

*McCARGAR is Christopher FELIX
and FELIX of the book is McCARGAR*

GROUNDHOG Operation in Hungary, 1945 - 1947, Described by Christopher FELIX
in his Book A Short Course in the Secret War.

19 March 1946

: McCARGAR appointed third secretary and vice consul
to the American Legation in Budapest, Hungary. (1)

Late June 1946

: McCARGAR arrived in Budapest as a covert agent, a
member of an American intelligence organization
(GROUNDHOG) which has since ceased to exist. He had
been offered the mission because he spoke Russian
and was primarily interested in East European affairs.

As his functions involved some risk, it was decided
to avoid any possibility of embarrassment for the

Legation to attach him to the United States Military
Mission as an adviser acting as a civilian. (2)

McCARGAR did not start absolutely from scratch, since
he had a predecessor* already in Budapest who had an
established and functioning network. As his cover
was considerable different from McCARGAR's, the latter
saw him only rarely and then always clandestinely.

Furthermore, his departure, which was a result of the
need for arranging well in advance of future changes

the possibility of a more permanent cover for either
McCARGAR or his successor, was postponed for some

four months after McCARGAR's arrival in order that no
one should be able to draw any correlation between the
two. (3)

(* McCARGAR's predecessor was undoubtedly Leslie A.
in December 1944

SQUIRES, who was assigned to the American Legation in
Budapest. SQUIRES left Budapest in June 1946 which, it
will be noted, was four months after McCARGAR's arrival
in Budapest if March 1946 represents the actual date
of his arrival in Budapest.)

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In gradual stages McCARGAR's predecessor handed over the network which was already in operation. At the time, the network consisted of eight persons:

EUGENE : Count Anthony SZAPARY

GEORGE :

HENRY :

JANE :

LEO : Count Julius DESSEWFFY

LOUIS : Count Geza TELEKI

PAUL :

SIMON : (4)

(See attachments regarding McCARGAR's description of above and results of name traces run in files.)

Autumn of 1946 : McCARGAR began to expand his network. (5)

McCARGAR met GUY (Oliver HARRIS), the holder of an important post in the National Police. HARRIS was chief of detectives, November 1945 to April 1946, when he was forced ~~to leave his~~ by the communists to leave his position. (6) As all responsible official positions required membership in one of the coalition political parties, GUY, upon being offered his post in the Police as a reward for his resistance record, had joined the Peasant Party. GUY seemed somehow apart from the people making up the circles in which he moved socially, circles which seemed more the natural result of the associations of his extraordinarily beautiful, aristocratic mistress (Princess Elizabeth ODISCALCHI) than of his own. GUY was to become McCARGAR's most valuable agent in Hungary. (7)

25 February 1947 : JANE telephoned McCARGAR for an urgent meeting. They met, as prearranged for such emergencies, by the

Coronation Church, where McCARGAR could see if she was being followed. JANE was accompanied by PAUL, who wanted to report on the Soviet arrest of Bela KOVACS. (8)

McCARGAR enciphered a message to headquarters and then telephoned MARK. [Probably Edward P. PRINCE, third secretary, assigned to the Legation from August 1946 to December 1948. Known to be involved with GROUNDHOG operations abroad. (9)]

c. May 1947

: For some time past, McCARGAR had been communicating to his headquarters the increasing and unavoidable political implications of his operations in Hungary. No guidance had been forthcoming. Now the communists had begun to agitate for new elections, which could only intensify the pressures on McCARGAR. His inability to take a line one way or another in the circumstances would sooner or later jeopardize my usefulness, even for intelligence work, let alone its effect upon the willingness of Hungarians to continue to resist. McCARGAR, therefore, asked for permission to meet PETER (possibly Francis DEAK, a GROUNDHOG contact) in Switzerland, under the guise of a holiday in Italy, to discuss these problems urgently. In reply, he was told to let it be known that he was going to Italy on vacation, but to come to Washington instead. (10)

12 - 21 May 1947

: McCARGAR was in Washington for official consultation with the Division of Foreign Activity Correlation. (11) He went over every detail of his operation with his chief (GROUNDHOG) and his assistants. His use of SAM, Edmund, and SARA was authorized, although without any intimation to them of the organization for which

McCARGAR worked.

McCARGAR was instructed to continue to seek out new agents in the areas not covered. They themselves, presumably working through the Hungarian Legation in Washington, gave McCARGAR the name of an agent, ANNA, who would satisfy McCARGAR's requirements concerning Church affairs. (12)

On the matter of political action, McCARGAR presented his ideas for covert support of a wide range of Hungarian non-communist groups. Here he encountered sympathy, but he sensed that he was considered to be an alarmist, and in any event this was not a matter for decision by his organization.

