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OFFICIAL DISPATCH

MGBW-3355
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VIA: AIR
SPECIFY AIR OR SEA POUCH

DISPATCH NO. _____

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CLASSIFICATION

3 January 1953

TO :

DATE:

FROM : Chief, Foreign Division M

02. Ward 5. of Army

SUBJECT: GENERAL - Operational
SPECIFIC - Jacques WOLFGANG - Israelis

REF : MGBA-356

1. The purpose of this pouch is to point out certain hypothetically possible ties between Subject and Israeli activities in Switzerland. These ties may be interpreted in either a positive or a negative sense: positive in that they may represent leads through which we can develop information on the Israeli IS through Subject, negative in that they may indicate that Subject's approach to you is connected in some fashion with Israeli interests. We realize that what follows is pure conjecture. We also realize that there is little justification for drawing an undue proportion of precious case officer time to the Israeli IS. Nevertheless, it is part of our job to be alert to all the possibilities, however remote, and to watch for confirmatory or contradictory evidence. This is especially true at this early stage in your relations with Subject, when we are all trying to assess his motivation and to decide where he can be most useful to you.

2. In the first place, we note that Francois ~~REDACTED~~ (para. 16, MGBW-3263), known to Subject since some time prior to 1944, is a vice president of the ~~REDACTED~~ SWISS-ISRAELI (MGBW-3209), known to serve as a cover for Israeli IS activities in Switzerland. We have no further traces on Francois ~~REDACTED~~ except those included in our pouches on Subject. To what extent he personally is involved in IS activity is thus not clear.

3. Although the relations between Georges ~~REDACTED~~ and Subject are not clearly spelled out, we note that they are on a first-name basis (Attachment 49 for reference). ~~REDACTED~~ is reported (MGBW-3254, MGBW-4774, MGBW-4776) to be associated with the ~~REDACTED~~ also believed, through the ~~REDACTED~~ operations, to be used in Israeli intelligence operations. If Subject were being pushed around as bait in an IS operation against WOLFG, it is quite possible that some such intriguing deal as AVERAARD's diamonds for the East would be used. Or, looking

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SECRET

SECURITY INFORMATION

- 2 -

at it another way, if Subject is playing it straight with us, the AVRELIAN lead might give us a glimpse into the way certain elements of the Israeli service cooperate privately with the Soviets for personal or patriotic motives. (A somewhat conceivable case may be that of J. J. "DORIS" HAN-256, MSB-256, who, although not even an Israeli citizen, has been masquerading as an official of the Israeli Government and negotiating with the West on behalf of the Israelis.)

4. We are also not clear about the exact relationship between Subject and Michael OLLIAN. We have gone through all the traces on OLLIAN and have come up with the following few items that may be of some significance:

a. Note paragraph 2 of attachment to MSB-3256 (based on BX-755, 27 March 1946, a memo from Paul Blum on traffic in passports, stating that Paul LORENAL and for GUINARD, attorneys for OLLIAN, were engaged in illegal traffic in passports along with Georges MANTELLO. Could it be that OLLIAN is still associated with MANTELLO and AVERSANO in their work with the BANQUE POUR LE COMMERCE SUISSE-AMERIQUE CENTRALE?

b. [] Diary entries in MSBA-2563 and MSGA-174 both indicate that OLLIAN's former mistress, Anna BRUSADELLI, later became the mistress of Charles POLETTI and that through BRUSADELLI OLLIAN kept a check on Edmond CROSS, who was associated with POLETTI. Reference paragraph 27 indicates that POLETTI is connected with AVERSANO, thus completing the OLLIAN-CROSS-POLETTI-AVERSANO-MANTELLO circle.

