

~~SECRET~~CENTRAL INTELLIGENCE AGENCY
WASHINGTON 25, D. C.

17 MAY 1959

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TO: Commissioner of Narcotics

FROM: Deputy Director, Plans

SUBJECT: Chinese Communist Narcotic Activity
in Europe

1. Through his relationship with the [redacted] this agency has learned of a possible lead into Chinese Communist narcotic activity in Europe as known to the Chinese Communist Embassy in Bern, Switzerland. For some time the [redacted] has been running a double agent in contact with personnel in the Chinese Communist Embassy in Bern. Until February 1957, this agent reported no contact with narcotic activity; however, in February he allegedly was informed by his Chinese contact that he shortly would be handling the Chinese Communist narcotic business in Germany, Denmark. His contact supposedly informed him that Hamburg handles the narcotics (opium, morphine, and cocaine were mentioned) traffic to the United States, while Geneva, Switzerland handles traffic to the Near East and North Africa.

2. In mid March, 1959, the agent advised his Chinese contact from the Bern Embassy. He stated he was informed that he would be taking over the handling of Chinese Communist narcotic activities relative to one ring operating in France, one in Italy, one in Spain, and the one in Germany. He would be the contact man between the ring leaders and the Bern Embassy, and in this capacity he would have an Embassy service or diplomatic car and an illegal Chinese Communist Service passport at his disposal.

3. While in Switzerland, the agent claims to have been taken to a tavern near the railroad station in Lausanne where he met two Frenchmen named Jean and Pierre (about 35-40 years old), who apparently were connected with the French ring. The next morning the agent reportedly was introduced at the Club 50 in Geneva to a certain Gabrielli, who asked for LIT 500, or equivalent from the agent's companion (agent's contact to Chinese Communist First Secretary). The explanation was left that Gabrielli headed the Italian ring.

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The next night, also at the "Club 30," Gabrielli handed to the agent's companion a package of money containing a number of 1000 Swiss franc notes. It was the agent's impression that his companion had given Gabrielli assurances that the 100 franc of opium requested the night before would be delivered. Two nights later another meeting with Gabrielli was held in the same place. On the next night in "Club 30" the agent and his companion met two Spaniards whose names the agent does not recall. The Spaniards told the agent's companion that they did not need anything because they still had a supply on hand.

4. According to the agent, there are three groups of dealers in narcotics in contact with the Chinese Embassy at Bern: (a) the French group at Lausanne, (b) the Italian group at Geneva, and (c) the Spanish group at Geneva. Also, according to the agent, the French and Spanish groups operate in South France and send their narcotics to America via Marseille. The Italian group as far as possible deals in narcotics in Italy and also exports to the south, probably to North Africa. The group in Hamburg apparently had experienced difficulties in their traffic and therefore at least for the present have put their work aside.

5. The agent stated that he had seen at least 10 wooden boxes of opium in the cellar of the Chinese Embassy building at Kalchegasse in Bern. In each box a brownish compact mass of opium was expressed to about 50 K.G. per box, which boxes have the same dimensions as an 12-liter can and measure about 10x10x10 cm. Each box had a round hole in the top and a strong sweet smell. In his opinion the boxes would be transported by car from the Chinese Embassy to a prearranged location and there transferred from the first to a second car.

6. [The Luxembourg Army] has also informed this Agency that a Luxembourg was recently approached by a French national to join a ring which was receiving opium in large amounts from the Chinese Communists to be smuggled to the Belgian States. The Luxembourg expressed his willingness to follow this up if he could have the direction of the Americans. [The Luxembourg Army] is willing through our representative in Luxembourg, to put your representative in contact with the Luxembourg for whatever use you may want to make of him.

7. The [] has also informed this Agency that they are willing to turn over their agent to this Agency for future handling, as his activities are no longer of immediate interest to [] security. Although this Agency has serious

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29 reservations about the reliability of the [redacted] agent and his story of Chinese Communist narcotic activity, and although this Agency would not normally be interested in taking over the case, if your Bureau has sufficient interest in the case matter, this Agency would be willing to approach the [redacted] in arranging a transfer of the agent to a field agent of your Bureau.

8. An indication at your earliest convenience of your Bureau's interest in this matter and advise as to this Agency's course of action would be very much appreciated.

CSCI - 3/754,695

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5 May 1959

Prepared by: [redacted] 03
[Richard Malsbury] had

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