McCARGAR was, however, permitted to state his case to a high official, a Presidential adviser.

Before returning to Europe, McCARGAR drew up and presented a plan to his headquarters for a series of escape operations, designed to save political leaders whose resistance to the Soviets put their lives or freedom in danger, but with sufficient leeway to allow the inclusion of some persons who may not have been politically active, but nonetheless merited their help. His headquarters received this without comment.

(12)

McCARGAR's chief (GRCUNDHOG) brought up the matter that McCARGAR was seeing a great deal of a certain Hungarian lady and warned him that he might be subjected to blackmail. McCARGAR answered that his chief should have consulted the FBI and that ^{since} the Russians had failed in their attempts to blackmail, the Hungarians would not be able to do better. McCARGAR stated that he did indeed see a great deal of the Hungarian

lady, but he was planning to marry a Frenchwoman, a fact known by the Hungarian woman. (12)

When McCARGAR left Hungary in December 1947, he took the Hungarian woman with him. ~~She was his intended~~ ~~wife.~~ The story that he was intending to marry a Frenchwoman had been made up to satisfy his chief in Washington. (13)

During his first meeting with GROUNDHOG in Washington the latter alluded to McCARGAR's personal life stating that he (GROUNDHOG) had encountered difficulty in preventing an investigation of McCARGAR because of his association with a certain Hungarian woman in Budapest. McCARGAR claimed that he was not unaware of the derogatory information and ... that the woman involved was not Hungarian, but a different nationality whom he intended to marry upon his return. (14)

After May 1947

: McCARGAR received a report from EDMUND of several hundred pages on the AVO. The report set forth in detail the brutality, treachery, and corruption which was the Soviet version of "liberation". (15)

June 1947

: LEO, accompanied by his wife and two children, escaped from Hungary ; he later arrived in Paris. (16)

Circa June 1947
(not before)

: McCARGAR went to Vienna to meet PETER to ask him to press Washington for the authority McCARGAR had asked for escapees and for a political decision on which he could base some activity during the election campaign. McCARGAR asked PETER for temporary authority to arrange a minimum number of escapees pending word from Washington. He insisted upon pinning McCARGAR down to an exact figure. McCARGAR finally asked for ten outstanding political leaders and fifteen others as

necessary, the latter to include members of the network. PETER agreed to this. McCARGAR then pointed out that he could do nothing about getting the escapees safely through the 40 odd miles from the border to Vienna, nor through the 125 miles from Vienna to the American zone of Austria. McCARGAR asked for assistance from his opposite number* in Vienna. PETER again agreed, and shortly McCARGAR found himself introduced to (GROUNDHOG's) Vienna agent who was operating under the guise of an Army colonel. The colonel appeared eager to help, even while obviously studying the problem coldly and objectively behind a front of affability.

He could help escapees from the Austrian border to Vienna, but from Vienna to the American Zone the facilities were in the hands of the local representative of the CIG. McCARGAR was then put in touch with HUGH.**

McCARGAR decided to await approaching HUGH until he had something definite in mind, and returned to Budapest. A week later, MARK handed McCARGAR a slip of paper bearing a name and a number. A man who said his name was Janos MAJOROS had called to see MARK at his office and had given him this much-worn ~~paper~~ scrap of paper. MAJOROS explained that he was a flier, that it was he who had secretly flown Hungarian negotiators and the British colonel to Italy in 1944, and that an OSS officer, whose name and number were on the paper, had told him to use it at the nearest American diplomatic mission if ever he were in danger or needed help. MAJOROS said he was now in danher and needed funds to arrange his won escape.

This was McCARGAR's opportunity to contact HUGH. Later McCARGAR went to Vienna to talk with HUGH who agreed to cooperate and to provide the requested funds. He also asked McCARGAR to help in aiding 6 Hungarian scientists and their families (12 persons in all) to escape. When McCARGAR left HUGH they were in business. McCARGAR had the names of contacts in three Austrian border towns who would convey escapees to Vienna, and an address in the American Sector of Vienna where they would be housed before being taken to the West by air. (17)

(* McCARGAR's opposite number in Vienna was probably Paul E. GEIER or Martin Florian HERZ.)

** Alfred Conrad ULMER, or John Hammond RICHARDSON, or Martin Florian HERZ.)

22 June 1947 = see what

July 1947

: GUY told McCARGAR that he had been able to obtain 200 acres of land adjoining the Austrian border. He would then be able to slip across the border when it became necessary to leave Hungary.

