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UJ DROLLERY 305

SYNOPSIS

UJ DROLLERY 305 ^{INVOLVES} ~~is a D/A case involving~~ a Hungarian ^{D/A} ~~refugee~~ who allegedly agreed to work for UPSWING, established contact with HIS, and over a period of more than two years furnished the HIS with spielmaterial without giving UPSWING ^{So} ~~as~~ much as a positive identification of the HIS case officers involved. Contact between the D/A and the HIS was apparently broken off in January/February 1956, and the case was still resting there with several loose ends as of July 1956.

DETAILED SUMMARY OF EVENTS

1. Origins of Case

UJ DROLLERY 305 was begun in September 1953 when V-91.2 (Tibor Nevicky), a former Hungarian staff officer made contact with Istvan BALOGH, a Hungarian who had come to Germany following World War II as a leading light in the Hungarian Restitution Mission, and who had remained in Germany carrying out various illegal activities on behalf of the Mission after it was kicked out of Germany by the US Army in 1948. BALOGH became the D/A in this case following a lengthy period of spotting and checking because it was felt that he had a means to contact the HIS through a former fellow-worker of his in the Hungarian Restitution Mission. The purpose of the operation was to have BALOGH resume his HIS connections in a D/A role and to attempt to penetrate the HIS and possibly the SRIS. BALOGH agreed to work for Western Intelligence providing there was no connection with ~~the~~ any American agency, especially the CIC, which he felt was particularly well penetrated.

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2. Re-establishment of HIS Contact.

EXEMPTIONS Section 3(b) It was decided that the best method of re-contacting the HIS
 (2)(A) Privacy
 (2)(B) Methods/Sources
 (2)(G) Foreign Relations

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was by a letter from BALOGH to the former fellow worker, Janos FELDESI. This was accomplished through an unsuspecting cut-out, and the excuse given was that ^{by working for the HIS,} BALOGH might be able to help his daughter, still a resident of Budapest. BALOGH received what was characterized as a typical HIS reply giving a conditional acceptance of BALOGH's offer plus a veiled threat of retaliation against the daughter should any double-cross result. Several more letters were exchanged and BALOGH was finally given two addresses, one in Vienna and one in Linz/Urfahr, for his future use. At this point both FELDESI and the cut-out ceased to play any part in the operation. The first meeting was scheduled for 25 April 1954 in Linz/Urfahr, but BALOGH was unable to obtain the proper stamps for his passport in time to keep the appointment, and the HIS then set up a meeting at a cafe in Linz/Urfahr on 4 May 1954. BALOGH was able to keep this appointment and met with two HIS case officers in Urfahr.

3. Developments ~~██████████~~ May 1954 - May 1955

At the first meeting on 4 May 1954, BALOGH met the two HIS case officers who identified themselves as "SANDOR" and "GABY" and received several EEI's of little significance, typical of the kind furnished Hungarian emigres. BALOGH was also asked how freely he was able to travel about the Federal Republic and was requested to take steps to obtain German citizenship to further facilitate this travel as well as travel to such countries as Switzerland. BALOGH tried to establish a meeting in the American Zone with no success. This first meeting set the tenor of the meetings from then on. They occurred about once a month, always in the Russian Zone, and seemed to be largely devoted to testing BALOGH. During this time BALOGH was asked by UPSWING to make an identification of his case officers but was never able to do this. The period was also used by UPSWING as a testing period with

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few results. The HIS case officers continued to furnish EEI'S, generally aimed at various Hungarian emigres and emigre groups, but also at RFE, and, in particular, the RFE balloon campaign. BALOGH was also informed that the HIS had noted a sharp increase in the number of Western intelligence agents directed against Hungary and that he, BALOGH, would have to begin spotting possible agents for the HIS so that they could counter this threat. BALOGH was furnished with a name by his UPSWING case officer V-67 (Heinrich SCHMALSCHAELAGER) for use in this connection, but nothing came of it.

