

VIA: _____
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DISPATCH NO. MAVA-035

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TO : Chief, Foreign Division M
Attention: []
DATE: 14 November 1950
FROM : Chief of Station, Vienna

SUBJECT: GENERAL Operational Matters - []
SPECIFIC [] and General HENNEI
Reference: MAVA-6759- []
[] 6-6-2-2677

1. In a conversation with [] on 22 October 1950, Stephen S. Murray (VLKIVA) passed on the following information which one of his men had obtained from a certain Colonel SOLTESZ, fna, a Hungarian emigre now in Munich:

[] (true names given) recently met with General Arpad HENNEI, head of the extreme right "Hungarista" group, and told him that they could place some men with the War Department U. S. Army, Southeastern European Command, Section Hungary, APO 543, commanded by Major General Martin W. Jonas.

Although [] had reported a meeting with HENNEI just before their departure for Hungary, Murray's information seemed to confirm the fears expressed in paragraph 7 of reference memorandum. The fact that they had mentioned an organization completely unknown to us (actually fictitious, however) seemed to indicate that they were even playing a triple game.

On the basis of this report, [] immediately questioned [] the following day. He stated that he had irrefutable information proving that [] had made a serious breach of security and trust which they had not reported and that if a full report were not given immediately, they would both be dropped, thrown out of Austria and their Hungarian contacts denounced to the AMH. The completeness of their individual accounts of dealings with General HENNEI and all others not previously revealed would determine their fate. [] was completely surprised and taken aback by this approach. Cold sweat stood out on his forehead and he declared himself ready to give a detailed account of everything.

3. After securing [] approval to investigate the [] group as a possible source of recruits for VLKIVA and us, [] first met General HENNEI in August 1950 at the Salzburg apartment of Josef []

INDEX

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INDEXED
FILED

SECRET
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17 Nov 1955

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D/ VOERGES, Schloss Str. 14. Pános GNANDT had arranged the meeting and was also present with János LEWYEL, HENNEI's Deputy. HENNEI stated that he wished to use the Hungarista group as the nucleus around which partisan activity inside Hungary could be built in case of war. In discussing this matter, the problem of material support was brought up and HENNEI asked [] if they had any American or other western contacts. [] both denied this but stated that in view of their knowledge of English, they might be able to attempt some kind of approach to the U.S. authorities and added that the Americans ~~also~~ seemed capable of effective aid. HENNEI and GNANDT agreed with this and gave them the address reported by Murray, adding that the headquarters of this outfit was located near the Chiemsee in Germany.

4. [] stated that after receiving this address, they asked for a roster of Hungarista partisans to strengthen their bargaining position and were referred to László SZERECZ, the HENNEI man in charge of this activity, who supposedly had lined up between two and three hundred men. They subsequently met SZERECZ, who asked them whether or not they had established American contacts yet, but was unable or unwilling to give them the roster although they claimed they needed it before taking any further steps. [] both believe that HENNEI exaggerated greatly when he claimed 200-300 adherents, an opinion we are inclined to support.

5. Feeling that they had perhaps gone too far in their discussions with HENNEI, [] did not report them, but submitted them for Hottle's approval in the form of a plan for future action (see paragraph 6, MAVA-6759). They later reported a fictitious meeting with HENNEI but left out the significant details given above, stating simply that they had contacted HENNEI had gained his confidence and had been asked to ask for US support for his group.

6. [] was in Germany at the time this matter came up, but on the day he returned he was also grilled by [] His version of the HENNEI meeting confirmed the details of [] although the latter had not warned him of the impending interrogation. At the end of [] session with each man, he produced the slip of paper with Murray's information on it to show both [] that he had not been bluffing and lectured them severely on the necessity for complete security. We believe that in this respect the incident was fortunate and wish to thank Mr. Murray for bringing it to our attention since it has enabled us to increase our control greatly over []. We are satisfied that they have made a sincere and complete confession of their sins and that they fully realize, probably for the first time, that they can trust no one but us.

7. While we are convinced now that there have been no serious security breaches on the part of [] the interrogations revealed that several people know or at least suspect that they have been to Hungary recently. GNANDT, LEWYEL and VOERGES saw [] at the VOERGES shoe shop where he went just before leaving on the last trip to Hungary to pick up some boots made for [] and himself. Foolishly [] went to the shop with dyed hair; this fact combined with the special Hungarian

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boots led the three HEINEI men to state their belief that [] made trips into Hungary for the Americans, a statement which [] neither confirmed nor denied.

8. [] had previously told G. JANDT that his and [] improved income derived from successful smuggling ventures, a thin disguise at best, and one that certainly could not hold water for long. While we regret deeply the fact that [] activities are at least suspected by the HEINEI group, we are certain that they have revealed no operational information and that only the bare fact that they have made a trip to Hungary and may have some kind of American contact is known. In any case, we feel that sooner or later this information was bound to leak out, since it is impossible to live completely isolated in the Salzburg goldfish bowl.

9. Another indiscretion which came to light is that they brought back a jar of Hungarian soil on their first trip which [] gave to a Hungarian Catholic priest in Bad Aibling, Germany, so that it might be blessed and distributed by the priest to Hungarian patriots. Although [] made no mention of his trip to Hungary, his actions were a dead give away. [] also revealed that he kept a diary, a cardinal sin for anyone in his position, but added that it consisted only of cryptic notes meaningless to anyone but him. Rather than order him to cease this, an order which possibly might have been disobeyed, [] instructed him to turn over to us the diary and all subsequent notes, cryptic though they may be, for safekeeping.

10. Finally, [] stated that he carried on additional correspondence with Miklos FARKAS in Venezuela, Gyorgy OLGYAI in the United States and Felician FAZEKAS in Australia. Because he feared that we would not approve of foreign correspondence, he used Janos GNANDT as his Salzburg address.

11. The independent reactions of [] to [] questioning have confirmed our earlier opinion of their characters. [] is definitely the smarter and shrewder of the two, but he is also inclined towards a certain amount of conceit and an inflated opinion of himself. Under pressure, he cannot control his composure as well as [] and tried to shift most of the blame for the security breaches to his partner. Although [] does not have as good judgement and may have been more careless in security matters, there can be no doubt that he is the more conscientious and trustworthy.

12. We will keep a close watch on [] in the future, and will question them both again to make sure that no points have been overlooked. We feel, however, that the discovery of these security breaches at this time has helped rather than hindered the [] operation. We have shown them once and for all that they must submit to our complete control, that they cannot trust their emigre compatriots and that only by sincere and honest cooperation with us can they serve the best interests of their country.

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13. The information compiled on General HENNEI and his associates is being submitted in a separate report.

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2-Vien.
2-Sals.files

INDEX

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SECRET

4

14 Nov '55
C J
464