commander Edward Green, USNR). The X-2 representative was Mr. Francis KALNAY. Kalnay was a foreign-born American of Hungarian origin who was the remarkable exception of being one of the only X-2 officers who was indoctrinated in special sources even though he was of foreign birth. In view of conflicts between Bucharest, Bari, and Caserta, Subject became the justified or unjustified target against whom was directed some of the strongest criticism and knifing ever to be encountered in the X-2 Branch. (It is not inaccurate to state that of all the branches in OSS the highest degree of esprit de corps existed in X-2. This comment was made even by its most critical associates.)

7. The undersigned observed that Kalnay and Erdwurm were close friends and became even closer as their relationships with Subject worsened. Philip Barry, who was at Caserta awaiting the advance into Austria (where he was to be the chief of SCI Units/A under General CLARKE) knows considerable concerning the "march of events" which eventually resulted in the total breakdown between Kalnay, Erdwurm, and Subject. Coincident with this difficulty was the worsening of relationships in Bucharest between non-X-2 personnel and Subject. The result was that Erdwurm took sides with other members of the

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Bucharest mission against Subject. At the instigation of various members in Caserta, Subject was ordered to be reclassified, a move which set in motion the machinery which, once started, could not be stopped by the investigators and which precipitated a long, messy affair which has never been satisfactorily resolved.

8. Highlights of this affair are: That Subject issued a certificate on 16 April 1945 certifying that Elizabeth MEZEY-FEHER had served the Allied cause. With this he arranged her escape from Bucharest to Italy. As a consequence, Colonel W. ROSS, the OSS chief in Bucharest, wrote a letter to Robert Joyce in Caserta stating that Subject was getting her out of Roumania illegally in spite of the fact that he knew she had worked for the Germans. This woman is a thread constantly weaving through Subject's life. The files contain masses of communications on the subject including letters from Kalnay which give the overtones of an "expose" and includes an analysis of Subject's operations allegedly from a Roumanian source. Of particular interest is the detailed memorandum dated 19 April 1945 from Colonel Ross to the C.O. 2677 Regt. on Subject which set forth a specific series of charges. I have earmarked this memo in the attached files since it highlights the charges which were in turn answered in detail by Subject on 25 April 1945. These two memos inspired the reclassification proceedings, the possible courts martial, and the "nol proq". In retrospect, it was inevitable that such actions would have occurred in view of the total lack of an integrated functional headquarters within OSS. Subject's conduct in resisting coordination or interference of his mission by persons not stationed in Washington or London was consistent with the orders and instructions which had been given all X-2 and SCI personnel.

9. On rereading the testimonies held before the Inspector General, particularly those rendered by Erdwurm and Hostler, I am of the firm opinion that any X-2 field representatives could have been similarly involved. The fact that X-2 had a special intelligence agreement with the British as well as independent channels to the G-2 and Commanding General made it impossible for X-2 to be integrated into the headquarters structure where no one was indoctrinated nor otherwise qualified to inspect or control their substantive actions.

10. What the investigation fails to bring out is that the commanding officer/subordinate officer concept did not and

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and could not exist within the majority of OSS missions. 109, while desiring a centralized and integrated OSS structure with himself as Chief, constantly permitted and authenticated the setting up of special channels and special jurisdictions within his command which, in effect, resulted in the creation of insurmountable barriers between the various offices of OSS and those offices' representatives in the field.

11. During the period of Subject's employment in X-2, he was regarded by the branch as one of the most hard-working officers in the field, and his reputation as a "one-man show" who began with nothing and accomplished much was an enviable one. The undersigned had infrequent contacts with Subject and cannot vouch for the minutiae involved.

12. During his tenure, however, it was evident that Subject possessed some of the occupational diseases which were easily acquired during the OSS "cowboy" days. Lacking experienced personnel or a blueprint from which to work, the line of conduct could only be established on a trial and error basis. Furthermore, Subject did not have the opportunity to undergo an apprenticeship with the British Services in London as did many of the X-2 officers. Nevertheless I recall that Mr. Hubert WILL (who had been sent to suppress the "investigation" in Caserta) was half mystified and half chagrined on his return to Italy from Istanbul stating that during his visit with the Chief of the Turkish CE that gentleman utilized the entire interview to comment on and enquire about his "very good friend, Subject". While there is nothing definite which mitigates Subject's well-known egocentric attitude towards his own clandestine capabilities, it is submitted that during the embryo period of X-2 abroad it would have been impossible for any American (particularly Subject) to have accomplished as much in Istanbul and Bucharest unless he was driven by this strong, at times brash, egocentric personality. It must be admitted that throughout his tenure there was neither Headquarters control nor centralized direction. The "trial and error" and the egocentric personality are a combination which lead inevitably to insecurity.

13. Subject's constant weakness for women is appropriately documented. Conversely, however, their weakness for him has been hardly considered though this sentimental weapon is standard equipment in certain instances if the objectives are foreseen and enforced. This has some significance if one thinks ahead from Subject's comment that he has divorced his wife recently, a former Hollywood and Broadway actress

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whom he alleges carried on a torrid love affair with 109. In spite of his divorce, Subject appears to have sprinkled his career with similar affairs such as the "FEHER" one. The unproductiveness, professionally, of such efforts can be attributed in part to the lack of targets whose compromise automatically results in intelligence gain.

14. It is believed that Subject's record of accomplishment as set forth in a memo dated 1 May 1946, entitled "Recommendation for Legion of Merit" is worthy of attention. Even if only half true, it indicates that Subject possesses qualifications for undercover activity of a nature not presently being conducted by OSO. File No. 3 sets forth the above-cited memorandum on Page 1.

15. In re-reading old files concerning Subject, the undersigned admits that they evoke a sense of sympathy, particularly when one recalls the numerous obstacles which had to be overcome within OSS to carry out the basic mission. There was an accumulation of deadwood on some of the top floors - - individuals who had had neither foreign experience nor intelligence experience but who, nevertheless, demanded to know operational details, names of agents, and other items which no conscientious intelligence officer could possibly accept. Furthermore, there is a basic incompatibility between those who seek public acclaim or reward and those who work anonymously. In Italy the intimate relations established between SCI Unit/Z and the G-2 served also to protect and cover up the long-term operations. In Bucharest, however, the difficulties within a tight military mission must have been quite otherwise. This is one of the reasons, perhaps, which sways the undersigned in favor of Subject when re-examining the attached file containing Colonel Ross' "fantastic" analysis of the GRX reports produced by Subject in Roumania up to June 1945.

16. It is noted that the analysis was the work of Captain L. E. MADISON who stated with indignation that "the responsibility for the accuracy of information falls on the senior officer of X-2 submitting the reports". Subject states that Madison is now a self-admitted communist under active FBI investigation. (Another source, who is presently within this Organization, comments that MADISON ran the OSS command in Bucharest during ROSS' tenure.) This document alone proves that certain of the GRX reports together with Subject who must assume "the responsibility for the accuracy of the information" represents one of the major OSS intelligence accom-

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plishments against the Russians. In view of the significance of the GRX reports, it becomes evident why Mr. BARRY, the senior U. S. political representative in Bucharest, wrote the favorable commendation contained in Subject's file. Substantially everything which MADISON ruled as being "fantastic" or "falsified info" has, in fact, occurred. It is in view of this file which has been reviewed with [] and DOPC, that Subject's telephone call announcing his return to this country was regarded as a propitious moment for exploring these matters further.

B. Conversations with Subject, 25 July 1949.

17. At 1600 hours on 25 July, Subject telephoned the undersigned to announce his presence in Washington. He stated that he would like to "get together" and discuss certain matters. A meeting was held the same day between Subject and undersigned from 1845 hours to 2100 hours at the Hotel Statler.

18. Subject was very cordial and with characteristic optimism explained that he was engaged in a number of activities which had intelligence undertones. During the conversation, Subject made several allegations concerning personalities and incidents which, from the OSO view, were provocative in nature. It soon became evident that he was making use of the meeting to open the question of possible employment. He stated in effect that he could not understand why he had not been considered qualified to continue with the Organization in view of his record. He intimated that CIA had taken on a number of "old friends" who had not distinguished themselves, etc. When challenged concerning these allegations, Subject made emphatic statements concerning the following:

(a) That a certain secretary, employed in the office of CIA, was pro-Russian. Subject stated that her immediate supervisor was 100 per cent loyal but that in Bucharest the girl had consistently evidenced a strong pro-Russian and pro-Jewish sentiment.

(b) Subject stated that a former OSS officer in Bucharest now enjoys a high position in the State Department and CIA, in spite of the fact that he, Subject, possesses details concerning drug smuggling by a certain Tanda BRAGADIRU who later married an American Airforce Lieutenant MAVS. Subject alleged that BRAGADIRU was publicly known throughout Allied circles in Bucharest as being a CIA officer's mistress and that she had been

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actively engaged in a five million dollar drug smuggling racket involving forged papers, General EAKER's plane, etc. He alleged that BRAGADIRU had been arrested as a Russian or Roumanian agent and was now incarcerated in Austria.

(c) Subject stated that Elizabeth MEZEY-FEHER had visited him recently and stated that she had secured a divorce from ex-Lieutenant-Colonel Elmer F. KINCAID, Jr., and that she was now living in Hollywood with Ben HECHT. Subject explained that he had learned that she was also living with Billy BLOOMINGDALE in New York City by tracing the license numbers of the limousine she used in keeping her engagements with Subject.

X (d) Subject alleged that he had spent considerable time with IRO in Italy and had actively worked with Paul LYON, a CIC officer in Salzburg. He stated that LYON was engaged in widespread smuggling activity and conducting operations together with a British Colonel FINDLAY of IRO. Subject stated that LYON's purpose was to effect the evacuation of some 2,000 Russians from Austria to South America. He also indicated that this activity sparked an eventual scandal which resulted in FINDLAY's dismissal.

(e) Subject commented that his old No. 2 man in X-2 Bucharest, Shelby THAMES had written him to find out how he could re-enter the Organization. THAMES stated he was living at 628 Cranshu Street, Corpus Christi, Texas. THAMES is married to a Roumanian.

