

~~SECRET~~

FEDERAL BUREAU OF INVESTIGATION
WASHINGTON 25, D. C.

(b)(1)
(b)(3)

Mr. Tolson	_____
Mr. Boardman	_____
Mr. Nichols	_____
Mr. Belmont	_____
Mr. Harbo	_____
Mr. Mohr	_____
Mr. Parsons	_____
Mr. Rosen	_____
Mr. Tamm	_____
Mr. Sizoo	_____
Mr. Winterrowd	_____
Tele. Room	_____
Mr. Holloman	_____
Miss Gandy	_____

MAY 24 1955

Director, Federal Bureau of Investigation
U. S. Department of Justice
10th and Pennsylvania Avenue, N. W.
Washington, D. C.

Attention: Mr. Sam J. Papich

SUBJECT: Frank G. WISNER
FBI Files 100-344488; 62-97311.

Dear Sir:

FRANK WISNER

Reference is made to your letters dated 28 November 1952, 23 November 1953 and 30 March 1954 to this Agency, captioned "Frank G. Wisner, Miscellaneous - Information Concerning"; reference is also made to our letters to your Bureau concerning Mr. Wisner, dated 22 December 1952 and 19 April 1954.

A detailed investigation has been conducted by the Security Office covering the allegations against Mr. Wisner, including those in the above references, as well as those received from other sources.

The attached report contains all of the allegations, and the results of our investigation. This investigation indicates that the allegations are based on fabrication, distortion of fact and Rumanian refugee gossip.

The attached report is forwarded for your information. Since it is possible that the circulation of these allegations may continue, it would be appreciated if any further information received by your Bureau is brought to our attention.

Sincerely,

John Edgar Hoover
Director of Security

Attachment: Report.

RECORDED - 73
INDEXED - 73

62-97311-11

JUN 7 1955

~~SECRET~~

APPROVED FOR
RELEASE DATE:
22-Sep-2009

60 JUN 13 1955

*1 x sent del & report to DE NY + WFO
6 days - 7 for info 11-X-66
u 105-42163-105
re Magdalena mltow. CSR/monog*

Brady

Kelly

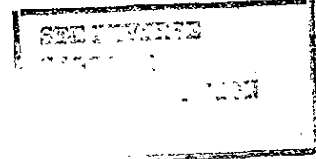
J

*ENCLOSURE
13
Memo from Belmont to Boardman dated 6-3-55 G.W.K. det*

ESP/awk

~~SECRET~~

SUBJECT: FRANK WISNER.



PURPOSE OF THIS REPORT

This memorandum represents a study and research and investigation made of 21 allegations which have been made in the past against the character and loyalty of Frank Wisner. The purpose of the research was to determine what factual basis there may be to the allegations if any.

NATURE OF THE ALLEGATIONS

The allegations which have been made against Mr. Wisner's character and loyalty are 21 in number; however, they fall into the following 12 general categories:

1. Allegations of the Subject's association and intimate relationship with Tanda Caragea, an alleged Soviet espionage agent whom Subject knew in Bucharest, Rumania in 1944.
2. An allegation that the Subject had a part in the profits from the sale of medical supplies to the Russians while in Rumania.
3. Allegations of the Subject's associations, business relationships with, and activities in behalf of Max Ausnit, a wealthy Rumanian, now in the United States and against whose moral character allegations have been made.
4. An allegation that Subject profited from a CIA operation involving ships in Turkey owned surreptitiously by CIA.
5. Allegations that NCFE and RFE are covers for Subject's private dealings and that they are populated by "cronies" of the Subject.
6. Allegations that the Subject prevents entry into the United States of Rumanians who are not in sympathy with the Rumanian National Committee.
7. An allegation that Subject's name was found in the telephone book of a Jelke vice case "call girl".
8. Allegations that Subject is being blackmailed by two Rumanians

1-D checked

62-97311-11

~~SECRET~~ ENCLOSURE

~~SECRET~~

who had knowledge of an alleged affair between Wisner and a woman from the Soviet Legation in Bucharest, Rumania while Subject was there.

9. An allegation that Subject made it possible for an alleged British agent to get information out of Rumania into Italy in an OSS pouch in 1944-45.

10. An allegation that Subject set up a short-wave radio station in Tanda Caragea's home in Bucharest in 1944 to put out pro-Russian material.