The next day McCARGAR cabled headquarters for a check on GUY and explained the purpose for which he wanted to use GUY, i.e., in setting up an escape chain. (18)

Early July 1947

: McCARGAR dined with GUY who had resigned from the Police [in April 1946 (19)] because of increasing communist control. Before he resigned, GUY had made up a list of persons kidnapped or killed in the course of Political Police looting and robbery during 1945. He then put the complete lists of these names, together with the date and the manner of their liquidation by the Political Police, information he had carefully gleaned during his two years in the National Police ,

in a safe hiding place. He then resigned. It was his idea that if arrested, he would simply state that the lists detailing the fate of these people would be published if he did not reappear within 24 hours, he having arranged this with a friend, and that his proof of his threat would be the want ads. (GUY had inserted anonymous personal want ads in the main papers, asking on each occasion if anyone knew the whereabouts of some ten or a dozen people.) (19)

July/August 1947

: About three weeks after McCARGAR's talk with GUY, the latter informed McCARGAR he was ready to operate. From his police days he had found three unmetered taxi drivers in Budapest on whom he could count. In towns near, but not on the border, and in the general region of his farm, he had found three more. At a point midway between Budapest and the border he had established a safe house, being the property of a local priest. The Budapest cars would take the passengers to the priest's house. There they would be picked up by the local taxis and taken to GUY's farm. During the first two weeks of operation, McCARGAR sent out eleven persons, made up of three deputies of the defunct Freedom Party, their wives and children, plus a Rumanian girl, known to MARK. (21)

Early August 1947

: McCARGAR received authorization from Headquarters to recruit GUY, to organize an escape chain, and to disburse funds as necessary for a total of 25 persons, of whom ten were to be leading political figures and fifteen at McCARGAR's discretion, including members of the network itself. McCARGAR was also specifically instructed to insure that PAUL was among those taken out, and it was suggested that the sooner the better. (20)

14 October 1947 : Zoltan PFELFFER escaped with his wife and five-year old daughter. (22)

GROUNDHOG's
[PFELFFER was one of the best sources in Hungary. (23)]

14 November 1947 : GUY helped Karoly PEYER to escape from Hungary. (24)

24 November 1947 : PAUL sent word through JANE to McCARGAR that he was under surveillance and would have to leave Hungary within three days at the maximum. Instead of using GUY's escape route, McCARGAR decided to drive PAUL to Vienna. The party finally included Paul, his wife, JANE, SIMON, and his wife and baby. (25)

Early December 1947 : LILA reported to McCARGAR that the AVO was planning a show trial of various arrested right-wing socialists. The charge was conspiracy, but it was necessary that the victims be shown to have been in touch not merely with the West, but specifically with the Americans. LILA was afraid that her cousin, EUGENE, might be one of the victims and persuaded McCARGAR to talk to EUGENE and convince him to leave Hungary. He agreed. McCARGAR had the Military Mission buy a railroad ticket to Prague and wired PETER to buy an air ticket Prague-Zurich and mail it to EUGENE at a hotel in Prague. Just before he left, McCARGAR saw EUGENE and told him to reserve a hotel room for McCARGAR in Zurich. McCARGAR left Hungary taking with him the Hungarian woman. (26)

December 1947/January 1948 At the time of McCARGAR's departure, GUY considered the operation to be finished and planned to use his farm for its original purpose. He left with his mistress (Princess Elizabeth ODISCALCHI) and SARA (Countess Mimi SZECHENYI). (27)

1. Biographic Register

2. Christopher Felix, A Short Course in the Secret War, N.Y.,
1963, pp. 183, 193, 194.

3. Ibid., p. 199.

4. Ibid., pp. 201-203.

5. Ibid., p. 206.

6. Blind Memorandum dated 16 June 1949 (originated by
McCARGAR), contained in file no. J-185 (C1/04).

7. Christopher Felix, Op. cit., p. 208.

8. Ibid., p. 222.

9. GROUNDHOG Case Book [] p. 84.

10. Christopher Felix, Op. cit., p. 232.

11. GROUNDHOG Case Book [] also alphabetical
listing.

12. Christopher Felix, Op. cit., p. 235.

13. Ibid., p. 310.

14. Memorandum of Conversation, dated 12 May 1954, contained in GROUNDWATER Case Book, [] ~~is~~ in alphabetical listing under M.

15. C. Felix, Op. cit., p. 238.

16. Ibid., p. 246.

17. Ibid., pp. 248-251

18. Ibid., pp. 253-6

19. Ibid., pp. 254-5

20. Ibid., pp. 269-71

21. Ibid., p. 259.

22. Ibid., p. 290.

23. See under Zoltan PFEIFFER, alphabetical listings, GROUNDWATER Case Book, [] source: []

24. C. F., Op. cit., pp. 295/6.

25. Ibid., pp. 299-300

26. ibid. pp. 307-310

27. ibid. pp. 308-309