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VIA: COUNTEL

| DISPATCH   |  | CLASSIFIED<br>SECRET | PROCESSING ACTION                         |
|--|--|----------------------|---|
| TO   | Chief, EUR Chief, WH 15-10 15-11                                       | XK                   | MARKED FOR INDEXING                       |
| INFO   | COS, JMWAVE COS, [ ] COB, [ ]<br>COB ( [ ] ) (Attn: LANCOSCH) COS, [ ] |                      | NO INDEXING REQUIRED                      |
| FROM   | Acting Chief of Station, [ ] 15-2                                      |                      | ONLY QUALIFIED DESK<br>CAN JUDGE INDEXING |
| SUBJECT  | KEYWAY/TYPIC<br>Meetin. of 25 May 1966 with AMWHIP/2                   |                      | MICROFILM                                 |
| ACTION REQUIRED - REFERENCES   |  |                      |   |
| REFERENCE: DIRECTOR 5489, 19 May 1966  |  |                      |   |
| <p>1. Some difficulty was initially encountered in arranging a meeting with AMWHIP/2 during his current visit. He telephoned BUNCE's home on 20 May 1966, having reached Rome that day, and an appointment was made for the following day. He was forced to cancel, however, because business took him to Florence. On 22 May he telephoned to say that AMWHIP/1 and his girlfriend (See CIA 726079, 16 December 1964) were in town. Because AMWHIP/2 does not want AMWHIP/1 to know of his (A/2's) association with KUBARK (and the undersigned heartily agrees) he said that he would call back when the coast was clear. Arrangements were finally made for dinner on 24 May, when BUNCE's wife was also present, and lunch on 25 May.</p> <p>2. AMWHIP/2 was told that we should like to maintain contact with him after BUNCE leaves Rome, but that the person who would be in touch with him was not yet on the scene. After some hesitation he said that he was willing to meet a successor on two conditions. The first was that he would be handled by the successor as he has been handled in the past. <sup>15-4</sup> [ ] Comment: AMWHIP/2 meant that he was willing to continue to provide information on the present basis - i.e., that he is unpaid, that his cooperation is voluntary, and that he will not be required to engage in activity which could endanger his security or business.) The second condition was that he would continue to be handled by a senior person, because for security reasons he wants knowledge of his contact to be as tightly restricted as possible. <sup>15-4</sup> [ ] Comment: AMWHIP/2 has no knowledge, of course, of BUNCE's position but has always assumed that it is important.) AMWHIP/2 was assured that both conditions would be met.</p> <p>3. The current address and telephone number of AMWHIP/2 are being forwarded as Identity A of the separate cover attachment to this dispatch. The telephone numbers of his shop and apartment in Rome are included as Identity B.</p> <p>4. AMWHIP/2 was told that at an indefinite future date he will receive a telephone call at his store or home apartment. The caller will say, "I am a friend of Don. He says that you have an unusual sapphire ring for sale." AMWHIP/2 will agree, and an appointment will be made, ostensibly to see the ring.</p> |  |                      |   |
| COPIES REFERRED TO   | (COUNT IN INDEX AND NUMBER)  | DATE                 |   |
| AMWHIP/1   | (CIMA) 44950<br>22   | 27 May 1966          |   |
|  |  | 201-726079           |   |

9/1/66

5. AMWHIP/2 speaks Spanish, German, and French fluently but has almost no English or Italian.

6. AMWHIP/2 then asked if BUNCE's duties would not bring him back to Europe occasionally and thus permit a continuation of the present arrangement, through meetings in Geneva or elsewhere in Europe. He was told that no definitive answer is possible now and that if such a trip materializes BUNCE will call on him but that he need have no qualms about contact with BUNCE's successor.

7. He was asked if he had heard anything further from Antonio Maria CARRILLO Carreras, 201-349956, since the latter's return to Cuba. AMWHIP/2 said that he had not. Pretending not to recall clearly what AMWHIP/2 had said in August of 1965 about arranging lodgings for CARRILLO in Benidorm, Spain (see OIRA 41342, 25 August 1965, not to Chief, WH, Chief, JMWAVE, COS [redacted] or COB [redacted] BUNCE asked if it were not true that AMWHIP/2 and wife had gone to Benidorm with CARRILLO. Comment: The purpose of this gambit was to get AMWHIP/2's reaction to the query, because OSMA-20019, 3 September 1965, reported that CARRILLO was vacationing in Benidorm during part of the time AMWHIP/2 was there, whereas AMWHIP/2 had never mentioned their simultaneous presence there.) AMWHIP/2 said calmly that while he was in Benidorm he arranged for vacation quarters there for CARRILLO but that CARRILLO, on arrival, did not like the place and took another. He added that he (A/2) and wife left Benidorm shortly before CARRILLO's arrival and thus did not actually meet him there.