3. Developments May 1955 - September 1955

Several interesting developments took place during this period, but, as usual, the principal interest on our part, the ^{positive} identification of the HIS case officers, still did not materialize. In May, a tentative identification was made of one of the case officers, but the identification left much to be desired. His description fitted that of Istvan SZABO, case officer for but BALOGH was unable to identify a picture of SZABO, and BALOGH claimed that the man could speak fluent German while case officer supposedly could speak no German. BALOGH's inability to identify SZABO's picture was not held to be too significant since at least one other person who had known SZABO was not able to identify him from ~~his~~ the picture. In June a new case officer, "PETER" was introduced to BALOGH. From the general conversation, BALOGH received the impression that "PETER" lived in Munich, and UPSWING's hopes of setting up a meeting in the Federal Republic rose, particularly when Munich was established as the second alternate site for meetings between "PETER" and BALOGH. Up to this point all meetings had taken place in Urfahr. In July a third significant event ~~was~~ occurred

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when the HIS case officers asked BALOGH to write a letter to one Suzanne Gerger HAHN inquiring ^{about} ~~the~~ the whereabouts of her husband. The significance of this is that ~~XXXXXXXXXXXXXX~~ the HAHN's were ~~XXXXXXXXXXXXXX~~ residing in the US at this time. During this period a close parallel between this case and [] became apparent and POB contemplated a close comparison by our two case officers.

4. September 1955 - January/February 1956

By September, UPSWING's @KUTSBACH began to show signs of discontent at the lack of progress made in this case, especially since the case officers were still unidentified. UPSWING apparently decided they would perform no surveillance in Urfahr and queried us about the possibility with negative results. UPSWING had never been convinced that they had control of BALOGH, and felt that a surveillance of meetings between BALOGH and his case officers was the only sure way to determine where the control lay. In spite of this, UPSWING claimed to be unable to perform the surveillance. UPSWING was further discouraged because of an incident on 11 September. ~~BALOGH was allegedly~~ ~~by his HIS case officers~~ ~~given the mission of observing a meeting between two unidentified individuals~~ ~~in front of a hotel in Munich. At the appointed time he was observed sitting~~ ~~in a cafe near the~~ ~~by his UPSWING~~ ~~principal agent. Even~~ ~~though he gave a truthful account of what happened, the fact that he carried~~ ~~out this mission in a sloppy way by~~ On this date, BALOGH was

allegedly supposed to perform a surveillance for his HIS case officers. He was supposed to observe a meeting between two unidentified men in front of a hotel in Munich and report the details. V-67/ ^(UPSWING's principal agent) performed an unauthorized surveillance on BALOGH and reported that BALOGH observed the hotel from a table in a nearby cafe that did not afford him a complete view. Because of the sloppy ~~job~~ way BALOGH handled the job and because UPSWING feared V-67, who was already known in intelligence circles, was ^{possibly} seen carrying on his

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inept counter-surveillance, they were quite ready to call the operation off. POB, who had been viewing this case as a close parallel to several others, realized that UPSWING was looking at the case on its own merits and requested and received permission to give UPSWING sanitized versions of certain other similar operations. ^{To show how they all fit together.} This seemed to revive UPSWING's interest and in December UPSWING said that they were willing to surveil any meeting between BALOGH and his HIS case officers that might occur in Munich. At this time, also, a dispatch from Headquarters to the field stated that the Hungarian desk at Headquarters would make a comparison of UJ DROLLERY 305 and certain of their HIS D/A operations and forward the comparison to the field. ^(This has not been done) Two items of interest came up in December. The first was a pleasant reaction by the HIS case officers when they learned that Janos IVANYI, one of the EEI's they had furnished to BALOGH, was allegedly now in the US. The second was their giving to BALOGH as an EEI one ~~XXXXXXXXXXXXXXXXXXXX~~ Ottmar GYORGY who is a Hungarian-born employee of ^{USIA, former VOP} the US State Department. UPSWING's hopes for an identification of the HIS case officers ran high in January/February 1956 when a meeting was set up for Munich between BALOGH and the HIS case officer "PETER". The meeting did not materialize and since that time contact between ~~BALOGH~~ BALOGH and the HIS has apparently been severed.

5. Present Status of Case

BALOGH's contact with UPSWING, V-67, is disgusted and wants to forget the whole operation. UPSWING's @KUTSBACH does not care much for V-67 and would like to continue the operation and attempt to re-establish contact through someone else, possibly @MEIR of Dnst. 2, or at least turn BALOGH over to the LfV for observation. Headquarters is supposed to furnish comments on the future of the operation, and of chief interest in addition to the HIS personalities who have never been identified, are the

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three loose ends, Alexander HAHN, Janos IVANYI, and Ottmar GYORGY.

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