

OFFICIAL DISPATCH

Air Pouch

2102

VIA: _____
SPECIFY AIR OR SEA POUCH

DISPATCH NO. _____

SECRET CONTROL
CLASSIFICATION

CLASSIFICATION CANCELLED OR CHANGED TO *Secret*

TO :

Acting Chief, Foreign Division REQUEST OF *EE/S/C*

FROM :

Operational

BY AUTHORITY OF *SITC/MC*

9 JUL 1950

SUBJECT: GENERAL -

ACCOMPLISHED BY *ISW/C*

SPECIFIC -

1. The following are extracts from ~~FINANCE~~ (Washington only), dated 20 February 1950, giving those parts of the CROSS case pertinent to the STALINS operation. This information is for very limited distribution and should in no way be communicated to _____. The report is evaluated S-S. Contact was made with CROSS on 9 January 1950 at which time CROSS said he had considerably reduced his organization in Italy, with the departure of Captain ~~SMITH~~ (Washington comments possibly identical with ~~ARRIGHI~~). At the present time the IIS controls the following agents in Italy: CROSS, ~~DAVARY~~ and Arturo ~~PATTON~~.

2. CROSS referred again to the case of Michael ~~GLIAN~~ for whom ~~FURSTIA~~ had had one Italian passport issued at CROSS' request. This passport was later cancelled by the Milan Consulate. Attachment A is a translation of the declaration signed by ~~GLIAN~~ and countersigned by the priest, Don Carlo ~~GIROCCHE~~, and by CROSS. CROSS gave source a dossier on the ~~GLIAN~~ affair, asking him to review the case for future favorable action. According to CROSS, ~~GLIAN~~ is a powerful personality in the European industrial and financial world. He said that the documents in the dossier confirm this declaration. ~~GLIAN~~, according to CROSS, has direct connections with important Italians, including DE GASPERI, ~~PELLA~~, ~~MARAZZA~~, etc. ~~MARAZZA~~ reportedly promised to intervene should any organization give notice of the possibility of conferring Italian citizenship on ~~GLIAN~~.

3. The following is from source's reports:

"(Source comments: From the analysis of the attached declaration, two facts are obvious which are worthy of attention:

- a) Subject tried to help ~~GLIAN~~ in the expectation of their engaging in business deals together;
- b) The explicit declaration by ~~GLIAN~~ that he had never been to the British Embassy in Rome.

"If ~~GLIAN~~ is really a gentleman and a patron of culture as the official documents claim, this shows that Subject has purposes which could be

RELEASING OFFICER
STA

FDP (Paige)
COORDINATING OFFICER

OFFICER
Actg. Chief, FDM

SECRET CONTROL
CLASSIFICATION

the following:

- a) To connect himself with a powerful man for the prestige and financial possibilities, and for commercial purposes, in order to create a solid platform for himself for the future.
- b) To use OLIAN for intelligence purposes, without giving him any specific job, but remaining near him and cleverly maneuvering his action. This would involve living in his shadow, following his contacts (which would be very interesting if he could meet people like BORGENTHAU, for example), and direct his activity.

"(OLIAN declares that he has never been to the British Embassy in Rome. By that he means that he has both social and business relations with Subject - a British agent, but that he has nothing to do with the work which Subject is doing in Italy. The importance of the declaration lies in the light it throws on Subject, who stated when he first referred to OLIAN that the latter knew him as an agent of the British Intelligence Service. OLIAN cannot be naive, but he must believe that Subject belongs to the SIS. That Subject has dealings with him on a business level should not surprise OLIAN because agents of the SIS are in most cases authorized to make a livelihood for themselves through commercial activity except in rare circumstances. It is significant that OLIAN believes Subject to be an agent of the SIS because the fact tends to confirm the duplicity of Subject's position, partly an Israeli and a British agent.

"(Source does not know how Charles (?) fits into this picture. It is possible that the latter does not know who Subject really is and that close bonds between OLIAN, an old friend of JONES, and Subject could have been formed under his very eyes. For this reason, it is difficult to decide whether JONES knows the plans which Subject has as his aim in making himself useful to OLIAN, and if his conscience could allow it, that a friend and a person of OLIAN's importance and integrity should become the patsy of an Israeli agent. Subject could have declared that his interest in OLIAN was purely personal, supporting this assertion with the documents from the 'dealer', but he took the opportunity to reinforce his own plans, i.e., the possibility of securing valuable information derived from OLIAN's contacts and connections in the Western world, exploitation of his connections with BORGENTHAU, etc. He also confirmed that he would use OLIAN without the latter's knowing it, an unconscious informant.