(f) Subject stated that a certain Simone BUTCULECU, who worked for the GIS (husband worked for the FIS), was now the No. 1 Russian society agent in Paris where she had served for two years.

(g) Subject confided that he still possessed good contacts with his old agents in Bucharest and that he had received information that Ana PAUKER has fallen into disgrade and would be killed or liquidated "very soon". In this connection he admitted that he was in close contact with General RADESCU in this country and that in the first edition of the Free Roumanian Committee's publication, they are quoting certain of his statements and citing him as an American authority on the Balkan question.

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(h) Subject stated that a certain Marie AHERN worked for him as a secretary in IRO and admitted that she had formerly been connected with ISLD in India.

(i) Subject described how Paul LYON blew him to the British, American, and Italian authorities as an American X undercover agent simply because LYON held him responsible for the dismissal of the British Colonel FINDIAY.

(j) Subject stated that a certain GATTERSBORG, fmu, had escaped into Trieste and was in a position to give information of value.

(k) Subject gave other informations which are discussed in other parts of this memo.

19. In view of Subject's sensitivity to his "treatment" by the Organization as well as his implied threat that he might write a book, the undersigned was careful to explain to Subject that he maintained a relatively minor position in CIA, but that in view of "old times" an effort would be made to communicate Subject's comments to the Chief. It was promised that only two other persons would have knowledge of Subject's approach. The undersigned stated, however, that employment was impossible pending the receipt from Subject of a detailed account of his activities from the time he left the Organization to the present date.

20. The encounter ended with an agreement that he would prepare a detailed memorandum setting forth his various activities and transmit them to the undersigned.

C. Conversation with Subject on 4 August 1949.

21. At 2000 hours on 4 August 1949, Subject telephoned the undersigned at home stating that he had finished the report and desired to deliver it personally. An interview, therefore, was held with Subject in one of the cubicles at O'Donnell's Restaurant from 2100 hours to 0800 hours and during an automobile ride to a point near Subject's house in Georgetown.

22. Subject submitted the attached report and appendices and classified certain questions. He appeared very frank and cordial and as the evening progressed with his change from beer to whiskey, he admitted that he "didn't have a nickel". He went on to state, however, that he was interested in various business deals which included the following:

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(a) The selling of a patent right on fireproofing to Tommy MANVILLE. According to Subject, the fireproof paint process is "revolutionary" and that recently MANVILLE tendered an offer of \$10,000 down, \$20,000 a year, but that he is presently holding out for \$20,000 down, \$75,000 a year. He states that this deal may come off "any time".

(b) Subject commented that he was interested in free-lance journalism since he has had considerable writing and investigative experience. He states that one of the monthly business magazines is favorably considering two articles concerning Soviet arms purchases through South American channels for which they will pay \$500 each.

(c) Subject related that the U. S. Government had blocked several millions of dollars worth of bonds and shares which international interests were attempting to clear. He stated that his "lawyer-client" relationship did not permit him to divulge names but he indicated, under slight pressure, that the Mexican Government was most eager to engage in this activity. To illustrate his point, Subject produced a government publication bearing the numbers No. 31 which lists the serials of blocked securities. (From a reliable source the undersigned learned that the FBI and Treasury is actively investigating this subject matter and that they are making enquiries concerning the appearance of certain securities on the American market which apparently involve Subject. In view of this "tip-off", the undersigned did not attempt to break down Subject's "lawyer-client" excuse and made no comment when Subject indicated that he could probably find subversive channels in this field. It is quite possible that Subject is making an approach in order to gain protection or cover for a racket.)

23. During this extended interview, it was noted that Subject possesses marked nervous traits which are, perhaps, psychopathic. He has a strong tendency to project his ego into most every situation and unconsciously distorts facts, even though unimportant, to place himself in a more dramatic position.

24. No sooner did Subject lament that he was poverty stricken then he would enthusiastically recount the deals at hand which

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could net him millions. Encouraged by his own enthusiasm, the financial bubble became larger and more colorful until it exploded and he would revert back to his tale that he "didn't have a nickel". This characteristic of going from one extreme to another appears to be manifested only verbally since much of his writing contains a balanced, sensitive, self-critical style which contrasts sharply with his use of the spoken language. It is possible that the enforced discipline peculiar to the writing down of thoughts and experiences performs a beneficial psychiatric counterbalance to an otherwise overwhelming egocentricity.

25. From personal observation, confirmed in part by Subject's own admission, much of his emotional complexity may be attributed to the Caserta episode and to his subsequent difficulties with Admiral MENTZ, the IRO chief in Rome. Subject gives the impression that much of his boasting, asides, and "acting" are necessary self-deceptions for re-establishing an atmosphere of self-respect.

26. It is not believed that Subject has told everything, nor is it felt that on the basis of the attached that any definite arrangement can be made at this time. The precise motives for Subject's approach are indeed cloudy though it is submitted that patriotism and love for the business are not to be excluded. In spite of these present shortcomings, it must be admitted that Subject possesses excellent agent qualifications. On the credit side are the following:

- (a) Fluency of expression and a determination to satisfy his highly developed curiosity. (Subject would not be adverse to recruiting his best friend's maid to keep an eye on his best friend or of putting a "mike" in a hot waterbottle.)
- (b) Subject has considerable determination to accomplish a job at all costs. He is in excellent physical condition and has unlimited energy. Apparently he does not admit failure.
- (c) Subject is a personable individual who makes friends easily and who, without embarrassment, can infiltrate and hold his own with any cortege to be found in any bar whether in Podunk or Istanbul. (He is also a good listener when it serves his purpose.)

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(d) Subject appears to be "comfortable" in foreign countries.

27. In view of the above, it is recommended that Subject be further investigated with a view to possible recruitment as a straight agent. To obviate foreseeable misfortunes which may arise because of women, drink or other uncontrollable activity, such employment should specifically entail the following:

(a) A condition that the contract is valid for a two-year trial period of which six months to twelve months should be devoted to the building up of cover.

(b) Recruitment and briefing by the ADSO. In this respect, the undersigned knows Subject too well and is better suited to play another role somewhat more sympathetic in character than that of his control.

(c) That a condition-precedent clause be inserted in the contract stating that if Subject becomes positively identified with this Organization by virtue of his own insecurity, his contract will be terminated as of that date. In this respect, security must be spelled out as representing partial consideration in the contract and be recognized as so important that a violation will go to the entire heart of the matter.

(d) That Subject is to have no contact with any member of our Organization unless specifically authorized and that he be handled through the medium of secret inks or dead letter drops.

D. Subject's written account of his activities from 1946 to 1949.

28. The following is written without access to notes and documents which would make it more accurate and comprehensive. It is respectfully requested that due allowances be made for any minor inaccuracies and omission of some names.

29. After my return to the U. S. in November 1945, I took some leave and January 1946 began work in X-2 HQ., where I did very little other than to advise Peter KLASSEN and J. MURPHY on Turkish and Balkan matters. (Comment: KLASSEN was a White Russian who had lived for seventeen years in the

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United States. Prior to his recruitment by OSS he had been a professor in the Universities of Chicago and Pennsylvania. Certain charges made to the House Committee of Un-American Activities alleging that he was a communist resulted in his resignation from OSS. Subject states that KLASSEN's dismissal was a result of a CP-inspired campaign.) A study had been made of the Russian situation by the daughter of some general and about 90 per cent of the sources listed consisted of my GRX reports. The GUGBEZ or GOBEZ was of immediate concern. I had never been absolutely certain of my information but reports from Phil BARRY in Austria and others from Korea and China, including Soviet documents, confirmed it. [New 05m 05]

30. KLASSEN had a list of missing GRX reports. (Comment: Subject states that the GRX reports could be easily recovered since copies of all GRX's went to KALNAY in Italy, X-2 London, and X-2 Washington.) I tried to fill in as much as possible from memory. At the moment I can recall two. One was my October 1944 report on Russian aims, ambitions and intentions. It was the work of three men who had spent ten years working with the Soviets. I had learned from SHELBY THAMES that this report was circulated by Francis KALNAY in Italy and that he had given it to the British. It was not CE and I had given a copy of it to Frank WISNER who in turn handed it over to Louis MADISON. MADISON became very angry, protested to WISNER and I was called on the carpet for having anything to do with such matters. This was MADISON's field. (See attached report in re MADISON.)

31. The second missing report which I recall was the GRX on the German plan to pull out of the war on or about May 7th. The source was the Roman Catholic Archbishop of Rumania, who said he had obtained his information from the Vatican. THAMES typed that report and remembers it. It was written in February or the early part of March 1945.

32. I also spent some time checking lists of names and supplying additional information. One of these concerned Tamara STEFANESCU, an early Soviet recruit. She was one of Prime Minister GROZA's girls. I presumed that she was planted on Charles HOSTLER. (Comment: Formerly X-2 and SSU chief of station in Bucharest.) At any rate he took her as a mistress shortly after his arrival in Bucharest in spite of the fact that she was listed in my records as an agent. I gave this information to KLASSEN who wrote her name on a scrap of paper and placed it on his desk where HOSTLER, who was back on tdy,

could see it. KLASSEN told me later that HOSTLER took the bait, became somewhat stormy and demanded to know the source. What happened after that I do not know except that HOSTLER dropped her.

33. In April 1946, KLASSEN and MURPHY proposed that I get out of the army and return to Europe as an independent operative with headquarters in Trieste and Istanbul or any other place I chose, reestablish contacts and set up a stay-behind organization in Roumania. This accomplished, KLASSEN proposed that I proceed to Korea, where my contacts were fairly good, and attempt to do the same there. (Comment: In 1941 and 1942 Subject had close contact in OWI and COI with prominent Koreans who were then collected together in Washington.)

34. In accordance with this plan I got out of the army but continued to work while on terminal leave. MURPHY and KLASSEN told me that they had recommended me for the DSM as the result of my work in Turkey and Roumania. Months later when nothing happened I asked Lt. Col. Carroll GRAY, who was still on duty with OSS, to check into it. He learned that the papers were logged out of Q but had never reached the promotion board. We both had an idea as to what happened but I took no action and forgot the matter.