11. An allegation that Subject knew Nadia Gray, an alleged Soviet espionage agent in Rumania, and that he was interviewed concerning her in connection with her application for a visa to enter the United States.

12. An allegation that Subject is not "sufficiently anti-Communist" because he backed a Third Force program in China.

SOURCES OF THE ALLEGATIONS:

Of the 21 allegations which have been made against Mr. Wisner, 15 can be reasonably assumed to have come from Nicolae Malaxa, or his associates.

U.S. Rumania

Of the remaining six allegations, two have been known to have come from an investigator with a Senate investigating subcommittee, who has been attempting to build a case for Congressional hearings on CIA operations.

Of the remaining four allegations, one is reported to have originated with a former member of the American Military Unit who was in Bucharest at the same time Wisner was there and who was the subject of a proposed court-martial action for his conduct while in Rumania. (Major Robert Bishop).

Of the remaining three allegations, two originated with a Rumanian emigre who attempted to enter the United States in 1950 and was refused entrance on loyalty and character grounds (Nadia Gray).

The remaining allegation possibly came from Malaxa or his associates; however, the indications of this are not as strong on this one as they are on the other 15, which can reasonably be attributed to Malaxa and his associates.

In addition to the above, it is noteworthy that Major Robert Bishop, a former OSS employee who served in Rumania from September 1944 until the Spring of 1945, has written a book published in 1948 entitled "Russia Astride the Balkans". In the book Bishop makes certain

~~SECRET~~

~~SECRET~~

statements which it is believed have been the subject of distortion and embellishment by the above named sources to form some of the allegations which have been circulated about Mr. Wisner.

BACKGROUND:

The following background information is being set forth about the activities of the OSS Mission in Bucharest during 1944 and 1945 in order to provide a general picture of the nature of his work while there, inasmuch as the majority of the allegations relate to Mr. Wisner's activities and associations while there. Mr. Wisner was commanding officer of the OSS Mission in Bucharest for a five-month's period from August 1944 through January 1945. He and a small group of Americans were among the first of the Allies into Bucharest when the Germans evacuated from there in August 1944. Since Germany was the principal enemy of the Allies at that time, every effort was being made to secure positive intelligence information concerning the Germans. The OSS unit when it first arrived was billeted and had offices in the Bragadiru house in Bucharest. This was a large home owned by Mr. and Mrs. Dimitru Bragadiru, who themselves moved into the servants quarters which were separate and apart from the main house. Also living in the Bragadiru home were several members of the 15th Air Force and, subsequently, members of the Armistice Control Commission, and also for a time some members of the Mediterranean Army Air Force. In addition to providing office space and billets for some of the personnel of OSS, the Bragadirus also operated a dining facility for some of the Americans. In addition, in this home OSS established its radio communications facility. However, at no time was any radio propaganda activity authorized during Mr. Wisner's stay and no known radio propaganda activity existed in 1944 or 1945.

The OSS unit during 1944 - 1945 had a complement of approximately 40 people at its peak of personnel. It reportedly turned in over 750 intelligence reports in less than eight months, seized many tons of German documents, over 200 rolls of German films on various subjects which chronologized the German and Russian War, obtained information early in March 1945 that Germany would probably surrender on or about 7 May 1945, obtained information on the organization of secret plants in which part of the B-1 and B-2 bombs were made and determined the location of the Abwehr Radio Station for Southeastern Europe. It also obtained detailed information concerning Japanese espionage and the relation of certain Japanese in Rumania with the Russians which enabled the American Mission in Rumania to force the Rumanian Government to intern certain dangerous Japanese. The OSS unit which

COPIED
GIVEN [] CIA
5/25/55
SJP

~~SECRET~~

~~SECRET~~

Mr. Wisner headed was, in addition, extensively reporting during this period on Russian espionage and penetration attempts against the Allies in Rumania. Agents controlled by the OSS unit in Bucharest did, in fact, penetrate the Russian Intelligence Service and politbureau in Rumania; they obtained details of Russia's plans for a Danube River monopoly, which actually materialized in July 1945. As examples of the counter-espionage activities of Mr. Wisner's unit, which benefited the British as well as the United States, were discoveries by a branch of his unit that the Russians were obtaining copies of British cables in and out of Rumania, and that an employee of the British, Nadia Herescu, was a Soviet agent. *Enry*

