

OFFICIAL DISPATCH

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DISPATCH NO. MSYB-2787
(SLZ/2584)

CLASSIFICATION

TO : Chief, Foreign Division M
Attention:

FROM : Chief of Station, Vienna

SUBJECT: GENERAL: Operational
SPECIFIC: Georgy Hs BARCZA, and ZAKO

Reference: VIENP-4100, 5418; MSBA-3199 and SALZ-014

1. As stated in SALZ-014, met BARCZA in Salzburg on 1 June using the name of . It was evident throughout this meeting and two subsequent ones that BARCZA's trip to Salzburg was devoid of any intelligence mission and that his desire to contact American intelligence authorities was more of a "courtesy call" than anything else. BARCZA left an excellent impression on our local Hungarian contacts and . He appears to be a sincere and capable, if rather windy, old school diplomat with a pronounced U.S. orientation. He has a realistic comprehension of present Hungarian affairs, including the various emigre groups, and is a universally respected figure in the emigre movement, probably because he has refrained from identifying himself too closely with any single faction.

2. Citing his war-time contacts with Allan DUILLES in Switzerland and some discreet aid to the British while still Hungarian Minister to the Court of St. James, he offered his services as a consultant on Hungarian affairs for the Americans. He was able to provide us with some background information on some of the prominent ZAKO figures (containing nothing new, however), a list of possible Hungarian Communist agents in Austria which we were able to confirm partially, and a reference list of all the leading officials in the three Hungarian regimes preceding the end of the war. This information will be forwarded to Washington as soon as copies can be made.

3. BARCZA expressed an interest in contacting our people in Switzerland, and it is our opinion that he might prove of value to the in an advisory capacity. He has a wide circle of acquaintances and appears to be a man of good judgement. Politically, he is middle-of-the-road with a definite aversion to both the extreme right and the Communists. In case Bern should decide to act on our suggestion, someone should approach BARCZA as a friend of After reading

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MSPA-3199, we most certainly feel that BARCZA would be of far greater value in Hungarian matters than [] whose judgement if not sincerity, we must question.

4. Leaving aside for the moment our own knowledge of ZAKO's activities and realizing that he makes an excellent impression on all who meet him it is difficult to understand how anyone could use a first impression to substantiate ZAKO's claim of having 150,000 men under his control in Austria and Southern Germany when common sense alone would have told him that there aren't that many Hungarians in the present emigre movement.

5. No comment on [] belief that ZAKO and the MHRK are apolitical is needed as the subject has been amply covered previously. ORBAN's position as Swiss representative of the MHRK is quite open and it was originally for that reason that BARCZA distrusted him. He learned more of ORBAN's contacts and activities from Hungarians in Salzburg, essentially the same information we have already reported, and therefore would have been able to communicate his confirmed opinion to SULLIVAN, if he had desired to.

6. Paragraph 4 of MSPA-3199, containing ZAKO's reasons for "breaking" with the French is a very neat distortion of actual fact. Last fall, ATTILA KOVACS was the most prominent figure in ZAKO's intelligence activities, at that time largely sponsored by the French although the group sold its information to all interested bidders, and the French discovered that one of his highly trusted courier-agents was a BAH double. Although warned by the French, KOVACS refused to drop the man until more definite proof was forthcoming. This came in December when the agent accompanied by another BAH "torpedo" attempted to rifle KOVACS' agent files, which he kept in his Innsbruck apartment, and KOVACS was killed in the ensuing ruckus. It is our opinion that his death marked the end of MHRK intelligence activity in Hungary and the beginning of ZAKO's difficulties with the French.

7. As stated in VIENP-4100 we still believe, however, that a serious attempt should be made to discover exactly what ZAKO has to offer, we would particularly like to compare his operational plan with that submitted to [] by Ferenc KOVACS. Unfortunately, we do not believe that ZAKO will exchange operational details for promised support, but an attempt should be made. In any case, ZAKO's offer to drop ORBAN and KORONAY (see paragraph 5 of PARU-5418) is highly unlikely. ORBAN, perhaps, but never KORONAY since he is far too important in ZAKO's organization and is more than likely his operations chief.

2-Wash.
2-Vion
2-Salz. files
cc []

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