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1951

PIRA 6901

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per DOJ 10-11

KAPOK

2 October 1950

TO : Washington

FROM : () *(an...)*

SUBJECT : Plan LACY - Report of 13th Interview with CROSS

Place Acquired : () Date of Info : July-Sept 50

Evaluation : B-2 Date Acquired : Sept. 50

Source : () (19) Reference : BME-6420, 6487;
(20-23) KAPOK Italy #1024

Attachment : Photostat Letter

SUMMARY REPORT OF THE 13TH INTERVIEW WITH CROSS, HELD IN TWO SESSIONS,

1. Source met CROSS at the end of the month of July, but he was in very much of a hurry and visibly preoccupied. He spoke of his personal situation and said, "I am resigning and this may be our last meeting." Source thought at first that this was deliberate maneuver but then was convinced that there something behind it. With regard to this he explained as follows:
2. In the Spring of 1949 he entered into contact with an Italian technician named MASCIULLI who lived near Naples, and from him CROSS purchased for two million lire the designs of the famous assault boat operated by the Italian Navy during the last war and called "MAIALI". Following the contact with "ARTHUR", pseudonym of BARAK, chief of the Israeli service, with () and the resultant agreements reached, in the matter of intelligence collaboration (see 12th interview), CROSS entered into or was put into contact with (). In the next payment of a debt of loyalty CROSS claimed that one day he told () about the MASCIULLI affair, proposing the construction of "MAIALI" by Italian industrial contractors, since the equipment of the Israeli shipyards has shown itself to be inadequate for manufacturing this particular type of assault boat. CROSS explained to () that Israel could

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through Italian experience they would develop their intelligence and counter-intelligence arms to our damage. It is not improbable that CROSS already possesses some name to suggest and that with the step he took, he wished to create the basis for obtaining from us a form of sanction. In any case, this is my supposition, which I believe possible but not certain, at least for the present. In the future meetings it will be seen if CROSS returns to the subject. In any case, the request by CROSS brings up a new problem: That of seeking to prevent, under such a form of recruitment, that foreign services can capture individuals of the first order and use them for their own purposes the advantage of the experience of these individuals.)

13. In relation to one of Source's previous requests, CROSS furnished, in two installments, material concerning the famous lax MAXIM (previously forwarded to Washington). Verbally he stated that the supreme wish of MAXIM is to return to San Marino, and that among the other projects which he is developing there is one that seems interesting and could possibly be developed. In this project, MAXIM intends to board a ship for Trieste with a helicopter. Outside of Italian territorial waters and from a point considered most practicable and at the same time one of the nearest to San Marino, he would fly the helicopter into the little republic. The Italian air force could intercept his flight, but MAXIM believes that they would not have sufficient time and that he would succeed in making the trip despite the Italian police. CROSS repeated to Source that he was in a position, in case it should interest Source's service, to notify them in good time of MAXIM's voyage, the name of the ship, etc. Naturally, Source did not refuse the offer. It remains only to see if the promise will be kept.
14. CROSS spoke again to Source about the matter of the passport for Michelo OLIANS, even though the latter held out little hope. He proposed, in case Source agreed, the direct exploitation of OLIANS by the Italians. OLIANS could be placed in direct contact with elements of the SIFAR to be designated at a future date. He further added that OLIANS was in a position to furnish, through his high banking connections, the documentation on the financing of the PCI but also of other Western Communist Parties since he is in a unique position for learning information of this sort.
15. CROSS further told Source (and the information is correct) that OLIANS is living at Villa Madama as a guest of the Princess D'ATTICI DI FRASSO and also has an apartment at the Grand Hotel; that he has as his personal secretary, Dr. CATTI, son-in-law of DE GASPERI, hired at a salary of 300,000 lire a month. In conclusion CROSS stated that the Chief of

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Police had gone to CATTI during the month of August to obtain information with regard to OLIANS. With regard to this last item, however, Source has not been able to obtain confirmation.

16. Following CROSS' renewed insistence, Source promised him that he would try once more to solve OLIANS' question. Then CROSS told Source, almost as if answering his question, that however, the issuance of an Italian passport to OLIANS could not be considered exchange material the Israel service might exchange for the material they could furnish on the political activity of Yugoslavia's Minister Lase' PIJADE. With regard to OLIAN he stated, however, that it is possible that some Italian political man, Minister MARAZZA, for instance, could achieve some favorable results in the question.
17. Dan AVNY is out of the Legation, and will be repatriated as soon as his wife is in better condition. He is definitely liquidated. His replacement (he did not remember the name but will give it to Source) is a young and inexperienced individual of mediocre ability. CROSS stated that Arturo PACKER has been replaced by Abba WEINSTEIN living in Via Taro 25. He is concerned exclusively with Vatican questions, and is not of much value.

(SOURCE COMMENT: WEINSTEIN has already been identified, and is already involved in one of our double agent operations. He does not have the natural touch for the service. He makes use of a Fiat 500-C, Rome license No. 13-7091.)

18. CROSS brought up in passing the SIFAR bulletin. To a direct question as to whether he had seen the last number, he replied, "No, but I'm always furnished with items which interest me." Source tried to develop this conversation along this line, but could not insist too much because the line he was taking would appear too clear. It will have to be taken up at another time. The meeting was concluded by his bringing up the possibility which was already mentioned once before that he might be transferred to Bari or Brindisi because he said he is fed up with life in Rome. Furthermore, he claims that at Bari and Brindisi the field is cleared of many difficulties by the existence of his friend FLEGA, and by the prestige which the latter exerts with the local authorities of the FS.

(SOURCE COMMENT: There is a strange contrast from this explanation of FLEGA's possibilities and the fear and distrust, brought out in para 10 above, which CROSS showed with regard to the same FLEGA in the question of the supposed organization of an intelligence service in the Near East on the part of the Italians but under the direction of the

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