Mr. Wisner, as head of the OSS unit in Rumania, had official duties which required him to attend numerous social functions and to meet numerous people, some of whom he and others of his unit subsequently developed as excellent sources of intelligence information. Official and covert employees of the Russians did attend such functions on occasions; however, it is to be recalled that the official attitude between the Russian and American complements in Rumania toward each other was quite different than it would be now, since Russia was then our ally and every effort was being made to defeat the principal enemy, Germany. Official liaison between American and Russian officials was maintained because it was hoped that a free exchange of information relative to German Order of Battle, fortifications and other information of an intelligence value would be obtained. Participating American officers were acting under Washington orders.

Nicolae Malaxa's criticism of Mr. Wisner

[REDACTED]

[REDACTED]

In the Judith Coplon trial, a report on Malaxa from CIA to the FBI was introduced into evidence. This report dated 11 May 1948 indicated the unsavory reputation and character of Malaxa. Malaxa, without doubt, learned of that report. Subsequently, Immigration and Senate hearings were held on Malaxa's attempts to gain permanent residence in the United States. Malaxa was represented at these hearings by Ugo Carusi, former Commissioner of Immigration. In addition, there has been constant strife between the two main factions of Rumanian emigres in this country--one faction representing General Radescu and in turn Malaxa, the other faction representing the Rumanian National Council and allied Rumanians.

[REDACTED]

- 4 -
~~SECRET~~

~~SECRET~~

Through any of the above three possibilities, or others, Malaxa could have learned that Wisner was in a key position in CIA.

Prior to entering Government service in 1947, Mr. Wisner represented Max Ausnit in a legal proceeding for breach of contract, against Nicolae Malaxa. Now that Mr. Wisner is with CIA, Malaxa is apparently assuming that Mr. Wisner is the person responsible for opposing Malaxa's application for permanent residence in the United States, which is not true. Mr. Wisner, because he acted as Mr. Ausnit's attorney in a legal proceeding against Malaxa seven years ago, has, in fact, as a matter of ethics and of his own volition, declined to become personally involved in any way in CIA's comments on Malaxa to Immigration.

It is believed that the above background information serves as a basis for evaluating the allegations which have been made against Mr. Wisner. It points up several things--one of which is that almost all of the allegations against Mr. Wisner concern his alleged associations and activities while in Rumania for only a five-months period at the close of World War II, and that these allegations are clearly traceable to Malaxa.

An FBI investigation was conducted on Mr. Wisner in 1949 with completely clear results on his background, character and loyalty. In addition, he has been processed in CIA, as have other CIA employees, with entirely favorable results.

SPECIFIC ALLEGATIONS

Rumanian
Allegation #1 - That on at least one occasion, while Mr. Wisner was with OSS Bucharest, he was said to have placed an official American plane at the disposal of Tanda Caragea, also known as Bragadiru, for a trip to Switzerland and that the overt purpose of her trip was to do some shopping with the money Mr. Wisner had given her; and that actually the woman went to Switzerland to "submit her report to her Soviet superiors." (Source: Ladislav Farago).

Investigative results: Relative to the plane trip taken by Mrs. Caragea, Mr. Wisner states that the only part he or his OSS mission played in arranging a trip for her was in the passing of certain communications between the Mediterranean Army Air Force headquarters at Caserta, Italy to Mrs. Bragadiru. He states that her trip was of no concern to him or his OSS mission and that they paid no attention to it. He states that he has never ^{heard} nor has he known of any arrangements she allegedly made in Switzerland. He had heard that she was said to have gone to Switzerland as a representative of the Rumanian Red Cross; however, he had no further information relative to her mission. He further states that he did not give her any money to spend on her trip and points out that she was quite wealthy and had no need of funds. He states that he has had no connection or association with her since he left Italy in February 1945. He said that he has on

CORRECTION GIVEN BY

CIA-5/25/55 DBO

~~SECRET~~

~~SECRET~~

occasion received Christmas cards from her and that on one occasion while Mr. Wisner was with a law firm in New York City after World War II, he was called on by an individual bearing a letter of introduction from her, who expressed an interest in getting patent rights from Dupont for the manufacture of mylon in Rumania; however, that he has no idea as to what became of this proposed venture. Relative to the association of members of OSS with Mrs. Bragadiru while in Rumania, Mr. Wisner stated, as has been mentioned earlier in this report, that the OSS mission was for a time billeted in and maintained office space in the main Bragadiru house, that in addition members of the 15th Air Force and the Mediterranean Army Air Force were also stationed in the main Bragadiru house for a time and that messing facilities were also provided for some of these personnel in the Bragadiru house. Mr. Wisner stated that during this time Mr. and Mrs. Bragadiru resided themselves in an apartment over a garage apart from the main building.

