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Air Force

1334-3017

Chief, Foreign Branch

22 May 1950

Operational

May 16

Ref: BERM-2775 and 2785.

1. Source was seen in Genova on 12 May. [] took part in the meeting and was introduced to source for the first time.
2. The most important development (BERM-2775) is not written up in the attached diary as SEALY only arrived at source's house at 2330 the previous evening. As has become his habit, SEALY brought along a copy of the latest cable from London affecting source.
3. OTTOLINI had apparently raised an embarrassing stink with the Consul General that afternoon and had wanted source to help him out of the mess. Source said rightly, refused, saying he had performed the original introduction but did not intend to have anything further to do with it. SEALY explained that he had put out 100,000 lire for various reports in Rome and they had all proved worthless. They apparently included an OS report on the Albanian army, whose strength was quoted as 100,000 men, and a document allegedly originating from the Czech Legation in Rome which, on translation, turned out to be an inter-office memorandum of no interest. The cable also expressed London's thanks for the OTTOLINI introduction as the whole operation had originally looked most promising.
4. Source expressed reluctance to spend much time on arms matters, as he was not in the business personally, and in his experience the various deals nearly always turned out to have no substance, which resulted in a vast waste of time for anyone trying to follow them. Source then asked SEALY whether he could procure arms suitable for export, as source could always dig up buyers. If SEALY could then make the matter worth everybody's while, source would be able to produce information from people like BILLY. SEALY felt pretty sure he could, though London would have to sign off, and tanks could be included. Source understood that for the moment []

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1334-3017

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Attachment-A

LIMA-300

22-5-51

prearranged when source and his wife knew they were coming
to Basel.)

8 May
11. Large luncheon party at our friend, Mrs. GROSSEIN (W321-1906),
53 Hirschengasse. Present were Mr. and Mrs. Hans STRAUCHENBERGER (LIMA
of the Rides Bank) who are old friends of ours and Mr. and Mrs.
KARL SARASIN of the Sarasin private bank.

(NOTE: STRAUCHENBERGER is undoubtedly i/w Hans STRAUCHEN-
BERGER mentioned in LIMA-2732. According to the Basel
phone book, STRAUCHENBERG is the correct spelling.
STRAUCHENBERGER's wife is a L. ROCKS, the banking family.)

He was in Swiss Intelligence during the war and very often here
in Lugano. He said he was still working, and getting a lot of
interesting things as he is traveling most of the time in Germany.
He said his main target was for information on the danger from
the Right in Germany, and he thought we were underestimating this
in view of the danger from the Left which seemed to loom larger
on our horizon.

(NOTE: Source recalled that Guido DOLLWELL (W321-3010, etc.,
for example, served under SARASIN during the war.)

12. I said I had been in contact with some of the old German
Intel. Sp. recently for some articles and had been given the
address to contact these men, a certain Dr. VONSHTEIN, Bernoulli, etc.
He said they knew him well, as a Nazi during the war, and now they
were watching him fairly closely as he seemed to be a cut-out from
all Nazi elements passing through Switzerland. I just told him
a bit about DOLLWELL (W321-3010, etc.) and he seemed very interested.

(NOTE: Source told SARASIN that he had met DOLLWELL on a
train and the latter had given him VONSHTEIN's address.
In case he should ever want to get in touch with him
again, SARASIN said that VONSHTEIN, a professor,
had written a book on German racial superiority.)

13. Returned to Lugano that evening. I met in the train an old
war contact, Werner STÜMLER, Passeggiatello 9, Lugano, who is
freight manager on the Gotthard line and who was most helpful
during the war in arranging for us to send people over the Gotthard
in freight trains to avoid the police control on the trains. I
think he might be noted down for he never gave information to the
Swiss, and he had considerable difficulties with them on this subject.
He was most friendly and asked me to come and see him in
Luzern whenever passing through.

8 May

14. Contact established with CHANT as per schedule. Telephone call

SECRET

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Attachment-A

MSA-5017
22-5-50

from OLLIANI (BERN-2732, etc.) in Rome, in a towering rage, as he was trying to contact CROSS (MSA-5018) who refuses to come to the phone, and who finally fixed two appointments with OLLIANI and never showed up at either. OLLIANI is furious and asked me to meet him at once and insist upon a meeting, or at least, some news on the passport business. I immediately telegraphed to CROSS asking him to call me the following day for something urgent.

9 May

15. Spent the day waiting for communication from CROSS which never came, so I sent off an air mail letter, pretty strong, and asking for an immediate reply, or I could no longer take the responsibility of controlling OLLIANI.

10 May

16. On Sunday the maid had taken a message from Milano from someone speaking German asking me to meet him on Wednesday in Milano. He would call at the Hotel du Nord at two-thirty. No name had been given, and I thought it most likely the Jugia, so I went off to keep the appointment, waiting until three-thirty when my friend Renato PANOTTI (MSB-W-1773, etc.) from Varese turned up, saying he had telephoned to Lugano and only said that if I were in Milano that day he would call to see me, but the maid had gotten it all twisted.

(NOTE: The PANOTTI meeting was of no interest, involving an old business affair which had been lying dormant.)

I tried to contact Robin REILLY (MSA-5018, etc.) who was not in Milano and IUPACUS-1 was not to be found at home, so returned to Lugano that evening.

11 May

17. While waiting to telephone JERRY today at the station in Lugano a rather silly postman came up and asked me if I was INFAMOUS. When I said I was there were more giggles and he said, "I am Colonel BOLLMAT, and just fractions, I recognized you from your photos." I said that was really remarkable for I usually looked in photos like something that had recently passed through SS hands. More peals of foolish laughter, and he told that I really too a hit, for which compliment I thanked him as graciously as possible. He said he was to be home, over for the day, and would be off at the end of the week for Paris and would see you. He then rushed off to a train, and said he would come and see us on his return from Paris.

18. Spent time up in plain and around town this afternoon, ening him out and we ate dinner, and would be home from Milano. I said I wanted to see him as I had been thinking things over carefully.