35. A few weeks later, as you are aware, KLASSEN and MURPHY were tossed out of the Organization. The new team for Roumania, which I had been briefing, was dissolved and there was a general reduction.

36. I then went to Civil Affairs in the Pentagon, signed up for war crimes and worked during my terminal leave with Colonels Mickey Marcus, S. S. Rubenstein and Hugh J. Socks in recruiting personnel. From OSS I took Major Al Lieberman (who had been in the Philippines in some capacity (SSU)) and Captain Claymer Schluter (CIC Germany, then SSU in civilian capacity) from the disbanded Roumanian team, Colonel Gray, Barbara Murphy and others whose names I have forgotten.

37. Prior to sailing for Germany in August 1946, I divorced my wife who had gone to Rio de Janeiro. I have not heard from her since but understand that she suffered some sort of a breakdown and is back in the U. S.

38. In Germany I was assigned to one of the war crimes teams as the law member. We were located in Idstein, near Weisbaden and Frankfurt. Our sole duty was to prepare the case against Otto SKORZENY in connection with the operations of the 150th

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Panzer Brigade. Nearly all of my time was spent in Frankfurt studying G-2 files and trying to locate witnesses for the team to find and interrogate. Most of their time was spent in blackmarketeering in connection with which our few vehicles were tied up and it was impossible to accomplish much. But had it been otherwise I do not believe that SKORZENY could have been convicted and I made my position clear at the time. Whatever the case against him, I prepared it and submitted a brief and recommendations. He is a great soldier and the most daring man I ever knew. KEITEL and JODL hated him.

39. It was the day before Christmas 1946 that all lawyers attached to teams were ordered to go to Dachau immediately for trial work. Most of us had to travel Christmas day. When we reported we were told that headquarters didn't know the score (which was true) that there was no work for us to do, no cases ready and that what they really needed were stenographers and clerks. Living conditions were terrible. Unheated, unsanitary and inaccessible quarters, no transportation, bad food and incompetent and corrupt leadership made life unbearable. (Civilian lawyer GOODMAN was boss.) (Colonel Willis EVERETT, chief of defense counsel and a wealthy lawyer from Atlanta, finally took one case, Malmedy, to the U. S. Supreme Court and eventually there was a Congressional investigation. Fake altars, investigators dressed as priests, midnight masses before these, threats of Russian firing squads if the accused did not confess - all of these things and more convinced us that we had no place in war crimes. By the end of January most of us were seeking ways to get out but war crimes threatened anyone who wanted to quit or get a transfer that he or she would be given a black mark. All of this I can PROVE and much more. (Comment: Subject states that EVERETT if properly approached by a member of CIA would undoubtedly be prepared "to unload" concerning these incidents which he could not place on record during the formal Congressional hearings.)

40. With nothing to do several of us went to Paris early in February and it was there that I decided to resign and get into private business which at that time seemed promising. I sent my resignation from Paris. But it was not until the end of March that some of us obtained our release and returned to Paris.

41. Before leaving Germany, however, I renewed a contact who may be of interest. This is Irmgard WEBERLING, referred to in numerous GRX reports and one of the secretaries of Gustav

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RICHTER, SD chief in Roumania. She was working for the army (in some recreation outfit booking bands, etc.) in Munich, learned of my presence in nearby Dachau and telephoned me. I saw a lot of her and repeated many questions which I had asked in Bucharest when she was a very frightened girl. Her story, and I believe I won her absolute confidence, was unchanged but she did elaborate on many persons. She does not believe that RICHTER is dead although he was reported shot by the Russians. She is positive that she once saw him from a moving bus and believes that possibly the Russians released him to work for them. Irmgard is familiar with American intelligence activities in Munich. She is in contact with a Russian who works out of that office. Overtures have been made to her to go to work. She wrote me three or four months ago that she was considering it. In my opinion she could be extremely valuable if handled properly but I doubt that anyone in that office would ever gain her complete confidence.

42. Before leaving Munich I was also contacted by an American Captain HERTER who works in the same office with George BELIC - with reference to WOLFF VON GERSDORFF and his mistress, Frau WOLF, the daughter of Admiral Tillison. Apparently GERSDORFF was trying to work for us in Berlin. I submitted a written report which should be in the files. (Comment: Subject states that George BELIC was a White Russian who served later in the OSS Bucharest mission where he had a commission in the U. S. Navy. Subsequently he made contact with the X-2 chief, Mr. MURPHY, who gave him an assignment in Munich. Wolff VON GERSDORFF was one of the July 20th plotters and a cousin to David YORCK VON WARTENBERG, a.k.a. David YORCK, who is now in the Chase National Bank in New York and was recruited by the undersigned in Italy 1945 and passed to Philip BARRY as a principal agent operating in Austria. Admiral TILLISON, Subject states, was the former chief of German intelligence at Constanza. According to Subject, the Russians had transported GERSDORFF and the WOLF woman to Berlin to work for them. At this time in Munich the SSU passed Subject seventeen questions to answer which related to their activity.)

43. So much for Germany. In Paris I renewed contact with Charles MC Daniel, War I major and one of the group who tried to kidnap the Kaiser in Holland. He remained in Europe and made millions thru ventures in Prague, Belgrade, West Africa and elsewhere. He is said to be or to have been a brother-in-law of Dean ACHESON. I know he is an intimate of Will CLAYTON,

and that he has had large loans from the RFC. His chief interest in 1947 was buying and selling ships and locomotives. In this connection he suggested to me that if I could obtain some ships in Italy that I could make a little money. (Comment: Subject states that MoDANIEL is in his fifties and has an elegant office at 53 or 56 Rue de Lisbon in Paris.)

44. In pursuit of the dollar and with William FARQUHAR and T. J. JOUETTE, who had come from Munich when I did, and Jayne THOMAS (now Mrs. JOUETTE) I motored to Rome with stops at Cannes, Nice, Monte Carlo and San Remo. Once in Rome I contacted my former agent in Bucharest, Ernst SCHMITZ, with whom I had kept up correspondence. Through him I met Dr. Riccardo GAMBORINI in June 1947 (OSS Italy) who arranged for me to meet the Minister of Marine. A deal on ships was arranged and I informed Mo DANIEL who said he would come to Rome to close it. He suffered a heart attack shortly after that. (Comment: Subject states that GAMBORINI was a captain in the Italian Army who alleges that he worked with OSS partisans during the Occupation in North Italy. According to Subject GAMBORINI has Christ-like features and a Messiah complex.)

45. While waiting for MoD. I learned that the Maddelena Naval Base and the Villa Weber, ISLD HQ., (off Sardinia) for 30 years, could be had for a nominal sum. Naturally there was a payoff to certain Italian officials. I went there, obtained official Italian blueprints, photographs, and detailed inventory. It was a good proposition. I hurried to Paris.

46. MoDANIEL was drunk. He stayed that way. A Rolls Royce was put at my disposal. He invited me to dinner at his country place. I went there in a business suit. There were about twenty guests all dressed. MoD. greeted me at the door in his pajamas. I was the guest of honor but did not know it. Present were two of the biggest bankers in Europe. One had come from London. After dinner MoD. told me to sell the Maddelena deal to them. I did in an all-night session. I have matched wits with many men but there was never an ordeal like this one. They approved. But MoD would not sober up enough to sign the papers. I quit finally because I lacked the funds to sweat it out. MoD's secretary and girl friend, who really runs his business, flew to Washington to get an RFC loan. Her cousin was in a position to grant it. This required an expensive engineering survey. Neither she nor I had the means to go ahead. (Comment: Subject states that

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one of the two bankers was a Britisher named DICKERSON (about seventy years old) who founded the OTTOMAN BANK in London and in Cairo. The other was a French banker whose name he has forgotten. McDaniel's secretary and general major-domo was a girl from Utah who married a French or Portuguese count. Her name is Alice PO.....(?). She is about 40 years old and has a son named MICHAEL. At one time she was in charge of Elizabeth ARDEN and Helena RUBENSTEIN in Paris.)

47. I gave up, returned to Rome and joined SCHMITZ in an effort to build up an export-import business which he had started with the U. K. fairly successfully. We did not do very well due to the shutting off of the Sterling. (Comment: Subject states that the business was run under SCHMITZ' own name together with GAMBORINI. They dealt with Messrs. CRAGOE & Company in London who were both colleagues and clients in the enterprise which apparently involved the import and export of essences and fruit oils.

48. In the meantime SCHMITZ and I had outlined a book on our experiences in Roumania. It was sold in outline form. We went to work on it. The publisher rejected the first draft because it was not personalized. We rewrote it. The second draft was finished at the end of January 1948. (RUSSIA ASTRIDE THE BALKANS, Robt. M. McBride & Co., New York, 1948, Evans and Co., Ltd., June 1949.)

49. I was preparing to return to the U. S. in January 1948, when Dr. Morton W. ROYSE offered me a job with IRO. I reported for duty on Feb. 9 only to learn that Admiral MENTZ objected to me because of the book I had been writing. He said he considered it of a controversial nature and because of its anti-Russian overtones might be embarrassing to the IRO. ROYSE talked him out of this. (MENTZ has one ambition - to keep his job in Italy at any individual's or any government's expense - including his own government. He has a bitchy, expensive daughter and a demanding wife who fancies she knows all the answers in intelligence work. He is not a bad fellow. But he does not know the meaning of the word - LOYALTY.

50. So I went to work for ROYSE on February 9, 1948 in the Eligibility Office - not to be confused with the Eligibility Branch. ROYSE had no deputy as that post was left vacant when he caused MENTZ to be appointed Chief of Mission. ROYSE was without an adequate staff and in a matter of days I was acting as his deputy in both of his jobs - Eligibility Officer and Legal Advisor. He was not a lawyer.