[REDACTED]

Mrs. Bragadiru stated that the trip was personally facilitated by Lt. General Ira C. Eaker of the Mediterranean Army Air Force as an award to her for her past service rendered to American air crews which landed in Rumania in 1943 and 1944 and were held as prisoners of war.

It is further pointed out that Mr. Wisner left Rumania during the last week of January 1945 and arrived in Washington, D. C. on 9 February 1945. Mrs. Caragea stated to American authorities in Austria in 1948 that her trip to Switzerland extended to March 1945. Mr. Wisner was next authorized to travel on 20 April 1945 and would have been in Washington, D. C. at the time of Mrs. Caragea's return to Rumania from Switzerland.

Relative to the allegation that Mrs. Caragea was a Soviet agent, it is to be pointed out that in a conversation to the American authorities in Austria in 1948, Mrs. Caragea stated that she was first approached in 1947 to work for the Rumanian SSI and there is no mention of her having worked for them during the period 1944 - 1945 while Mr. Wisner was in Rumania.

Allegation #2 - [That Mr. Wisner, while residing in the home of Tanda Caragea (at one time an alleged Russian agent, and earlier an alleged German agent) in 1945 requisitioned an Army plane to pick up medical supplies in Switzerland; that Caragea accompanied Mr. Wisner on this trip, picked up the medical supplies, and upon returning to Rumania, half of the supplies were turned over to the Red Cross and the other half was allegedly sold to the Soviet Union, with Mr. Wisner and Mrs. Caragea splitting the money. (Source: FBI report of 30 March 1954, subject "Frank WISNER; Information Concerning.")]

SI (W)

Investigative Results: Same as set forth under Allegation #1.

~~SECRET~~

~~SECRET~~

Allegation #3 - That while Mr. Wisner was an OSS officer assigned to Bucharest, he lived with Tanda Caragea in a home owned by her which was allegedly one of several houses in Bucharest taken over by the American Military Mission. (Source: FBI report of 30 March 1954, subject "Frank WISNER; Information Concerning.") S1(u)

Investigative Results: Same as set forth under Allegation #1.

The FBI report referred to above states that a Colonel Anderson of Miami, Florida and a Colonel Thomas Tucker, with International Telephone and Telegraph, New York City, could furnish information relative to Mr. Wisner's association with Caragea. It is pointed out that Colonels Anderson and Tucker have themselves had a personal and financial interest in the welfare of Nicolae Malaxa. The interests these two individuals have had regarding Malaxa's welfare are reflected in an FBI report dated 31 March 1949 entitled "Nicolae Malaxa, internal security --R-RU" pages 30, 31, 32. S1(u)

Allegation #4 - That Mr. Wisner was very close to Max Ausnit, millionaire Rumanian in the United States who was reportedly involved in the Jelke vice case in New York, and allegedly used vice to gain control of various officials. Ausnit is a bitter enemy of Malaxa. (Source: FBI report of 30 March 1954, subject "Frank Wisner; Information Concerning.") S1(u) *Romanian*

Investigative Results: Mr. Wisner states that in 1947 while an attorney in a private law firm he served as counsel for Mr. Ausnit in a legal proceeding for breach of contract against Nicolae Malaxa. Mr. Wisner further states that he has never had and does not now have any business or financial connection with Mr. Ausnit and he has never had any part in transferring any assets of Ausnit's out of Rumania.

The Security Office desires to point out that it is a matter of record that Mr. Wisner, as a matter of ethics, has in the past from time to time personally declined to become involved in any way in Agency matters pertaining to Malaxa. In addition, the investigation conducted by the Office of Security has not developed any evidence or indications that Mr. Wisner has had any business or financial transactions with Ausnit other than in the one instance mentioned above in which Mr. Wisner served as counsel for Ausnit in the breach of contract suit against Malaxa, which was at a time prior to Mr. Wisner's connection with this Agency.

