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OFFICIALS DISPATCH

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DISPATCH NO. MSGA-174

SECRET
CLASSIFICATION

TO : Chief, FDM

DATE: 3 August 1950

FROM :

SUBJECT: GENERAL - Operational

SPECIFIC:

Re: MSGA-169

No. 22

1. We met with source at the SWAYZEE apartment on 26 July at 1430. It was readily apparent that source was a great deal more at ease with than he had been at the first meeting. Source was in good humor and good spirits.

2. Source's diary, covering the 12 July to 24 July period, shows a tapering off of his activities. This has been somewhat due to the absence of Eugen DOLLMANN, (MSGA-169, etc.) and Titor BULLO (MSGA-169, etc.). Another factor has been ABRAHNI's (MSGA-169, etc.) cancellation of his appointment with source in Geneva.

3. Nothing has been heard from the Jug angle and it has not been necessary to lay on plans for a surveillance in Milano. As matters stand, source is to notify us by telephone adding two days to the actual date for the rendezvous. We would hope to have sufficient notice to be able to lay on a surveillance at the Porta Nuova in order to be able to check on this mystifying phase of source's activities. As matters now stand, source cannot begin to tell us when the next contact will be made. He appears not to be optimistic about the possibilities of an early rendezvous, and we remain in extreme doubt as to the status of the Jug project.

4. Robin SEALEY (MSGA-169, etc.) appears to have made some progress in clearing the way for BULLO to procure armaments from England. However, in the case of tanks and radar material a snag seems to have developed, and source is decidedly not satisfied with the arrangements which SEALEY has made. However, BULLO left on 21 July for Innsbruck and source has not yet had the chance to discuss the deal with BULLO, who he presumes will be dissatisfied.

Distribution

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FORM
APR 1947

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DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHODS EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
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Source's own dissatisfaction with the arrangements which SEALEY proposed was re-emphasized by the context of a conversation between Michel OLLIAN (MSB-W-2209, etc.) and London which source overheard. Source asked us whether he had acted correctly in bringing the OLLIAN conversation to SEALEY's attention, and we told him that he had acted correctly inasmuch as he had reacted in line with his cover.

5. Source has not seen CROSS, Edmond (MSBA-3230, etc.) during the period covered by the diary but had a conversation with OLLIAN regarding this matter. CROSS has apparently continued to promise OLLIAN that the question will be settled shortly but avoids meeting OLLIAN personally. Source questions, we believe with good reason, OLLIAN's statement that he has discussed CROSS with SCELEBA. We have, of course, no way of checking on the truth of OLLIAN's statement, as reported by source.

6. The [] continues to be somewhat helter-skelter, and source's activities continue to have the characteristic of buck-shot. We believe that there are strong indications that source should be directed to a greater concentration of his efforts against selected targets. As certain of his operational possibilities slough off, and there are increasing signs that this is the trend, we believe we should give every consideration to allowing certain of source's activities to lie fallow, while others are developed. In any selection of the targets to which source could be more intensively directed, we are somewhat handicapped by not having an entirely clear picture of what Washington wishes to realize from the operation. As we now see it, the Jug angle appears to be pretty much washed up. The importance of the arms purchases by Mirko BASSOWITZ (correct spelling, not BARKOWITZ) appears to have been exaggerated, and present indications are that the caches of arms contain little useful material. It remains to be seen whether the arms in the Brenner Region will produce something of interest. Source's reference to a new type of German mine-detecting device leaves us very skeptical. We have heard a number of similar stories involving German equipment perfected just before the cessation of hostilities and untried in the field. Without exception, these stories have been made up out of whole cloth.

7. SEALEY's performance does not indicate any promising operational leads, in our opinion. Indeed, source's very low opinion of SEALEY, which is borne out by source's reporting of SEALEY's attitudes and manoeuvres, tend to confirm that source's relationship with SEALEY continues to be more of a potential liability than an asset.

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8. As indicated in the diary, source has not seen CROSS in many weeks and it appears unlikely that there will be any change in the situation in the near future. For obvious security reasons, source cannot chase off to Rome to contact CROSS there, and CROSS has given no indication of any desire on his part to contact source. Source's tactics in cultivating ABRAHMI instead of CROSS have met with no success. ABRAHMI's suggestion of meeting in Paris appears to be infeasible, and we have instructed source that he not to go there to meet the Rabbi. There is no cover reason for source to make the trip to Paris, nor do we believe that the expense of the trip would be justified. It remains to be seen whether ABRAHMI will arrange to meet source in Geneva during the latter part of August.

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situation.*

9. If we assume for the moment that the Jug angle dries up entirely, that the BULLO-DOLLEMAN arms negotiations are of exaggerated importance, that SEALEY is a dangerous incompetent, that CROSS is out of the picture, and that meetings between source and ABRAHMI will continue to be deferred, where do we go from here? It occurs to us that it might be well to have source make his trip to the United States as soon as possible, rather than awaiting a further downward trend in his activities. Alternatively, we believe that we should select one or two projects against which source could concentrate his activities. We believe we are faced with a period of diminishing returns on our investment in source and that it will be well to examine critically what we may expect of him in the future. It is the writers opinion that source is engaged in so many diversified activities that he cannot devote to any one of them the time and attention necessary to bring it to a proper state of development.