"(Source proposes to return the 'dealer' to Subject, telling him that after what has happened (Commander PODESTA, The Milan Question, etc.), it would be better if the Italian authorities kept out of the case, here so in view of the high connections of Subject.)"

4. The above is followed in the original report by:

"(Field Comments) Reference should be made in connection with the above consideration to the conversation between IERANUS and the British Consul, Milan, particularly the latter's assertion that he thought that OLIAN was

SECRET

Under the illusion the British intelligence is obtaining him his passport', This assertion completes the circle: not only does CLIAN know Subject to be an agent of the SIS, as indicated above, but the SIS is evidently also aware of CLIAN's beliefs on the matter. Of the two possible hypothesis, i.e., that of a direct British contact with Subject, or of an independent SIS penetration of CLIAN, we would prefer, on balance, the former).

"Donald JONES, according to Subject, reportedly offered him \$2,000 a month if he would agree to work for him. Subject claims JONES belongs to the American I.S. (Source comments: It is difficult to give any credence to Subject's assertion. But as JONES is more of a business promoter than an intelligence agent, it is possible that he wants to become associated with Subject who seems to have many deals underway in order to give impetus to his own commercial activity.)"

3. CROSS offered this additional material on the MAURIZIO network:

"Subject presented additional material from the MAURIZIO network:

- a) It was immediately contested that the sketches and the characteristics of the 'jet' previously received from this source were of no importance. They had been derived from various technical magazines. Subject was surprised at this and told source that he absolutely could not believe that MAURIZIO would deceive him. He thought it possible, however, that the agents who collected the material in England may very well have extracted the material from technical magazines.
- b) In a letter to 'Mister TED' (this is MAURIZIO's name for Subject, it is clear that MR PACI (MAURIZIO), who works with Subject and who allegedly intercepts part of the material which reaches the alleged Soviet office in Trieste through Italy, is the son of a government employee of the Ministry of Telecommunications. Subject asked if something could be done for him. (Source comments: In the hope of gaining additional information on the group to which MAURIZIO reportedly belongs, this will be taken under advisement).
- c) MAURIZIO had communicated to Subject (TED) the information received by letter from the Trieste agent about certain protective measures which reportedly were taken in Trieste and the suspension of the courier services for the alleged local Cominform office from which the material that MAURIZIO passed to Subject allegedly originated. (Source comments: This is allegedly in reaction from the arrival of the Polish agents in Italy which would tend to confirm the existence of the channel of which we have no proof as yet. But it is possible that the situation may have already been skillfully exploited. At any rate, before making a final judgment, it is necessary to have all the elements at hand.) (Field comments:

SECRET

SECRET

U.S. OFFICIALS

This may, as well, preclude the drying up and eventual cessation of the operation on the part of its contacts in Trieste).

d) 'MAURIZIO' had informed Subject that because of the tension in Trieste, he has not been able to meet the Trieste agent. 'MAURIZIO' says that he has received photographic material and claims that four photographs were lost. The photographs which reached their destination in fact represent the profiles of the following planes:

Ducing A.1. 47 - R. 6. 47

De Havilland D.11. 100 - 1. 100

Lockheed P.80 - 4. 80

Boeing P.109 - 1. 109

Boeing Stear IV

Boeing A.1. 1 - 1. 1

'MAURIZIO' had reported that the Trieste agent was sent to Jugoslavia to start the installation of a radio network allegedly to link the Communist radio centers in Jugoslavia with Trieste. (Source comment: This is uncontrolled information, but it contributes to making the information even very interesting. When the time comes it will be possible to judge the substance of the information).

e) In the confidential report by 'MAURIZIO', there was talk of organizations divided into groups. These are allegedly neo-fascist organizations which reportedly have liaison with Italian elements of Pola, who in all probability have radios. According to 'MAURIZIO' and Subject, the second group of these organizations use radios for interceptions. (Source comment: This is more improbable than impossible).