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51. My first assignment, without any training, was to take over the Eligibility Branch which did identical work to that of the Eligibility Office but was not under ROYSE. It was headed by former Squadron Leader KENNEDY, a self-admitted ISLD operative, a Jamaican of mixed blood and both Harvard and Oxford educated. He is highly intelligent in a book sort of way, lazy, sensitive about his origin, compensates for it with tall stories about his estates (which I have checked and found untrue) very social, married to an attractive German girl who poses as a Swiss. I had his apartment searched and found documents and photos which prove the latter. But I liked KENNEDY and I believe the feeling was mutual when I took over his office while he was on a month's vacation. He did not like ROYSE and considered himself mentally superior to all of us - and in some ways he was. (Comment: According to Subject, KENNEDY received his position in ISLD on the strength of a highly informative report dealing with escape routes from Roumania and the Balkans. Subject states that SCHMITZ was the author of this report.)

52. It took only a few days for me to realize the inefficiency in KENNEDY's office and the duplication of effort with two offices performing identical functions in two widely separated buildings. Worse than that KENNEDY's staff consisted of a German girl, one Rosemary SOMMERS (married name) who now lives in Lima, Peru with her husband (she is working there as a cook in an American family) and Fausto ROCCO, a very young Italian clerk. Rosemary was an employee of the British Mission in Berlin. When her brother, a physician, was kidnapped by the NKVD and finally released only after agreeing to spy on the British, the two of them escaped and made their way to Italy. The British gave Rosemary this little job which she made into a big one. Rosemary hated KENNEDY because of the "kicking around" he gave her.

53. Without further detail the situation was such that I recommended to ROYSE that the two offices be merged and that all eligibility functions and records be placed under one roof. He agreed and ordered the merger. Without notice, he took off on a field trip and at the airport dictated a memo to his secretary placing me in charge of his two offices.

54. ROYSE was and is, to the best of my knowledge, my good friend. But I found his office in a bad way. He did not have a competent staff and they were even less loyal. His desk was piled high and the drawers were full of cases which should

have had action months earlier. He tried to do too much. I knew that I could not handle his work and that of KENNEDY. I put Charles HOLLAND, an Australian, in charge of KENNEDY's office. He came on duty the same day that I did. It was HOLLAND who effected the physical transfer of KENNEDY's office from via Tolentino to our office in via Toscana. It was only a few days later that HOLLAND came into my office and said that there were some Americans in his office and that he thought I should see them. I told him to bring them to my office.

55. There were two, both in uniform. One was Paul LYON who is half Hungarian. The other was Jack WHITEHEAD, a Texan. They identified themselves as CIC agents from Austria. I liked both of them from the beginning. Paul was the spokesman. He told me that a month or so earlier he had been to KENNEDY's office and discussed with him the possibility of spiriting out American agents from Austria via Italy via IRO to other countries. No understanding but encouragement from KENNEDY. Paul said that he had brought some "torpedoes" with him, that they were very hot and he asked our help. I did not discuss the matter then but if I remember correctly left LYON and WHITEHEAD with HOLLAND. We met for dinner and discussed the problem. (Comment: Subject stated that he once saw a letter of introduction to Major GRABIOTTI in Trieste signed by LYON.)

56. The following morning, or perhaps later when ROYSE returned, I informed him of the conversation with LYON and my determination to help the CIC. He agreed. So I sent Stephen FALISH, a Class II employee and a Yugoslav, to LYON's hideout near the Porto Pia to interview the "torpedoes" and to determine their eligibility. This was routine for FALISH. He was constantly under attack as were all Jugs even the American-born and I as the only American lawyer defended him. When all else failed they raised the time-worn homo charge. I fear that in this case it was true (no evidence to support the charge) but he was competent and it was routine for him to handle special groups under the jurisdiction of the National Catholic Welfare Conference of which Monsignor CARROLL was the local head, and Father DRAGONOVIC, a Yugoslav, the real chief and operational factor.

57. FALISH needed no coaching. He is a Catholic and a zealot. He had made thousands eligible with the connivance and consent of his bosses. This time HOLLAND and LYON saw to it that his subjects knew the right answers and with my approval. The "torpedoes" were all "eligible for resettlement".

58. LYON came around to thank me and I presented him to ROYSE. There was a thorough understanding. More than that LYON explained and confided that he had arranged with Father DRAGANOVIC for visas to the Argentine for his "torpedoes". He mentioned the price. I have forgotten it but it was roughly \$300 a body. The problem for LYON was not IRO approval (simple for the informed) but obtaining visas for his bodies to new-world countries. The Argentine had given Father DRAGANOVIC a blank check for 3,000 visas, according to LYON and other sources.

59. (Under these auspices quite a number of Nazis went to the Argentine. A large jet-turbo research project (about fifty miles out of Buenos Aires) was established. Fritz De BUCOURT, the pilot, and Siegfried KALDASH, chemist, are among the leaders.)

60. I do not know the full extent of DRAGANOVIC's operations but he was paid in these cases not only by LYON but by IRO. His alibi was that he used this money to ship out refugees who were found ineligible by IRO. Perhaps so because there was a hush-hush bureau in Genoa for smuggling out Gestapo and Nazi bigshots. This practice was not confined to Catholics. Jewish organizations often collected for people they had shipped long before. (Comment: Subject stated that Rosemary SOMMERS' brother informed him that a Father KONVALENKO was one of the chiefs of bureau in Genoa.)

61. Father DRAGANOVIC is considered a war criminal by many persons. He wore the uniform of a colonel in the Ustashi. After the war he effected the escape of a notorious war criminal from an American POW camp. This statement is based on the sworn testimony of eyewitnesses and on British intelligence reports. In spite of this, his chief collaborator in IRO was British Colonel FINDLAY who in many ways was at one time the real boss of IRO in Italy.

62. I warned LYON about all of this and gave him a copy of the British report on DRAGANOVIC. He took the position that it was necessary for him to get visas for his people and that DRAGANOVIC was his only open channel.

63. It was around this time that ROYSE informed me our security officer, former U. S. Major Ernest SZANTO, was under suspicion as a TITO agent. A complaint had come from the British. I was asked to investigate and for a time I was doing the security work in addition to my other duties. It was difficult for me

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to believe SZANTO was guilty because he was so clumsy. HOLLAND and I were kept busy investigating complaints by our Class II employees that they had been approached with bribes by refugees who wanted to buy "eligibility". In each case we found the refugee had been threatened by SZANTO who told them that if they did not cooperate with him and offer the bribe that he would make it impossible for them to become eligible. (Comment: Subject cites as witnesses to the above Rosemary, HOLLAND and ROYSE.)

64. During the course of my investigation I was told that the Americans had also complained about SZANTO. Then the Italian police raided his apartment one morning about 8 and searched it in his presence. Not long after that I was hastily called to Admiral MENTZ' office. He told me that his safe had been opened during the weekend and that there were only two persons who could have done it - his secretary, and he eliminated her because she had access to the key at all times, and SZANTO who was the only person who could enter without being stopped by the guards who were under his supervision. This I learned later was a false assumption because the guards are paid from an Italian fund and are selected by the Italian police. MENTZ was disturbed because of certain documents in the safe and confided that he was giving intelligence to the U. S. Navy.

65. I went to Colonel WILLEMS, the MA, for help. He was out and I saw a young major (maybe WILLIAMS - not sure) who told me that nearly a year before there had been a complaint about SZANTO and that they had asked Washington for a report but had never received one. He said that he would ask again.

66. My next move was to see Brigadier Dennis DALEY who had moved in recently as MENTZ' deputy. I asked him to put me in touch with the proper British authorities. He told me one of their top ISLD men had just come from the Hague. He made an appointment. DALEY, by his own admission had been ISLD and several years in Russia. I saw the man from the Hague twice but do not remember his name at the moment. He seemed cooperative but I never succeeded in getting any information except that the SZANTO complaint had come from the Italians.

67. So I put my own man to work on it. He was Ferenc SIMONFAI, a Hungarian and confidant of a Hungarian Minister. Edward PAGE of the U. S. Embassy had asked ROYSE to give him a job. ROYSE referred it to me. There were no jobs open but he was anxious

to do something. (ROYSE reports secretly to the State Department). (Comment: According to Subject, ROYSE reports secretly to George WARREN in the State Department.) After talking with PAGE who said SIMONFAI had been working for him and doing a bang-up job of getting information, I created a place for SIMONFAI. His contacts with the Italian police were very good and he obtained SZANTO's dossier but I do not think it was complete. (Comment: Subject relates that SIMONFAI first entered IRO as his protege in an undercover capacity, but was later placed overtly in the "intake center". Eventually SIMONFAI left in disgust.)

68. It began with his father's background and listed him first as a traitor to Austria-Hungary and later as a traitor to Italy. The mother, as well as I can recall, is still living in the north of Italy. SZANTO makes frequent trips to see a girl in northern Italy. Italian police suspect that she is the contact with TITO's people. (Knowing SZANTO as well as I do it could just as easily be sex. He is rather notorious in such matters. Rosemary SOMMERS told me that he threatened her and forced her to stay all night in his apartment. There are other cases.) Black market dealings with known communist agents are also listed. There was one case in which he allegedly threatened a business man in Naples if he did not go through in a certain deal with a Communist agent. My memory is a little hazy on all of this but somewhere in my stored effects I believe that I still have the dossier. It would not be difficult to get a copy. The SZANTO case ended as follows:

69. According to MENTZ and ROYSE, neither of whom knows the first principles of CE, both the British and Americans gave SZANTO a clean bill of health with the information that the original complaint had come from the Italians who declined to back up their charges when pressed for further information. (In private, SCELBA makes fun of MENTZ.) Whatever the case I showed the SZANTO dossier to MENTZ and ROYSE. ROYSE was concerned but MENTZ dismissed it. There could have been a reason. When MENTZ became chief of mission, his first official act and this occurred one hour after he took over, was to send SZANTO to ex-Major BRUNO, the security officer, to tell him that he was fired and that he, SZANTO, was the new security officer as of that moment. SZANTO admitted these facts to me.