8. Neither AMWHIP/2 nor his wife has heard anything further from AMWEST/1. 22

9. Per (OKLW) 23055, 11 May 1966 (not to [redacted] AMWHIP/2 was not given any specific facts about Josef Wilhelm FROTZ. He was asked if he had seen FROTZ again and said yes. He met FROTZ recently (about 23 May 1966) at the Hilton Hotel. FROTZ said he had been very busy but expected soon to have time for a deal if AMWHIP/2 is interested. It seems that FROTZ's uncle is a bishop in Germany (as reported in [redacted] 9420, 22 March 1966). The Catholic church is engaged in smuggling valuable art objects out of Hungary (and perhaps other European satellites, though AMWHIP/2 does not know the latter as a fact) in order to raise money. FROTZ gets these objects from his uncle and sells them, actually or ostensibly for the church. AMWHIP/2 would like to get into the act, which he believes is lucrative. He explained that FROTZ has on deposit in a bank in Switzerland a gold-colored or gold-plated statue weighing about three kilos and priced at about 25,000 Swiss francs. The statue came from Hungary. AMWHIP/2 thinks he has a buyer. AMWHIP/2 had taken the precaution of checking with a German credit rating outfit in Germany, however, and had learned that FROTZ had twice been charged with passing bad checks. To AMWHIP/2's direct request, BUNCE said only that FROTZ is an East-West trader who seems to have something of a reputation for fraud. AMWHIP/2 said that he would like to try to do business with FROTZ, both because he may be involved in matters of some intelligence interest and because he thinks that he (A/2) could thus make some money. A/2 saw no real danger in the association, now that he has been warned and his eyes are open. 22

10. Para. 1 b of (OSMA) 20019, 3 September 1965 says that AMWHIP/2's wife told 201-740649 that she had made reservations for the HUNGARIAN Consul in Geneva in Benidorm and later confirmed the reservations in a personal phone call to the Consul. BUNCE therefore asked AMWHIP/2 if he knows the Cuban Consul in Geneva, Esther MORRIS (U.S. Colon (201-349956)). He could not remember her by name or job. Comment: It is believed that his answer was truthful and that he does not know MORRIS but that his wife may know her.)

11. Reference was made above to the presence of AMWHIP/1 in Rome, as had also been announced before his arrival by DIRECTOR - 97040, 16 April 1966. AMWHIP/1 sent greetings to BUNCE via AMWHIP/2. AMWHIP/2 reports that A/1's infatuation with his mistress is stronger than ever and that he is starting to think about a divorce. AMWHIP/2 says that AMWHIP/1's wife is much more attractive than his mistress but that the mistress pays him much attention, whereas the wife tends to ignore him. AMWHIP/2 also reported that during the day of 24 May 1966 AMWHIP/1 and mistress, in a car, were on the Via Veneto and saw a car starting to pull out from the curb. AMWHIP/1 waited for the empty space; but as he did so, another car shot past him and usurped it. AMWHIP/1 got out of his car and reprimanded the Italian driver. The latter also left his car, words were exchanged, and with a single punch AMWHIP/1 knocked the Italian out. The Italian was unconscious for ten minutes. All involved were taken to a police station. As of 25 May AMWHIP/2 did not know further developments. <sup>5-9</sup> Comment: It is essential that the foregoing, which is reported solely as an aid to the continuing assessment of AMWHIP/1, should not be made known to him, directly or by allusion, unless Headquarters has already received the same information from another source and unless Headquarters is positive that AMWHIP/1 will not spot or even suspect AMWHIP/2 as the source. It will be recalled that AMWHIP/2 furnished somewhat similar information about AMWHIP/1 on a previous occasion and that when this information was reported, <sup>5-9</sup> <sup>5-9</sup> <sup>5-9</sup> asked in para. 8 of (CIRA) 38996, 16 December 1964, that no consequent action be taken which could endanger the source. Whether it was the information contained in (CIRA) 38996 or something else concerning AMWHIP/1 is not known (because AMWHIP/2 refused to specify) but AMWHIP/2 became convinced (as he still is) that something that he told to BUNCE about AMWHIP/1 was repeated to the latter by his Headquarters case officer and that the result was to endanger a twenty-year friendship and long-standing business partnership. (See para. 5 of (CIRA) 41342, 25 August 1965.) If AMWHIP/2 were again confronted by an angry AMWHIP/1 and accused of such reporting, AMWHIP/2 would undoubtedly be furious and would sever his relationship with KURARK.