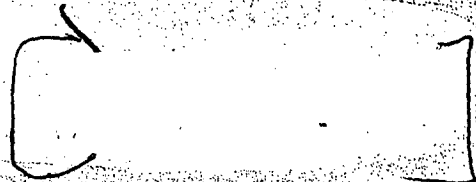
f) There has been no material to confirm 'MAURIZIO's' information about the proposal to replace ALBERTINI with VALLI in the direction of the cadre office of the PCI. (Source comment:

SECRET

SECRET

Men: Giuseppe ALBERGANTI and Alberto VADA are respectively 'Federale' and 'Vice-Federale' of the Milan PCI Federation and as such direct the provincial sector of the 'apparat'. It remains to be seen if this information will be confirmed).

- g) There is no information in Rome about the interview between Francesco SCOTTI, VERA and BORDIGA. According to the informant, this interview was highly important and took place in Naples. Its purpose was to create a new faction in the PCI to be headed by BORDIGA who was prominent in the old PCI. Reportedly promises were made in regard to the formation of the movement following contacts with emissaries of TIPO. (Source comment: The activity of the Yugoslav Legation in Rome - SEBASTIEN FRANCESCHI, Press Attache - is well known in this field. Some of the information is therefore probably reliable.) (Field comment: Regardless of the work of the Yugoslavs, the assertions regarding the contacts of the s/a with BORDIGA are not regarded as reliable.)"



1 Attachment

Reg. No. 68-6-2

BEST AVAILABLE COPY

Rome, 13 July 1949

DECLARATION

With Don Carlo Gnocchi as witness, the following statements are made in order to make clear what has happened between Mr. Edmund CROSS and Mr. Michele OLIAN regarding measures taken relative an Italian passport given Mr. OLIAN by Mr. CROSS.

1. Mr. OLIAN was introduced to Mr. CROSS by Mr. JONES (sic) whom OLIAN had known for some time.

2. During our interviews, Mr. OLIAN, who is a businessman, pointed out to CROSS the necessity of having a passport which would permit him to move freely to further his interests in Italy and abroad.

3. In the hope of helping Mr. OLIAN, and also with the prospect of joint business transactions, Mr. CROSS declared that he had the means of providing him and his wife with an Italian passport.

4. On the morning of 4 July 1949, Mr. OLIAN was called to the Questura of Milan for a renewal of the permit for sojourn in Italy and a re-entry visa on the Lithuanian passport. Mr. OLIAN stated that he could not turn over the document requested of him (Lithuanian passport) because he had given it to Mr. CROSS through whom he was to have an Italian passport. Dott. VECCHIOTTI, an official of the Questura, pointed out that it is not possible for a foreign citizen to obtain an Italian passport and therefore it must be a crooked deal. He therefore requested that when Mr. OLIAN was in possession of the passport, he should show it to the Questura. Don Carlo Gnocchi was present at this interview as a friend of Mr. OLIAN who had taken an interest in the renewal of his visa.

5. At 1800 hours of the same day, Mr. CROSS turned over the two passports to Mr. OLIAN. The latter, according to the wish of Dott. VECCHIOTTI, took his own passport to the Questura at 1800 hours. He was accompanied by Don Carlo Gnocchi.

6. This official was surprised because, although the document was authentic, they questioned the right of a foreigner to have such a document. Mr. OLIAN was asked what payment was made for the passport and explaining more fully than he had in the morning, Mr. OLIAN stated that no recompense of any kind was requested by Mr. CROSS. He added that in view of the specific requests of the Questura he is worried about appearing to belong to a special service, he declared that he had previously expressed his intention to Mr. JONES of making a donation as he had previously done for the wounded.

7. Mr. OLIAN states that he has not yet made his contribution because Mr. JONES had not yet indicated the work or organization to be helped. At any rate, in the discussion of contribution Mr. CROSS was kept completely in the dark.

8. The passport was held by the Questura of Milan which continues its investigation such to the inconvenience of Mr. OLIAN (?).

9. At the request of Mr. CROSS, Mr. OLIAN states most positively that he has not visited the British Embassy in Rome and has not had contacts with English authorities concerning this matter or others.

Read and signed Michele OLIAN

Edmund CROSS

100-1588-115
19-6-49 1174