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7 February 1955

MEMORANDUM FOR: Deputy Director, Plans

SUBJECT: Defection Attempt in Vienna on 5 February 1955,
Boris Yakovlevich NALIVAICO

1. Background: Boris Yakovlevich NALIVAICO, Chief of the KGB/
Vienna, West German target group, with the cover position of Soviet
Consul in Vienna, has been a defection target of this agency since
1947. At that time he was Soviet Consul in Berlin, also a cover
position. Robert B. Gray [redacted] first knew NALIVAICO (b)(1)
at the time Gray was a Public Relations Officer attached to General (b)(3)
Lucius Clay's staff in Berlin. As such he had certain duties which
brought him into business contact with NALIVAICO. From this contact
there developed a social relationship between Mr. and Mrs. Gray and (b)(1)
NALIVAICO and his wife. (b)(3)

2. [redacted] Gray [redacted]
[redacted] continued to maintain his contact with NALIVAICO since available (b)(1)
information indicated a defection potential. This consisted of (b)(3)
NALIVAICO's consistent interest in and attraction to Western ideas
and ways; his wife's frequent visits to non-Soviet Sectors of Berlin; (b)(1)
his statement to American Naval personnel in Bremerhaven in 1948 (b)(3)
that he saved 76,000 Deutsch Marks which he would like to invest in
the West where he hoped to realize a six and one half percent interest
yield; and a steady interest in maintaining his friendship with Gray.
It was realized by Gray and all concerned that this might be a
calculated provocation. However, the best available assessment of
the individual indicated valid reasons for continuing to believe
him vulnerable to a defection approach if a channel making this
possible could be maintained. (b)(1)
(b)(3)

3. Defection Attempt of 5 May 1954: NALIVAICO was transferred
from Berlin to Vienna as Consul in December 1953. At this time Gray
was also in Vienna [redacted] Informa-
tion provided by [redacted] shortly after his defection in February (b)(1)
1954, showed that NALIVAICO was KGB/Vienna Chief in charge of Soviet (b)(3)
operations against West German targets. This information also
indicated that NALIVAICO had had a poor efficiency rating during his
Berlin tour but that he enjoyed the protection of the KGB Resident
and Soviet High Commissioner ILYICHEV.

4. On 5 May 1954 Gray, about to return [redacted] to the United States, (b)(1)
had dinner with NALIVAICO, at which time Gray, according to prearranged (b)(3)
plans, told NALIVAICO that a friend of his in American intelligence

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had mentioned NALIVAICO's difficulties to him. Gray offered to furnish contact with American officials in the event that NALIVAICO wished to save himself from punitive action by the Soviets. NALIVAICO declined the offer. KGB surveillance of the meeting was noted, and that was believed to have been the major reason for NALIVAICO's declining the offer. Gray and NALIVAICO parted on good terms. Several inquiries made by NALIVAICO to another American source during the summer of 1954 regarding Gray's welfare indicated an interest in maintaining his channel to Gray.

5. Defection Attempt of 5 February 1955: Further information from [redacted] indicated a better than average chance for defecting NALIVAICO. To enhance this effort, [redacted] wrote a letter in which he told NALIVAICO about his favored status with his American colleagues; why he had defected; why, in view of NALIVAICO's bad record, NALIVAICO would do well to defect; and to trust the bearer of the letter. With the arrest of certain Soviet agents in West Germany, more information was shed on NALIVAICO's espionage career conducted under consular cover. Many professional errors were noted by agency officials which could embarrass NALIVAICO whenever the German authorities decided to release the information and publicize their charges against the Soviet agents who, meanwhile, were cooperating with the Western officials. (b)(1) (b)(3) (b)(1) (b)(3)

6. This information, plus all that had hitherto been acquired on NALIVAICO plus the strong inducement factors inherent in [redacted] letter suggested that another - and final - effort should be made before public court action against former NALIVAICO agents could take place - which might prompt the Soviets to recall NALIVAICO before we could reach him. (b)(1) (b)(3)