70. Much later, MENTZ received word from Geneva that BRUNO was there and had either filed charges or was preparing to do so and was demanding a year's salary and additional damages

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in connection with the cost of moving his family as he had every right to do because MENTZ had violated every IRO regulation in his handling of the situation. Being the only American lawyer in the organization, MENTZ and ROYSE called on me to prepare a defense. There appeared to be none until I discovered that BRUNO had gone to work for the CIC in Austria. In equity, of course, this would bar his claim unless he was receiving less than with IRO.

71. So when I became friendly with Paul LYON I asked him to urge BRUNO to drop any charges against MENTZ and the organization. At the same time I took up the SZANTO question with him and asked his cooperation in obtaining information.

72. As nearly as I can recall, LYON made three trips to Rome and saw me. He had made others. Just when certain conversations occurred I do not know but in general the situation which developed was that we felt a mutual need for cooperation. He required assistance to spirit out his Russian agents, some of them doubles, who had been blown. IRO needed an intelligence organization to protect it from shipping out Gestapo, Soviet and other agents. He was ready to provide funds and I was ready to give supervision to an office outside IRO. This was known to and approved by ROYSE. HOLLAND, who had been under British fire since the day he was hired, was ready to quit his job and devote full time to the project. SCHMITZ was willing to do the same. SIMONFAI was to be in charge of Hungarian matters and had gone so far as to prepare a list of all known Soviet-Hungarian agents in Italy and those Hungarians who were suspect. I still have the list in storage. (See appendix D)

73. LYON also explained that he would have approximately 3,000 bodies to get out of Austria and he asked my help. He wanted them to go to Tripoli. I don't remember many details but he proposed to finance our intelligence setup in Italy with the money that had been going to DRAGANOVIC. I believe it was on his second trip that he inquired about Tripoli and the 3,000 bodies. By coincidence my friend and golf partner, former SQ. Leader Harry Simpson of BOA, had recently transferred to Tripoli. He and his wife were good friends of Mr. and Mrs. SCHMITZ. SCHMITZ contacted SIMPSON who said he could handle the 3,000 by air and do it quietly. Night landings, etc.

74. When LYON made his final trip to Rome near the end of May he came to my home. I had been seriously ill with a throat infection and was not working. ROYSE was away on a field trip with Stephen STREETER (former OSS) the only other man who

could have handled the office and John SELBY, British ex-group captain and post-war ISLD, had been employed and put in charge. In the meantime I had been protecting LYON. I had employed SCHMITZ and planted him in the Rome Intake Center over which I had supervision, to ferret out suspect employees and to check on certain practices as well as to give the green light to Paul's bodies when they applied for eligibility. We did not give them camp care and maintenance at CINECITTA for fear that Soviet agents there would recognize them. Paul paid their expenses at the apartment hideout near Porto Pia. I had also employed one "Fred MARTIN", Paul's agent, and assigned him to the Intake Center to steer Paul's people and to be on the lookout for Soviet agents.

75. This meeting with Paul occurred in the afternoon. In the course of it, SCHMITZ told him that he and his men were unwise to wear American uniforms and to drive U. S. military jeeps and cars with Austrian markings on the bumpers, that they attracted attention and that they were watched by both British and Italians whenever they came to Rome. I concurred.

76. Either that night or possibly the following night I met Paul, Fred and a mousy CIC agent from Austria. We dined and went to Paul's hotel room. I brought Paul up to date on recent developments, the most important of which was that Colonel FINDLAY was to be canned or sent to the Argentine. Paul was excited and said he did not want it to happen until he had completed certain phases of his work with DRAGANOVIC. I explained that FINDLAY's status had nothing to do with Paul's activities and that it was beyond my control. This was the case:

77. When HOLLAND went to work as a Class II employee hired by ROYSE, FINDLAY immediately objected, called HOLLAND a crook and demanded that he be discharged. MENTZ applied the pressure on ROYSE who finally told me that he thought we would have to discharge HOLLAND. I objected. ROYSE and I had agreed that he would confine himself to policy matters and that I was to have full authority in administrative matters. I took the position that so long as HOLLAND worked under me that the final decision would be mine, that I would not agree to discharge any employee without just cause. He liked HOLLAND and agreed but asked me to see FINDLAY which I did. At that time FINDLAY and his secretary girl-friend, Lady SIMMONS (about fifty years old) liked me because I had ROYSE's office functioning for the

first time in its history. Now shipping lists were expedited. FINDLAY was friendly but he was bitter against HOLLAND. The story he told me in confidence relating to HOLLAND was vague - something to do with a job HOLLAND once held and to the effect that he made off with supplies and became rich - so vague that I would have had cause to snigger while listening to this senile old man who was still able in so many ways. (Comment: Subject describes FINDLAY as being 6'7" (query), 70 years old, distinct turtle eyes. As to HOLLAND, he states that HOLLAND was a busted Australian officer who had run into difficulty by attacking a Mess Officer for being underfed during the war. HOLLAND later "married" an Italian girl from a very wealthy family. When her family discovered that he had not secured his divorce, they turned her out.)

78. HOLLAND was broke. His only shoes were worn out. Paul LYON brought him a pair from the PX. ROYSE and I were lending him money for food and lodging. He was smarting under his Class II appointment. He began to agitate for Class I. The difference was substantial. As Class I he would have received about \$300 a month salary, \$100 living allowance, commissary and PX privileges worth another \$100. As Class II he received 75,000 lire - about \$120 - and no extras. He was performing Class I duties.

79. With HOLLAND in KENNEDY's job permanently (K. not being permitted to return because of what had been discovered in his office (lack of efficiency)) the feud with FINDLAY became more bitter. Previously FINDLAY had shipped out anyone at will. Now ROYSE required him to submit lists two weeks in advance. He agreed to this but did not abide by it. He submitted as many as 5,000 names a day for action on the same day. My memory is not good enough to recall how many thousands of names were submitted to HOLLAND's office in a matter of a few weeks. Conservatively I can put it at twelve. In the previous six months the number under KENNEDY was about three. HOLLAND is one of the best investigators I have ever known. He is intelligent but not formally educated, given to women and liquor, sensitive, knows how to threaten and when to call for help. In his work he is diligent and painstaking and, in a rough way, knows how to make out a case. He worked long after hours to make a thorough check of the KENNEDY files and reported that thousands of files were missing, stolen, etc. (I don't believe that it was as bad as he represented because I found many thousands of files

jammed into lockers at the Roma Intake Center, without regard to filing or importance - simply stuffed into a compartment to have them out of the way.)

80. Finally there came the shipping list of the SS EMPIRE HALVERD. The quickest check was asked. So many discrepancies were discovered that the ship was held up and a large number taken off. I knew there would be trouble, dropped all other work and spent three days and nights preparing a carefully documented report for MENTZ and ROYSE. All files in question were pulled and put into our own safe for all-comers. Among other things there were about 400 eligibility decisions signed by FINDLAY's man at Camp BAGNOLI. He was not authorized to have anything to do with such matters. MENTZ sent the report to Geneva and an investigation was ordered. Brigadier DALEY came to our office and reviewed each case. FINDLAY went to Geneva. I understood there was more against him than this but at any rate he was scheduled to leave Rome. (Comment: Subject affirms that the IRO staff in Geneva is top-heavy with job holders. He relates that while the boss is the American TUCK, the real authority is the Britisher, Sir Arthur RUCKER.)

81. This is the story that I told Paul LYON plus other items concerning British efforts to control the organization and, if necessary, that they intended to remove any personnel standing in their way, including MENTZ, ROYSE and myself.

82. About 4 a.m., Paul slightly drunk and against my protests, drove me home as was his custom when he was in Rome. He was as friendly as ever and we agreed to meet the following day. When I did not hear from him I thought nothing of it as this had happened before.

83. The second or third day when I went to the office, ROYSE called me aside, said he had bad news, that the American Embassy had made a complaint against me and that MENTZ wanted me to transfer to the Trieste office for a few months in order to get me out of town. I could not reach MENTZ as he was out of town.

84. I saw Eddie PAGE on the street. We had a cup of coffee. I told him I understood that the Embassy wanted me out of town. He denied it but said they didn't want me to engage in any political activity. I could not get him to explain. I also

saw my old friend from Bucharest, American Roy MELBOURNE of the State Department, at the Embassy but he could not or would not cast any light on the subject.

85. A few days later I saw MENTZ who told me that he had received complaints from the American and British Embassies and from the Italian government, that I had said he, MENTZ, was to be fired and that I had said I was the head of American intelligence. Further embarrassment he said was caused by my showing my book to people. He thought that I should resign officially but agreed that I could work at home and write the new IRO manual which I had undertaken for ROYSE. (Comment: Subject explained that he actually prepared an IRO manual which is made up of procedures as well as cases. He stated that a copy could be made available to CIA and that it would prove most useful as background for CIA.) When I could get no further explanation from MENTZ as to the source or nature of the complaints, I said that I would think the matter thru and departed.

86. Nothing in my entire life ever hit me harder or baffled me more. Nothing added up except the book part. I had shown the first proof sheets to ROYSE, who was also writing one. We had lunch with SELBY. ROYSE mentioned my book. SELBY said that he was writing one, would like to see my proofs and asked if I would counsel him. All the rest was blank. I knew of no real enemies. As I walked the streets in May 1948 I wondered if I might not be in some danger from the Italians because only recently IRO had obtained permission to screen the inmates of their concentration camps and we had found many American citizens rotting away. Some had been there two years, their pleas to the Embassy unheeded until one had gotten a letter thru to Colonel McCORMICK of the Chicago Tribune. Then there was action. (Comment: Reference SELBY. Subject alleges that SELBY admitted to ROYSE that he was formerly in the operations side of ISLD. Subject states that he has recently received information that SELBY was fired about two weeks ago. ROYSE was let out in October 1948 and is now teaching in the University of Rome. When challenged concerning his serious accusation that Americans were "rotting away" in Italian concentration camps, Subject stated that a certain PORTADA, a former U. S. Customs official of the Port of New York, could give adequate proof concerning these matters. He remarked that PORTADA related his story to him in Rome in 1948, alleging that the Ministry of Interior had arrested him when he had returned from his trip to

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Yugoslavia where he had attempted to negotiate the release of his wife. Subject also related that a certain Jack MIGLIORI (from New Orleans) was a victim of the Italian concentration camps; his only crime being one of intoxication on a ship in Genoa.