10. We are not, at this time, prepared to select the one or two most important targets for concentration by source. We would first like to have your reaction to the principle of directing source to fewer but more selected activities. If you agree that such a program is indicated, we can then give specific consideration to which projects should be retained and which should be dropped. On the other hand, if you agree that source should soon return to the States, the matter can be held in abeyance pending discussions in Washington.

11. We will appreciate your reaction to both alternatives.

E B

Encl. Attachment A
Attachment B

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Attachment-A

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to this man, as an American. I noted that this registered and I shall see if we get any further reaction.

31. On to see () who had nothing of any interest.

32. In the evening I went to see Carlo PEREGRINI (MSBA-3130, etc.) at his house for a drink. I asked him if he had had any news about me from his SIM friends, and he said he had not seen any of them for a long time. He was definitely not interested, and I do not feel that his contact, if any, with SIM is anything very closely followed.

22 July

33. Visit to Michel OLLIAN (WFP-5273, etc.) this morning who is very angry with Edmond CROSS (MSBA-3230, etc.) for not keeping any appointments with him. OLLIAN keeps a check on him via a former girl friend of OLLIAN, Anna BRUSABELLI, who left OLLIAN for Charles POLETTI (BERN-2595, etc.) and is still with him. POLETTI and CROSS have hooked up, and are constantly together. Anna reports that CROSS is spending fabulous sums of money on all the whores of Rome, and CROSS in an evening with dinner, champagne, etc., easily spends two to three hundred thousand lire, and this several times a week.

34. In any case CROSS continues to write letters to OLLIAN who showed me the file promising that the passport question will be settled shortly, but still never turns up at any of the appointments to discuss it with him.

35. OLLIAN says he has discussed CROSS with SCALBA (MSBA-2712, etc.) who would be only too glad to have him put out of Italy, and says if CROSS does not act fairly with OLLIAN he will have him put out. I have no way of checking this, and OLLIAN is a terrific liar. However, he showed me photos of himself and SCALBA taken on a recent weekend they spent together, so they seem to be on fairly intimate terms.

36. OLLIAN and family were received at the Quirinale in private audience by EINAUDI (MSB-W-1741) recently and thanked for his contributions to the Italian poor, etc. Photos were shown me of the audience.

37. During the discussion OLLIAN received a call put through to London. In the conversation he said that he had seen the Brazilian Ambassador who was in agreement to give all necessary documents to the British Government for the one hundred and fifty tanks, and would leave immediately for London if it was necessary. A second call came through from OERLIKON in Zurich, and OLLIAN spoke with Emil BUEHRLE (WFP-5273, etc.) saying that he now had papers, etc. for the one hundred and fifty tanks, which had evidently been proposed to OLLIAN by OERLIKON, and he had been in

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contact with London who said they would be satisfied with Brazilian cover, and what happened to tanks after they arrived in Brazil would not be gone into too closely.

38. On to the wedding reception of my friends, Major Charles MOLLAND (MSG-169, etc.) and Anna Maria FORMIGGINI at 37 Via Poerio, where I found most of the Lugano Resistance crowd, as Anna Maria had been a refugee here during the war, plus the British Consulate crowd, including the SEALEYS, etc.

39. My wife and I went on to lunch with the SEALEYS after the reception. They brought along some Yorkshire friends who are staying with them. I managed to tell SEALEY what I had heard OLLIAN saying on the telephone, and kicked up quite a row saying that t. BULLO and me who were trying to help him he reports that it is impossible to have tanks, and that the British Government must have all sorts of guarantees, etc. and then I find that deal like this is being done by a man like OLLIAN, and the British Government will close an eye to where they eventually go, etc. I got him so worked up that he rushed off immediately after lunch to send a cable out on this, and promising me that he would have the deal stopped.

40. Returned to Lugano with our friend, Jim DAVIES (MSBA-3047, etc.) ICI representative in Basel, who spent the night with us.

23 July

41. As I have told you before, I have always been convinced that DAVIES has connections with the service. During the day, spent quietly in the house, he definitely pumped me on several subjects. The first was to be documented on the activities of McCaffrey (MSBA-2252, etc., formerly spelled MACAFFERY) now living in Italy, and who was head of British Services in Bern during the war. I see him once in a while in Milano, and have a meal with him. He told me that the Legation in Bern had told him he was a nasty egg, and they had no further contact with him.

42. Second thing was to know if I knew a certain Michel OLLIAN now living in Milano. I am sure he knew I knew him, for his questions indicated that he knew that I knew. I gave him a fairly comprehensive picture of who and what OLLIAN is and was, but I could not see clearly just what they were looking for in either case.

24 July

43. Telephone call from Romeo NESA (MSBA-3187, etc.) this morning to say he is leaving for France but would like to see me at the end of the week.

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