7. After considering all possible approaches, it was determined that Gray was the only person who could establish a bona fide defection channel. Accordingly, he was sent TDY to Vienna on 25 January 1955. He was joined there by David E. Murphy from the Berlin Operations Base who was to be introduced as his American intelligence contact. In addition to the first [redacted] letter, another one was prepared bringing the material up to date. Also a dummy galley proof article ostensibly prepared for publication in Wiener Kurier was presented as a device to show NALIVAICO graphically how untenable his position would be if such were published. (b)(1) (b)(3)

8. It was planned that a "chance" meeting between the principals would take place after heavy surveillance of NALIVAICO indicated a time he could be approached in a public place where he would be free

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from KGB surveillance. Surveillance showed that a "chance" encounter was impossible. Therefore, his wife was contacted and was asked to deliver a message to NALIVAICO stating that Gray had a message for him. NALIVAICO was telephoned by Gray. It was necessary to deliver to him the two [redacted] letters, plus a covering letter written in German by Gray before he would agree to a meeting. A meeting did take place at which NALIVAICO appeared visibly nervous and shaken. He stated that he needed time to think over the defection proposal. Ultimately a meeting was scheduled for 5 February in a Vienna cafe. (b)(1) (b)(3)

9. Very heavy security precautions were taken in order to insure the safety of Gray and Murphy. Vehicular and foot surveillances were established outside and the meeting was covered by armed VOB personnel inside the cafe. NALIVAICO joined Gray and Murphy. Then the three conversed for a few minutes. Murphy, known as Colonel Manning, showed NALIVAICO a letter written on United States water-marked, embossed Government seal note paper which authorized "Manning" to bring NALIVAICO and his family to the United States under authority of Public Law 110. The letter mentioned the Secretary of State and Department of Immigration and was signed fictitiously "R. A. Farnsworth". The exact text of the letter is not yet available at Headquarters. When Murphy reached to retrieve the letter, NALIVAICO accosted Murphy and publicly accused him and Gray of trying to force him to commit high treason. At this moment the Soviet Provost Marshal entered the cafe with four armed, uniformed guards and assumed control. Other known KGB personnel also appeared on the scene. Austrian Police, American MP's, British MP's, and the International Police arrived on the scene almost immediately as a result of VOB's communications arrangement. Thus was prevented a possible attempt to abduct Gray and Murphy. The two were duly taken to the Allied Council building, identified (Gray under true name, Murphy as Colonel Manning) and released into American custody.

10. The Soviets made an immediate protest to American Ambassador Thompson. The basis for his formal reply has been coordinated with the Department of State and states that the two Americans were acting in good faith and in accordance with announced American policy of providing asylum for those who seek it. The effort, therefore, is to show that NALIVAICO was not acting in good faith, as can be proved by the evidence of 1) [redacted] whose surfacing statements can allude to NALIVAICO's true status in Austria and, 2) confessed Soviet agents awaiting trial in Germany. The latter will require the cooperation of West German authorities who are now being asked to publicize the information pertaining to NALIVAICO. (b)(1) (b)(3)

11. Press releases in Austria and this country have given accounts of the event in the Vienna cafe in varying degrees of detail. All gave the names of "Robert Gray" and "Colonel Francis Manning". Cover stories accounting for their presence in Vienna are currently being worked out.

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assessment: The Soviets have in their possession two [redacted] letters (which, in view of their contents, the Soviets are not likely to publish); Gray's letter in German; Manning's (Murphy) letter of authority; and the galley proof Wiener Kurier article. Although the fact of possession is regrettable, it is not considered likely that United States interests or those of the agency can be seriously impaired, since attributability can be plausibly denied.

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

13. The results of this difficult operation are highly regrettable. However, it was an effort as carefully and securely conducted as was possible, and one which was properly in the interests of the agency. Two overriding considerations remain; 1) the United States may well be able to assume the propaganda initiative in this matter and, 2) the physical safety of CIA personnel has been insured.

John A. Bross

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Chief, Eastern European Division

*Do/ins ltr
6/19/94*

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