87. Not knowing what else to do I went to see SCHMITZ at the Intake Center thinking that he might have some information thru British sources. KENNEDY and others often confided in their wives who, in turn, confided in Mrs. SCHMITZ. Through that channel we had been warned of the scheme to ease SELBY into my position with ROYSE at the first opportunity.

88. On my way through the Intake Center hall I met "Fred MARTIN". I omitted to say before that SELBY had dropped him and others from the payroll. Before I could say more than 'hello' he began in his low almost whisper of a voice and I shall never forget his words.

89. "What happened between you and Mr. LYON?" "You were such good friends. He was so angry with you. The next morning he got up early and went to the British Embassy, the American Embassy and to the Italian police and Admiral MENTZ. Then he left Rome immediately but he was very angry with you."

90. I was nearly speechless but managed a "Why"?

91. "He thought you betrayed him and used the DRAGANOVIC information he gave you to get Colonel FINDLAY out of the way."

92. (It never occurred to me until this moment and I probably did not know it then, but LYON may have known that ROYSE or MENTZ requested Father DRAGANOVIC to stay away from our office. There were many reasons for this which are not pertinent here but the final cause was the Marko CORAK case which I handled personally. A long story, but briefly DRAGANOVIC was permitted to enter the camp at Bagnoli just outside Naples. The camp commandant, the same British major who wrongfully signed his name hundreds of times not only in the EMPIRE HALVERD case but in others, summoned Marko CORAK to his office where DRAGANOVIC threatened him in the name of Colonel FINDLAY if he did not retract sworn statements in connection with DRAGANOVIC's part in the escape of a war criminal from an American POW camp near Naples.)

93. I told MARTIN that Paul had made a serious error and had done me irreparable damage, that he owed me an apology and that he should try to make amends. I asked Fred (who may

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still be in Rome) to get that information to him. He said that he would. I never saw or heard from either of them. To this day I do not know the nature of Paul's complaints to the Embassies or to the Italians. Therefore I can make no comment but a few things do come to mind.

94. On one of Paul's earlier trips he gave me the names of two Italians, said they were his agents and that I could contact them if needed. Names have been forgotten but can be obtained. I checked on them and considered them unreliable. One was Italian Commander _____, who lived at the Ambassador and spent considerable time in the bar. He had no visible means of support, spent a lot of money and aroused the suspicions of the Italians. A former American major (name can be obtained easily) employed by the IRO and a close friend of Major Al SIMPSON, was in that bar much of the time. He is about my height and coloring but not so stocky. He was always playing cop. ROYSE complained about it to me on a number of occasions and I recall he once mentioned something about this chap reporting that he had uncovered a dope ring. That this fellow did represent himself to be the head of the American intelligence I know to be a fact as will appear later.

95. Paul LYON also mentioned some set-up that he had made with a former Italian general and as nearly as I can recall the unidentified commander was involved. It was for a trading company. The idea was that the problem of transport and customs would be solved by CIC jeeps hauling precious items between Germany, Austria and Italy. It was not my impression that Paul LYON was to make any money for himself but that in some way this commercial operation would further his own operations.

96. Either LYON or one of his men or both asked me to put them in touch with the Iron Guard. Horia SIMA had appointed a leader of his group in each of several countries. It was the CIC idea, or so they said, to contact these men and form a resistance group. I agreed to help make contact because shortly before I had been having luncheon with Prince Bazu CANTACUZINO, the Roumanian air ace. He nodded to a man at a nearby table and told me it was Commander _____? from Milan and chief of the Iron Guard in Italy. When this gent finished his meal he joined us. I told either Paul or his man of this incident and thru Bazu arranged an appointment with the Commander. What happened after that I do not

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know. It was my understanding at the time, however, that Horia SIMA was in hiding in the Vatican and that a direct contact could have been made.

97. (About that same time Bazu received a wire from his ex-wife Nadia HERESCU, from Vienna. She was there under an assumed name making a film. I have always considered her more than suspect as my earlier reports indicate. I know that he is placed in the same category but I don't believe it. -- Bazu was in love with another girl whose name has escaped me although I once knew her. She had gone to Austria and Paul LYON agreed to take Bazu there. I talked him out of making the trip because at that time the situation was tense with the Russians.)

98. I recall no other enlightening details in connection with LYON. I liked him. He impressed me as being able. At times I thought he was a little rash and excitable but I understood that he was under great emotional strain. He never mentioned it but his associates told me that he was madly in love with an American girl in Austria and expected to marry her. While away on one of his trips she was killed in an auto accident. I understood he drank rather heavily after that but finally became interested in the girl's sister and got on his feet. He mentioned the sister several times and brought her along on one trip. I thought her unusually attractive and intelligent. I saw her again last winter on a train going from New York to Washington. She hailed me in the diner and we ate together. She had heard nothing of any trouble between Paul and me. Since she was on her way back to Vienna to marry him I mentioned our difficulty, told her I had done nothing to hurt Paul, hoped that he now realized it and that I thought he owed me an apology.

99. But getting back to Rome and my status there. I prepared a letter to MENTZ demanding an investigation and hearing. Whatever I had done had been in the interests of the American government and to protect IRO from foreign agents. Personally I had everything to gain and nothing to lose. But as I worked on the case I realized that it would be embarrassing to the U. S. because the complaint had come from an American CIC agent, illegally in the country on forged papers (he stated that he had taken people in black) and engaged in the smuggling of aliens in American uniforms who, notwithstanding, had gone to two foreign governments and a UN subsidiary to make a complaint against a fellow American who had gone out of his way

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to help the CIC. I kept in mind that any hearing would be conducted not by Americans but by an international group and that if I made a fight I intended to win it and to do so would have to use everything at my disposal and perhaps introduce matters of a serious nature. One comes to mind now. This was the looting of the Czech Embassy in Rome. I was riding with Paul in his jeep when he picked up a man and drove him home. Later Paul told me that this man had obtained nearly a thousand documents from the Czech safes, had them microfilmed and back in place before morning. On another day the man's daughter came to Paul's hotel and we drove her home. She was tiny but about 18. Paul said she spoke seven or eight languages and asked me to give her a job at IRO. There was no reason for Paul to have told me these things and I thought it unwise for him to be driving man or daughter in a U. S. jeep so easily identified. (Comment: When questioned concerning the "thousand documents" Subject states that he could remember quite clearly the phrase used by LYON which was "nine-hundred eighty-some documents". Subject described the man as follows: 5'7", dark complexion, bald, fringe of dark hair around his pate, powerfully built, piercing eyes, artistic but strong hands, dressed in Italian tweeds, lived in a reddish apartment building which, Subject believed, had 46 apartments. Subject thinks that the individual was Czech though he is not positive. He described the girl as being under five feet, plumpish, bobbed hair, vivacious, speaks English, "doesn't look her age". Subject was induced to think back over his jeep ride with LYON which involved a trip by Porta Pia down Via Nomentana, a turn to the right at Villa Torlonia and subsequently a turn to the left, Subject's apartment being some five hundred yards on the right-hand side of the street. Curiously enough and a matter of primary concern in view of Operation [redacted], this would place the apartment somewhere in the vicinity of [redacted]'s or [redacted]'s house. In any event we cannot overlook certain facts in the above which threaten to compromise our existing activity. The above has been passed verbally to DOPC who is making enquiries with the authorities to determine whether a duplication of materials exists. Pending these investigations no action will be taken with the field.)

100. There was no one in whom I could confide except ROYSE and he was critically ill, having collapsed from overwork. He and I had averaged 18 hours a day and I, too, was tired and not completely recovered from my own illness. So I decided to forget the whole matter and resigned effective July 9.

101. Before, during and after my work with IRO, I had some interesting contacts with people in Italy. One of my first acquaintances was a Monsignor Godfrey WINTER, an American who has been at the Vatican for 50 years. Through him I learned something of the inner workings of the Vatican and met many people. He came to see me on an average of three times weekly.

102. Another close associate was a Monsignor from Roumania. He is young and very able. It was he who arranged for SCHMITZ and me to do a series of ten articles for the GIORNALE DI ITALIA. He also often sought advice in connection with the handling of the Italian elections. (Comment: When questioned on his participation in the Italian elections, Subject was reticent and merely remarked that he had been well paid.)

103. While at IRO, ROYSE asked me to give personal attention to many difficult cases. Occasionally I was successful and won the gratitude of individuals and groups. Included was a Dr. PERNAR who had been waiting months for a visa to Canada. I helped him and many of his people. Dr. DRAGANOVIC was a bitter enemy of this group. The Marko CORAK case, previously mentioned, was involved and when I decided CORAK's case in his favor I won this group's confidence. PERNAR introduced me to many of his people including priests who were making clandestine trips into Yugoslavia and Russia. An important member of this group was a Captain CACICH of the Yugoslav Royal Navy. (Captain CACICH speaks fluent English). He is in the export-import business with an Italian partner and is full of information about trade behind the Iron Curtain. (Comment: Subject states that CACICH predicted, through business deals, the communist putsch in Czechoslovakia. He also remarked that PERNAR introduced them to a young Yugoslav named BABIC who was subsequently sent to Trieste as a screener for IRO and, subsequently, passed to BAGNOLI. Subject speaks highly of BABIC whom, he states, married an Italian girl.)

104. I believe it was CACICH or PERNAR but it could have been a Commander Nicolae MAKSIMOVIC who gave me detailed information on all airports in Yugoslavia. I handed this to a Major in the U. S. Air Attache's office who told me that they had been trying for two years to get the information.

105. MAKSIMOVIC did tell me that the Russians dropped their first atom bomb in the Urals in April 1944. Whether he told

me or I heard it elsewhere, the report was that they had not solved the problem of the detonator. Later I heard of seismograph reports which seemed to indicate that there might be something to the story. Upon my return to the U.S. I gave the FBI all of my data and it has since been investigated but with what results I naturally do not know. (Comment: Subject states that his FBI contact is Lou NICHOLS.)