12. Regarding his association with AMLASH/1, AMWHIP/2 repeated the information reported in (CIRA) 41342. He says that on the occasion reported in that dispatch AMLASH/1 was so drunk that AMWHIP/2 followed him into the bathroom because he feared that he would pass out and perhaps hurt himself. Referring to AMWHIP/2 and others, who were in the living room, AMLASH/1 said, "They are all sons of prostitutes! You are the only decent man here." As was his custom, AMWHIP/2 had gone for a long walk as soon as AMLASH/1 and others appeared at AMWHIP/1's apartment. He stresses that he made every effort not to be involved in the planning and to know nothing about it and that AMLASH/1 was well-aware of this fact. Only on the reported occasion did he chance to return before AMLASH/1 and associates had left. AMWHIP/2 therefore concludes that if AMLASH/1 mentioned his name at all under interrogation and told the truth, AMWHIP/2's position vis-a-vis the regime has not suffered. AMWHIP/2 was told that this view is probably much too optimistic. He was reminded that under duress AMLASH/1 might have said anything, true or false, that his interrogators wanted to hear. He was also reminded that his long-standing and close association with AMWHIP/1 was bound to make him an object of suspicion to the regime. He acknowledged the validity of these statements but did not see such concern. <sup>5-9</sup> Comment: There is always the chance that AMWHIP/2 is a double agent working against KURARK. There are a few slight indicators or signals in this regard. AMWHIP/2 has not been on (C)FLUTTER (and would probably refuse the request). He was (and presumably is) a friend of Antonio CARABITO, through whom he bought jewelry purchased by the CIA in the Paris Market. His curious role in the AMLASH/1 operation, half in and half out, still made him privy to enough to go that he could have been the betrayer. He has always carefully about BUNCE's position and

rank. On three occasions he has stated that he favors violent action in Cuba to overthrow the regime and has requested BUNCE's views. (He has invariably been told that the regime will go under through its own sins or through internal revolution.) These indicators are minor, and an assessment of most agents would give rise to similar grounds for suspicion. They are nevertheless listed here as an aid to the KUBARK case officer who will take over AMWHIP/2 after BUNCE's departure.)

13. The contact arrangement explained in para. 4, above, has the defect that AMWHIP/2 is away from Rome for lengthy periods and that contact depends on telephoning him at his Rome store or apartment. On doing so, the case officer may be asked by one of AMWHIP/2's employees to state who is calling. It is suggested that he say only that he is a potential client who wishes to deal with AMWHIP/2 personally and inquire when AMWHIP/2 is expected to be in Rome. Making a second call at that time or a little later, the case officer may learn that A/2 has still not arrived. If a real hitch develops, it is suggested that the case officer call AMWHIP/2's home in Geneva and use the recognition signal given above.

Walter L. BUNCE

Distribution:

- 3 - Chief, EUR w/att USC
- 2 - Chief, WH w/att USC
- 2 - COS, JMWAVE w/att USC
- 2 - COS, [redacted] w/att USC 15-10
- 2 - COB, [redacted] w/att USC 15-11
- 2 - COB, [redacted] w/att USC 15-20
- 2 - COS, [redacted] w/att USC 15-2

Attachment:

Identity A & B

22

22

SEPARATE COVER ATT TO: (OIRA) 44950

IDENTITY A: 100 Chemin de la Montagne, Chene-Bougeries,  
Geneva, Telephone 361053

IDENTITY B: Phone at Home Store: 344556  
Phone at Home Apartment: 3490288

- 3 - Chief, EUR
- 2 - Chief, WH
- 2 - COS, JMWAVE
- 2 - COS, (Bern) 15-10
- 2 - COB, (Geneva) 15-11
- 2 - COB (Frankfurt) 15-20
- 2 - COS, (Madrid) 15-2

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JUL 3 1966

G/PV