Allegation #5 - That Mr. Wisner is a silent business partner in some

~~SECRET~~

~~SECRET~~

of the business transactions of Max Ausnit, and that he was influential in smuggling some of Ausnit's assets out of Rumania for a consideration. (Source: Ladislav Farago.)

Investigative Results: Same information as set forth under Allegation #4.

Allegation #6 - That Mr. Wisner is the silent partner of Ausnit, and that Ausnit is supposed to do business with the Soviet Union and her Satellites, and that Mr. Wisner has a share in the profits. (Source: Ladislav Farago.)

Investigative Results: Same information as set forth under Allegation #4.

Allegation #7 - That Mr. Wisner's name was in the telephone book of a woman named Pat Ward, a "call girl" notorious in the Jelke vice case. (Source: Ladislav Farago.)

Investigative Results: Confidential informant who has furnished reliable information in the past and who is in a position to know the truth of the above allegation, has advised that Mr. Wisner's name does not appear in the telephone book of Pat Ward.

Allegation #8 - That Mr. Wisner profited personally and substantially from several secret operations of CIA, especially from a clandestine "deal involving some ships in Turkey owned surreptitiously by CIA." (Source: Ladislav Farago.)

Investigative Results: Mr. Wisner has personally certified to the Office of Security that he has never profited either directly or indirectly from any Secret operations of CIA or OSS and states that there is absolutely no basis whatever for any such charge. Investigation of the Office of Security has developed no substantiation of any such charge.

Allegation #9 - That other "secret operations" of Mr. Wisner in CIA are known in detail to Kurt Glaser from data supplied by an Army officer or official; that this same information is available in detail to the McCarthy and Jenner Committees, and that these operations are merely "covers" for Mr. Wisner's private dealings and serve largely for purposes of his personal aggrandizement and they are ineffectual and a waste of the taxpayers' money. (Source: Ladislav Farago.)

Investigative Results: Mr. Wisner has personally certified the same as set forth under Allegation #8.

~~SECRET~~

~~SECRET~~

Allegation #10 - That Kurt Glaser indicated that the NCFE and RFE were CIA operations of Mr. Wisner's and that they are ineffectual and a waste of taxpayers' money, that they are populated with "cronies" of Mr. Wisner's who couldn't get any other job and that both Mr. Wisner and his friends profited personally from their association with these organizations. (Source:Ladislav Farago).

Investigative Results: Same information as set forth under Allegation #9.

Allegation #11 - That Mr. Wisner is in contact with the Rumanian National Committee, Washington, D. C., constantly and that he endeavors to prevent or restrain the entrance of the Rumanians who are not in sympathy with the Committee. (Source: FBI letter 28 November 1952, subject "Frank G. Wisner; Information Concerning.") S1(u)

Investigative Results:

[redacted] Because of the mechanics of the immigration procedures in this country and because of the mechanics of the internal operation of CIA, the Office of Security is of the opinion that it would not be possible for any one individual to prevent or restrain the entrance of any particular group of Rumanians into the U. S. solely on the basis that they were not in sympathy with the Rumanian National Committee.

Allegation #12 - That William W. Heimlich advised the FBI that he had heard a rumor from Warren Magee, a Washington attorney, about Mr. Wisner. Magee had in turn heard from members of the "Free Rumanian Council" that Mr. Wisner had cohabited with a woman from the Soviet Legation in Bucharest when Mr. Wisner was with the American Embassy there, and that Mr. Wisner had been seen in Paris, France, according to Rumanian sources, with this woman, presumably about the time Mr. Wisner was in Bucharest. (Source: FBI report 23 November 1953, subject Frank Wisner.) S1(u)

Investigative Results: Unless this allegation refers to Tanda Caragea, who was not known to have been connected with the Soviet Legation in Rumania during the time Mr. Wisner was employed there, there is nothing to tie this allegation in with anyone Mr. Wisner may have known while in Rumania. The allegation is further identified as a rumor, and not a known or provable fact, by Heimlich himself. Members of the "Free Rumanian Council" refers to a group in Malaxa's faction of the Rumanian emigres in this country. This is a non-specific and vague rumor which does not warrant further comment until after Magee can be interviewed as to the two sources of his information on this subject. *