106. Toward the end of my stay in Italy I met Ernst HABERMAN. He is now doing a thriving business in Trieste. He is mentioned in some of my early reports from Bucharest, an associate of Peter HOLZING and the GLUCKS (Germans). The GLUCKS are in Munich. (Comment: According to Subject, HABERMAN was a banker in Bucharest responsible for paying off the GIS. Before the war he was one of the biggest dealers in Europe in the cork business.)

107. Mehmet ALI MEKER BEY of Ankara, contacted me several times in Rome, bringing me greetings from the heads of the Turkish intelligence, CEIAL, CEMAL, and HUSSEIN. I did not know Mehmet very well in Istanbul but he was constantly with the OWI crowd and some of the OSS. I always assumed that he worked for CEIAL. In Rome he wanted information for CEIAL on Coco BERISPEK, mentioned in my reports from Turkey. Coco had been around Rome for a time and spent money freely. I traced him to Genoa. From there I believe he went to France. Mehmet was also interested in buying arms and told me that he was in contact with the purchasing agent for the Arabs in Beirut.

108. The Roumanians I met are too numerous to mention. They kept trickling across the "Green Border" and most of them put in an appearance at the IRO whether they needed help or not. I gave one of them, Luly BOICEANU, a job. I knew her family in Bucharest and I believe she later worked for the U. S. Legation.

109. Iona BUJOI (now de STUERS) wrote to me from Switzerland and invited me to come there. In view of what happened after I left Roumania I wanted to see her but never got around to it. Her father was my good friend. (Comment: Subject states that BUJOI worked for him as a translator in Bucharest and was the person who subsequently handled the PAUL and HAMILTON case.)

110. Cedric SALTER, the British journalist who was in Istanbul and went to Bucharest when I did, was in Rome with his Roumanian wife. I saw him several times and again at Capri when I went

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there for a few days just after leaving IRO. He told me that he was driving to Spain and Portugal, that he had it on good authority that Martin BORMANN was living with a duchess on her estate near the border and that when things got hot on one side he simply moved to the other. (A war crimes investigator told me that either he or one of his associates discovered BORMANN living in the home of an American officer in Roseheim in July 1946 but that when it was reported to higher echelons they were told to forget it.)

111. There were practically no people on Capri but of interest were John GUNTHER on his honeymoon, Ludwig BEMEIMANS, Gracie FIELDS and her husband, and Bazu CANTACUZINO. We were together nearly every afternoon and evening. Bazu became a little annoying. He tried to interest GUNTHER and BEMEIMANS in writing his life story as he had tried to interest me previously. The details are not worth mentioning as you have in your own files a lengthy report from "the head of American intelligence" in Italy. That is of interest. This was during April-June 1947.

112. When Bazu was denied a visa to the U.S. he appealed to me for help and told me of his meetings with "the head" which he had not mentioned previously because he had been sworn to absolute secrecy, and because my name was once mentioned and not commented on too favorably by "the head". Contact with "the head" was like this:

113. Bazu would go to a small Italian garage and the proprietor would find a number which was written on the wall and telephone "the head" and make an appointment for Bazu. They met in a number of places and, if I remember correctly, sometimes in Bazu's room in the Albergo Excelsior.

114. I thought all of this rather strange procedure for the American government in the handling of an application for a visa. Bazu would gladly have given the same information to anyone in the Embassy or Consulate and would have spoken with greater ease and confidence. Certainly our government maintains offices and personnel for this purpose. It was all so stupidly handled that it aroused my suspicion. I thought perhaps Bazu was in the hands of a foreign agent. Bazu was disturbed, volunteered to go to the garage and get the number off the wall, make an appointment with "the head" and let me walk in on them.

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115. Bazu had applied for IRO protection and was of official interest and concern to me. ROYSE liked him and wanted to help and I would have followed through with the above plan had not both ROYSE and I learned that "the head" was American and actually turning over his reports to the Embassy. So I dropped the matter and beyond that I can only recall that "the head" is very blond and resembles me somewhat. (Not to be confused with the Ambassador Hotel character described above). I have Bazu's repeated statements that he did not represent himself as "the head".

116. After leaving Capri I returned to Rome where I met Princess Lily WITTGENSTEIN (nee WELGE) of Bolzano and Vienna through her friend and associate, Baron Herbert SCHOLZ, former German consul in Boston and Washington. When the Nazis were kicked out of the U.S. in July 1941, he went to Milan as consul there. He was married to the daughter of one of the heads of I.G.FARBEN and apparently carried some weight in his day. After the war he was held at Oberursel and interrogated by O. John ROGGE. When released his wife had run away with Peter VON HOLZING (former president of bank in Bucharest who was a friend of HABERMANN) and SCHOLZ returned to Italy where he had made many friends by protecting them from the Nazis. He was anxious to get the Italian rights to a fire-proofing process which I control. He proposed to handle it thru the Firm CITRI in Bolzano which is owned by Princess WITTGENSTEIN. I went to Bolzano, met her staff and we worked out a deal.

117. A few days after that I sailed from Genoa for the U.S., landing in New York at the end of August. I visited friends in New York, Washington, Chicago and Springfield, returning to Washington just before Christmas 1948. Most of my time has been spent here writing and trying to find something permanent. I spent the month of April in Springfield and was told that I could go back in the state administration any time I like. I do not like living there but probably would have returned before now were it not for a deal which I hope to consummate in the near future with Johns MANVILLE in connection with my fire-proofing process. The amount involved and under discussion is substantial and would make me independent. This transaction would also open up foreign markets.

118. I would like to return to Europe and to my old work. There is no question in my mind but that I can duplicate the kind of service I once rendered and perhaps do a little

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better. For cover I would prefer that of a journalist. I am known as that and it provides greater flexibility and greater excuse for making inquiries and obtaining information.

119. At this distance and having been away so long I don't know how far I can go in renewing my contacts in Roumania but I believe it quite possible to do so. The last time I saw 201 he told me that he was reluctant to continue to work with the Americans after my departure, that he considered Louis MADISON a Soviet agent and that the Sigurantza had a dossier on him, but that if I ever returned or sent word to him to deal with anyone representing me that he would resume full activity. A long while after my departure he sent me a proposed outline for future operations. It is out of date now but I am attaching it for whatever it may be worth.

120. Ion BUJOI, if still alive and not broken in health since his imprisonment and escape, might be of great value. He is a real patriot. His daughter will know his whereabouts.

121. MIMUCA is by all odds the most clever agent in Roumania and formerly operated a chain which went all the way into the Urals. He and I had an understanding at one time but he became afraid of some of the people in our mission. With those eliminated a basis for operations might yet be worked out. He is now operating a dress shop in Bucharest and could be contacted casually.

122. These men and others, including Chick PAVELESCU the courier for 201, and I often long ago foresaw the present situation and the possibility of war. Chick is a competent radio operator and volunteered to maintain contact in that way if necessary. He had a powerful set hidden in a forest. But before anything definite was worked out I left there.

123. I should like to spend a few weeks exploring the possibilities of contacts through Turkey, Italy, France, and Germany. It is possible that several independent networks could be established. I have always enjoyed the confidence of the Turks and certainly CELAL BEY is one of the best informed men in the world on that area. Leo HOCHSTETTER is the most popular American in Turkey and he is brilliant. He would cooperate as he did before and ask no questions.

124. Italy offers many opportunities. The Yugoslav groups will cooperate through their underground. Captain GACICH and his firm doing business with the Iron Curtain countries

could be utilized. The Jesuits have an extensive training program for agents and are constantly sending them into Russia. They would cooperate. SIMONFAI is in touch with his friends still in Hungary and with funds could do much. He is very clever. IRO offers possibilities for CE work.

125. In France and Germany a lot of exploratory work would be required. Considerable trade is carried on between Roumania and France. Considerable trade is carried on between Roumania and France and no doubt the right person could be found. I also recall that Irmgard WEBERLING once gave me the name of a man in Paris who was very effective against Russia.

126. Much depends on the coverage desired and the type of information wanted. An interview and thorough discussion as soon as possible will be appreciated.

Washington Aug. 4, 1949

Appendices A, B, C, D, E.

Appendix A

Sylvia PRESS

127. The writer first met her in Q building in 1943. She worked closely with Francis KALNAY doing just what was never very clear altho it was said that she and KALNAY had maintained quarters in the Roger Smith Hotel some six months to recruit personnel but never recruited any.

128. She went to Cairo X-2 a month or so ahead of the writer. The chief, Turner SMITH, could not get her to come to the office much less do any work. Her attitude was that she was enroute to Turkey and not supposed to do anything.

129. When she did arrive in Turkey her attitude was that she was an analyst and not supposed to do secretarial work or carding. It caused bad feeling in the office but John MAXSON always had a soft spot for her and humored her. She was good at remembering names and associating them with others.

130. When in Istanbul in November 1944 I begged MAXSON to give me some help in Bucharest as I had none in the beginning and then only THAMES. MAXSON agreed to let Miss PRESS go. She no longer worked for him but for Joe CURTIS who didn't want her. Italy had ignored my requests for help so I took her.

131. My outside work was such that I left the administration of the office up to THAMES. They did not get along and I was constantly getting complaints from both and trying to keep peace. She insisted on a private office. I gave her mine, the only one, and moved into the big office with the staff. Things seemed to go better after that.

132. She was a problem always complaining about housing, transportation to go shopping during office hours, etc. I felt sorry for her and did the best I could. No one ever asked her for a date and she was seldom invited to social functions so I took her along quite often. Many evenings and nearly every Sunday I dictated to her at home which made up for any lack of office work. As an example of what she was up against she was in the hospital at Christmas time and a GI radio operator and I were her only visitors.

133. Against my better judgment I permitted her to live in my house which also had another office, a mess and was used for interrogations. She insisted on breakfast in bed, worried

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constantly about Mr. and Mrs. SCHMITZ and fancied that they had a radio transmitter which she could hear.