c. OLLIAN's relations with CROSS are known to you from [] You may not have known, however, that on several occasions CROSS discussed with [] his intentions of using OLLIAN against the Americans, by exploiting his contacts in financial circles, particularly banker MORGENTHAU, in order to learn the real intentions of the U.S. toward Israel. CROSS planned to use OLLIAN unmittingly, without giving him any specific job but remaining near him, following his contacts, and maneuvering his actions. A letter from CROSS to an Italian source, dated 13 June 1950, reads: "Therefore I want your permission to renew the request made to you some time ago...to assist me in the OLLIAN affair, (of) whose services, how with the political situation in the Middle East considerably changed..., we have much need." Another Italian source also reported that OLLIAN had contracted to coin gold money for Israel, this supposedly illustrating the financial power of OLLIAN and the confidence high authorities in Israel have in him. It is not clear from the traces at hand whether

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SECURITY INFORMATION

- 3 -

GILIAN's potential value to the Israeli I-1 lay in actual information reporting, or rather in commercial activity (such as the passport, to the financial benefit of the impoverished Israelis. At any rate, they went to considerable effort on his behalf.

4. Note that F-44, 16 September 1945, indicates that Jacques TIBBY is an associate of GILIAN.

5. We do not know how to interpret these odd bits on GILIAN, who is too complex a character to fit into any straightforward picture. It would appear from references that Subject is making every effort to destroy any connections between himself and GILIAN, as he did in the case of TIBBY. Assuming that Subject is generally motivated by a desire to seal his fences, such an effort is quite understandable without introducing delicate Israeli intelligence overtones. The same of course goes for ALBERTA POLNIZI. The Italian Desk here is not informed about any large-scale case being drawn up against GILIAN. According to our records, his funds blocked in the U.S. were released on 1 December 1949. A virulent press campaign against GILIAN was launched in Rome in January 1951. At the same time, the U.S. Regional Security Officer made a special trip to the Chief of the Home Questura, in which he requested all information on GILIAN, whom he described as a dangerous Communist agent. GILIAN is reported to have connections in the highest Italian circles, including those immediately around De Gasperi. Efforts to have him ejected from Italy have failed, according to our most recent trace, dated July 1951.

6. Finally, we wish to call your attention to the fact that Heral SWITZER, with whom Subject may well be associated (MSBW-3275), has at least done business with the BANQUE POUR LE COMMERCE SUISSE-ISRAELIEN (see MSBW-3336). This transaction, incidentally, is perhaps typical of those in which the Israeli intelligence is at least indirectly engaged and which redound to the benefit not only of Israel but also of the Soviet Bloc. With the desperate Israeli need for money on the one hand and the Israeli desire to get Jews out of Communist controlled countries on the other (cf. MSB-3309), this sort of duplicity is often to be expected on the part of pro-Israel businessmen. One may even speculate that Subject, a fairly wealthy Jew, has been of financial assistance to Israel. Such assistance, of course, does not at all mean that the benefactor is necessarily connected with Israeli intelligence.

7. On the basis of the above, we feel you should bear in mind the bare possibility that Israeli intelligence may lie, at least in part, behind Subject's approach to you. We can speculate on the reasons for such an action on the part of the IIS: they may wish a cross-check back to WOLFE in the event they are aware of the latter's connection to C they may wish, with Subject's hearty concurrence, that his personal status with the Americans remain secure, since he is of financial or other value to them; they may hope, by reporting the AVERSANO diamond transaction to an intelligence officer, rather than a diplomatic official, to get American support

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SECRET

SECURITY INFORMATION

- 4 -

and protection which will allow the diamond deal to be successfully completed, thus earning considerable money for AVERSAHO and Israel, etc., etc. From another standpoint, you yourself may find Subject useful from time to time in any operations you are running against the Israelis, e.g. C J C J C J perhaps E J For this reason, intensive debriefing and/or carriage would again seem called for in order to determine where Subject's deeper loyalties lie. Let us repeat, the above are simply hypotheses which we wished to call to your attention. Please do not construe this as a request to run down all these leads and test the suppositions.

E - 3

cc: SIS

SECRET

C - 3