Allegation #13 - That members of the "Free Rumanian Council" had S1(u)

* CIA DOES NOT PLAN TO INTERVIEW MAGEE - PERZ

CIA - 5/25/55
DJO

- 9 -
~~SECRET~~

~~SECRET~~

told Warren Magee that Mr. Wisner was being blackmailed by two Rumanians who had knowledge of Mr. Wisner's alleged affair with the woman from the Soviet Legation in Bucharest, Rumania, when Mr. Wisner was there with the American Embassy. (Source: FBI report 23 November 1953, subject "FRANK WISNER.") S1(u)

Investigative Results: Mr. Wisner states that he is not aware of any blackmail attempts ever having been made against him by persons of Rumanian nationality or for any reason whatsoever. He says that he has constantly been subjected to attacks and abuse but that at no time has anyone to his knowledge ever sought through threats or otherwise, to do something against his will or better judgment.

MAKE HIM CORRECTION
GIVEN BY CIA
5/12/55
DST

Investigation by the Office of Security has developed no evidence or indications of blackmail attempts to date.

Allegation #14 - That Major Robert Bishop told Lieutenant Colonel Ross in 1945 that Mr. Wisner had made it possible for one Archie Gibson to get information out of Rumania by including it in OSS pouches from Bucharest to Italy. Gibson was described by Ross as a somewhat dubious character who posed as a British newspaper correspondent and who was supposed to have worked for the British government as an agent, according to Ross. Bishop allegedly told Ross that the British had discovered Mr. Wisner's actions and he expected them to make such a protest that it would cause action against Mr. Wisner, possibly a court-martial, in Washington, D. C. (Source: Report on X-2 operations in Bucharest made by Lieutenant Colonel Ross, 30 April 1945.)

Investigative Results: Information on occasions was legitimately transmitted by OSS Bucharest for British Intelligence, as a matter of official cooperation. On one occasion, information was transmitted for British Intelligence from Bucharest, Rumania, to Bari, Italy, which involved material furnished by Gibson; however, this was done at the specific request of British Intelligence and the destination was an official unit of British Intelligence with whom OSS was in official liaison.

Allegation #15 - That Mr. Wisner, while residing in Caragea's home in Bucharest in 1944 set up a short-wave radio station which was used to put out pro-Russian material. (Source: FBI report of 30 March 1954, subject "FRANK WISNER.") S1(u)

Investigative Results: OSS records reflect that OSS Headquarters in Bucharest, Rumania were located at the Bragadiru home in Bucharest, when the Americans first were allowed in Rumania in 1944. There is no evidence to show that any radio equipment used by OSS was used to put out any pro-Russian material, nor used for any propaganda purposes whatever.

The former chief of OSS communications in Bucharest during 1945

~~SECRET~~

~~SECRET~~

states that there was no propaganda or pro-Russian broadcast during the period September 1944 to February 1945 when Mr. Wisner was in Rumania.

Allegation #16 ~~4~~ That Nadia ~~X~~ Gray, an ^{Person of interest} alleged Soviet espionage agent, claimed to have known Mr. Wisner as a member of the American Military Mission in Bucharest fairly well, but only socially, and had heard nothing of him since his departure from Bucharest. (Source: FBI report 25 March 1952, "NADIA GRAY, was., ESPIONAGE - RU.") } SI(C)

Investigative Results: Mr. Wisner stated in 1950 that he had seen Nadia Gray about six times in Bucharest in 1944 - 45, five of these being at social functions, and one at the office of a British Army officer in Bucharest at a chance meeting. Mr. Wisner stated that Nadia Gray was said to be of a poor moral reputation, that she was rumored to have been connected with the Soviets, and in connection with her application for a visa to enter the United States, Mr. Wisner advised regarding her loyalty that her personal self-interest would overshadow all other considerations with her. /

Furthermore, it should be pointed out that the OSS Unit which Mr. Wisner commanded in Bucharest officially alerted the British in 1945 to the fact that Nadia Gray, then an employee of the British, was a Soviet agent.

Allegation #17 - That Mr. Wisner was interviewed concerning Nadia Gray in connection with her application for a visa to enter the United States. (Source: FBI report dated 25 March 1952, entitled "NADIA GRAY.") SI(u)

Investigative results: Same as set forth under Investigative Results under Allegation #16.

~~SECRET~~