134. When Francis KALNAY visited Bucharest he spent less than an hour in our office. I let him and Miss PRESS have my car and they toured the country for a day or two. After that I know she wrote to him often. Being a civilian her letters were censored by the duty officer. Once it was THAMES who detected a certain amount of code. Later when KALNAY tried to replace me I often wondered what she might have said.

135. But our relations were always and still are cordial. She is a frustrated woman who is not getting any younger and probably took quite a jolt when KALNAY married another woman. She is typical of thousands of that unmarried age group of women who work for the government. With that in mind I believe I once recommended her for a raise which had been promised by MAXSON but her papers had been lost.

136. Her views are of some interest. Most of us were shocked by Russian actions and treatment of the Roumanian people. She thought them justified. When the Soviets deported all Roumanians of German ethnic origin for slave labor she thought it quite proper. I attributed this to the fact that she was Jewish and bitterly anti-German. Her views seemed to match those of Capt. Louis MADISON who is definitely pro-Soviet but there may be no significance in this and I rather doubt that there is. In all fairness persons who have known her and worked with her longer than I should be consulted.

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Appendix B

Tanda Caragea BRAGADIRU WAVES

137. When Walter Ross and others from Italy arrived in Bucharest they were taken by Lt. Nelu VALJEAN, a Roumanian, to the home of Mitu and Tanda BRAGADIRU on Alea MODRIGAN where they set up headquarters. WISNER followed and made it his. I was asked to move in so that we could have all American operations under one roof. What followed after that has been reported in detail. WISNER departed and I was acting CO. On the request of General SCHUYLER I closed the BRAGADIRU mess and had no contact with the BRAGADIRUS but some Americans continued to go there for social occasions.

138. The details of the drug deal previously reported are now a little hazy. Nothing was secret in Bucharest very long and a shred of truth brought on endless gossip. There was quite a bit of this about Tanda and Wisner going to Italy. She had done as much as anyone to spread it. Rumors of divorce, marriage, etc. It got so bad that I mentioned it to Wisner who said it was true that Tanda was going over to bring back some drugs which the Vatican had offered the Roumanian Red Cross. I knew of this because I had transmitted a letter for the RRC three or four months earlier proposing that the Air Force fly the drugs but did not get a reply. Wisner said the trip was also in the nature of a reward for Tanda for being so good to the Americans. I think he said either Robert JOYCE or Col. GLAVIN had suggested it.

139. Gossip, of course, continued and one point made was that Tanda was not a member of the RC and had never taken any interest in it, that the Queen, its head, objected to Tanda representing the RC. Sylvia PLACA, Wisner's secretary filled me in on some of this and said she had written a letter dictated by Wisner for Tanda to represent the RC and had gotten someone in the RC to sign it.

140. My recollection of the timing here is bad but I do recall discussing her trip with General SCHUYLER and Mr. BERRY. It seems to me that Mr. BERRY, who had indicated his dislike for Tanda to me, indicated that he was no longer in a position to take action as he had approved her application.

141. Gen. EAKER sent a special B-17 for her. It was said but I was not present that she took so much baggage it did not appear she intended to return and that a GI who was waiting for transportation was not permitted to go, that she was the only passenger. She had told many people that she was going to Switzerland. It was rumored to buy drugs.

142. She neglected to take the list of drugs she was to get and cabled for it. I believe that Wisner was still there but about to leave and designated one of her officers to get the list from some Roumanian. Either Sylvia PLACA or Capt. Richard KUHN, M.D. showed me the list and pointed out that it was headed up with such items as hormones for elderly dowagers and other items which fetched huge prices in the black market but none of the essentials such as powder, etc., against typhus then badly needed. I believe she sent another cable with regard to contacting someone about funds. Obviously there was something more involved than a gift of drugs from the Vatican.

143. Captain KUHN knew the story and told me that there was a group five in all including her husband who were using her trip as an opportunity to bring in a large quantity of drugs from Switzerland. The head of the group was also the head of the black market drug syndicate. There was a banking scheme in Roumania which provided that with a government permit funds for export-import could be obtained from the National Bank at approximately 25% of what they cost in the open market. I understood that such a permit had been obtained. Imperio MATTEESCU who was friendly with BRAGADIRU and had been employed by Wisner, sat in with this group at some of their discussions. He told me the same story but said he would have to deny it if I tried to use it.

144. What happened after that is not very clear except that NEGROPONTES who knew the story tried to get the Royal Palace to block the bank permit. The Queen's aide, Jacques VERGOTTI, came to see me and it was understood that the funds would be blocked.

145. I do not know what happened after that as Walter ROSS arrived, took charge and I was soon out of the picture.

146. There is another incident in connection with Tanda. We had the only penicillin in Roumania in the beginning. It then had to be kept cold and was stored in her refrigerator. Some

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of it turned up in the black market, the physician did not know how to use it and came to the U.S. mission. Colonel BATJER of the Air Force asked for an investigation. I was busy and turned it over to THAMES who traced it back to Tanda. He reported to BATJER and WISNER who were shocked and told him to forget the matter.

147. Long ago I heard that Tanda and Bragadiru were divorced and that she had married Lt. Robert MAVES, co-pilot with Colonel EMMENS on General SCHUYLER's plane. It was reported that he had left the army and gone to Paris as a student while she remained in Bucharest. Later I heard that she was in Paris under house arrest by the Second Bureau but that MAVES was unaware of it. I saw EMMENS one day and mentioned it but he had heard nothing. Later he told me that she had been turned over to the Americans and was in a camp in Austria.

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Appendix C

Lisa KINCAID

a.k.a. Elizabeth MEZEY-FEHER, Zsoky CRISTEA, Lisa FARADAY

148. When she went to Italy in 1945 she had every intention of marrying Lt. William SPECTOR. He was transferred to Austria a day or so before arrival. A few weeks later he returned and they took the necessary steps with the army but his leave expired before arrangements were completed.

149. Shortly before that she met Lt. Col. Elmer L. KINCAID at a party in Naples. He obtained a job for her at the Red Cross club in Naples and started seeing her more or less regularly after SPECTOR's ill-fated trip. A couple of months later she told me that she was going to marry KINCAID. She thought her marriage to SPECTOR had been sabotaged by ERDWURM and she was getting rather desperate about her status.

150. SPECTOR often telephoned me from the border and inquired about her status. I suggested that he come down which he did a few weeks before her marriage. I think he was AWOL but he was prepared to take her back to Austria and said he had General EISENHOWER's permission to marry her. I do not know if that was true but she told him she had gone too far with her plans to marry KINCAID to back out.

151. The latter part of August they were married in Naples. I did not attend but it was a swank affair. She had to pay for it and was burned up. It took all of her money. He had obtained a copy of Emily Post's book from the states especially to show her and pointed out that the bride's family always paid.

152. They honeymooned at Capri and left immediately after that for Germany. I had one or two letters from her saying she had a job with war crimes and she sounded happy enough. I telephoned her from Paris in November when I was enroute home. She said she was pregnant and expected to be in the U.S. soon. I believe we exchanged one or two letters after that but maybe not. In the spring of 1946 I received a phone call from her at midnight. She said she was at the Shoreham with the KINCAIDS Sr. I took her to lunch. Not much of interest was said. I showed her the sights.

153. A month or so later I saw her in New York and took her to dinner. She was heavy with child, a little hysterical and told me her father-in-law had tried to get her in bed with him. She had seen Bill SPECTOR who said he was making \$25,000 a year and still anxious to marry her.

154. The night before I sailed for Europe in August 1946, I telephoned her at her home in Bronxville. She was very unhappy, she said, because her husband stayed out late hours and then called her to pick him up at roadhouses, etc.

155. I have seen KINCAID but never met him. There must be something a little strange there. A Colonel KELLY with whom he shared an apartment in Italy told me that KINCAID had lived with a girl for a year but had never slept with her while two other officers who also lived there did very well with her.

156. Zsoky wrote me a few letters in Europe. She said they had bought a house, didn't have enough money to furnish it, that she had become a Powers model by day, was painting and decorating the house by night and was supporting the family as he was out of a job. I don't believe her letters mentioned it but someone told me that she had gone to Switzerland and France in the meantime in connection with some business (cosmetics?) for her husband's family. Once she wrote that she had been in Hollywood and thought she had a good opportunity to land a job there but was short of money for travel. I learned later that she borrowed \$200 from a friend and paid it back.

157. In the fall of 1948 shortly after my return from Europe I heard that she was in New York and contacted her at the Sherry Netherlands. She invited me to luncheon in her suite. I was curious about the expense and asked who paid. She said it was some Hollywood outfit and that she was there on business for them. She was preparing to get a divorce and was in love with Ben HECHT. I could not stay long as I had an appointment and she volunteered to drive me. It was a new Packard which, she said, the company furnished. A friend told me it was owned by Billy BLOOMINGDALE. I agreed to see her the next day but she telephoned that night and somewhat hysterically told me her husband had discovered she was in town, threatening to cause her trouble and that she was leaving town.

158. That was my last contact until some time in the winter when I saw an American Weekly story about her. It was nonsense and mostly untrue. I wrote and told her that I thought it bad taste and might eventually hurt her. It was long after that when I received a nasty letter saying her publicity was none of my business and accusing me of being in league with her husband and her husband's lawyer. I did not reply.

159. A month or so later she telephoned me in Washington from Hollywood and talked about 30 minutes. She was much concerned

over any contact I had with KINCAID or his attorney. I assured her that I had never met either of the gentlemen and had not been in contact with them. That seemed to calm her down and to satisfy her.

160. Six weeks or so ago I was in New York and heard that she was separated or divorced, getting along well in Hollywood, had appeared in some pictures and was using the name Lisa FARADAY.

161. In July we exchanged letters relative to the possible sale of my book on Roumania to the films. She believes that she has the possibility to sell it to Howard HUGHES.

162. The FBI is investigating her and asked me a few questions some months ago. Others are still being questioned. I presume it is in connection with her citizenship.

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